

Performance Metrics May Be HR's Chair at the Table

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There is an old saying, "Put your money where your mouth is." For years now HR has been talking about wanting a seat at the table, learning to talk the language of business and making HR results measurable. CEOs have been talking about people as our greatest assets and the importance of our human capital. This talk needs to translate into bottom-line actions. Yet today, CEOs continue to side-step HR professionals who they just don't see as being critical to organizational success. Where is the disconnect?

At a recent metrics conference, we identified that metrics allow HR to

- Establish business partner relations with the CEO,
- Clearly show how HR contributes to the company's bottom line, and
- Illustrate how well these executives use the resources granted to them to generate revenue and improve profitability.

We all agree that it is important to measure but we struggle with what to measure. When creating a metric, do you ask yourself why you want to measure that? My first taste of metrics was measuring "time to fill." The company was certain that it cost them to have positions open that needed to be filled. Our goal was to drive down that "time to fill" as low as was reasonably possible. The organization was in rapid growth mode and positions that went unfilled often meant lost sales opportunities, out of control overtime, excessive dependence on costly outside recruiting sources, and burnout of valuable employees. My one-person department grew fourfold to keep up with the demand. I published weekly logs of all open positions, number of days open, average time to fill, cost per hire and other indicators, but none of these really answered the important question: What did any of this have to do with measuring how effective the HR department was in helping the organization reach its goals?

Metrics should measure the results associated with objectives. They should drive the desired behavior just like bonus or commission should drive performance. Many of the "metrics" used today are indicators, not results. Professionals on MRA's Information and Research Line are often asked for survey data on time to fill and how long it should take to fill a job. But just emphasizing time to fill in a vacuum, without looking at the organization's objectives, can cause HR to miss the big picture. The time to fill metric might indicate areas where processes could be improved but it does not tell you if you have achieved the results required for organizational objectives.

While organizations may vary on which metrics are used, we agreed that what is not measured is not done. By talking in the language of business, making fact-based decisions from collected metrics, and reporting results that demonstrate HR initiatives contribute to the bottom line, HR professionals may find themselves with a key seat at the table.