

Executive Briefing #23 – Big Data, Big Problems

Simple Math: Big Data - Big Focus = Big Failure

As technology advances allow us to analyze every aspect of business operations, many companies are inundated with data. Although we celebrate the advances in technology, this “data revolution” has also blurred the line between valuable insight and mundane non-value added information. As a result, many companies are now buried in indecipherable numbers. To successfully pierce through the mountains of useless data and focus on the strategic insights, it is critical businesses have the tools to separate useful information from heaps of distracting data.

For many organizations, payroll and labor IT systems are a significant source of operational data. As labor is almost always the number one controllable cost, dedicating time to this aspect of your business can yield significant financial and operational improvements. Many techniques, including Lean and Six Sigma, encourage large amounts of data analysis and dissemination of this information to all levels of the organization. The challenge often begins with employees’ ability to efficiently and effectively digest massive amounts of data. Focusing on the following three key data sets is a great start to get the entire organization aligned with the Big Data story and the most relevant trends in the organization.

1. The Workforce to the Workload Mismatch (WF/WL)

The Workforce to the Workload Mismatch shows how well the employees are matched up to the required hours needed to get the work done. Looking at the Workforce to Workload Mismatch on a granular level can show where labor waste occurs and more importantly why it occurs. Is Friday always understaffed? Are there too many people in the beginning of the month and not enough at the end of the month? Are there seasonal or variable spikes in demand that are not met? Seeing this mismatch and understanding root cause will quickly allow for improvements.

2. Demand Volatility (LVIX)

The Labor Volatility Index (LVIX) is a complex analysis that measures how much and how often the volatility in the demand for a service or product changes. The LVIX is prescriptive in guiding management teams to the best labor strategies based on their current situations and the challenges they face. The analysis provides management teams with how much labor is needed to satisfy demand. When we look at labor effectiveness and utilization, managers and supervisors are often told that they could have done a better job putting the right people in the right place at the right time. The LVIX provides a more sophisticated analysis, yielding a deeper understanding of the degree of difficulty required to achieve this goal.

Core Practice is a leading provider of operational and labor strategy consulting services with over 20 years of experience designing, developing, and implementing innovative labor solutions. Core Practice’s labor strategies combine the best people with the right equipment at the right time and provide clients with a competitive advantage. Core Practice has worked extensively with clients in manufacturing, distribution, contact center, and mining industries. To learn more about Core Practice and what we do, please contact:

John Frehse

Managing Partner
212.534.0539
jfhese@corepractice.com

Ethan Franklin

Managing Partner
312.255.1646
efranklin@corepractice.com

3. Absenteeism

Absenteeism is loosely defined as periods of time where employees do not come to work. There are both planned activities like vacations and holidays, and unplanned activities like sick time and general call-offs. Unplanned absenteeism in particular negatively impacts the entire organization. Increasing visibility and transparency on this issue will immediately help improve the problem. Scrambling to find replacements or operating with less people than appropriate kills quality, service, and performance for everyone. Do more unplanned absences happen on Mondays after a holiday weekend? How likely are employees to show up for overtime on Saturday or Sunday compared to a Tuesday? Do employees call off on certain days and then show up for overtime opportunities? Identifying the trends can help isolate the behaviors and take corrective action.

The three key performance metrics allow management teams to quickly analyze large amounts of data, avoid data paralysis, and make strategic and well-informed decisions. Focusing on these three performance metrics will help make management teams more competitive and better position organizations for future success. If any of this topic interests you, we can help. To find out how we can actively help your organization navigate the Big Data story and develop efficient, actionable, and insightful analysis, contact Core Practice at 212-534-0539.

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