

“How I Did It”

Inspirational adventures in HR analytics

Andreas D. Christiansen, CEO and Co-founder of [Praise](#) - a Copenhagen-based software company helping companies make data-driven hiring decisions- explains how his team proved the business case for predicting applicant performance in call-centers, by modelling the performance- and behavioural data on existing employees.

What was the question at hand?

Through our work with our customers we discovered that there was a huge difference in the sales performance and customer satisfaction performance among their call-center employees. We wanted to know if it was possible through data analysis alone to identify the top and bottom performers before they were hired. This would help minimize recruiting and churn cost as well as raising the average performance.

Why is this question important?

Many Danish companies hire sales and support personnel based on intuition. In high volume, low complexity, homogenous jobs, companies can potentially improve their profits with millions of DKK by using predictive analytics to avoid the biases of intuition-based selection.

How did you attempt to answer the question?

Praise developed a process for building a company/teams' predictive model. This was applied in the companies:

1. Praise collected personality data - the two companies got respectively 42 and 38 employees to create a Praise profile. The profile is a behavioural, peer-assessment, based on a choice-scale where respondents rank their peers - on average 9 and 15 respondents per employee.
2. Praise got access to the employee performance data, in the form of commission based salary and the sales and customer satisfaction score per employee
3. Praise looked for patterns in the data in both cases and found traits in the Praise profile which were statistically significant in terms of explaining the performance variables.
4. Praise created a predictive model for future applicants' sales volume, customer satisfaction and provision based salary.

What did you find?

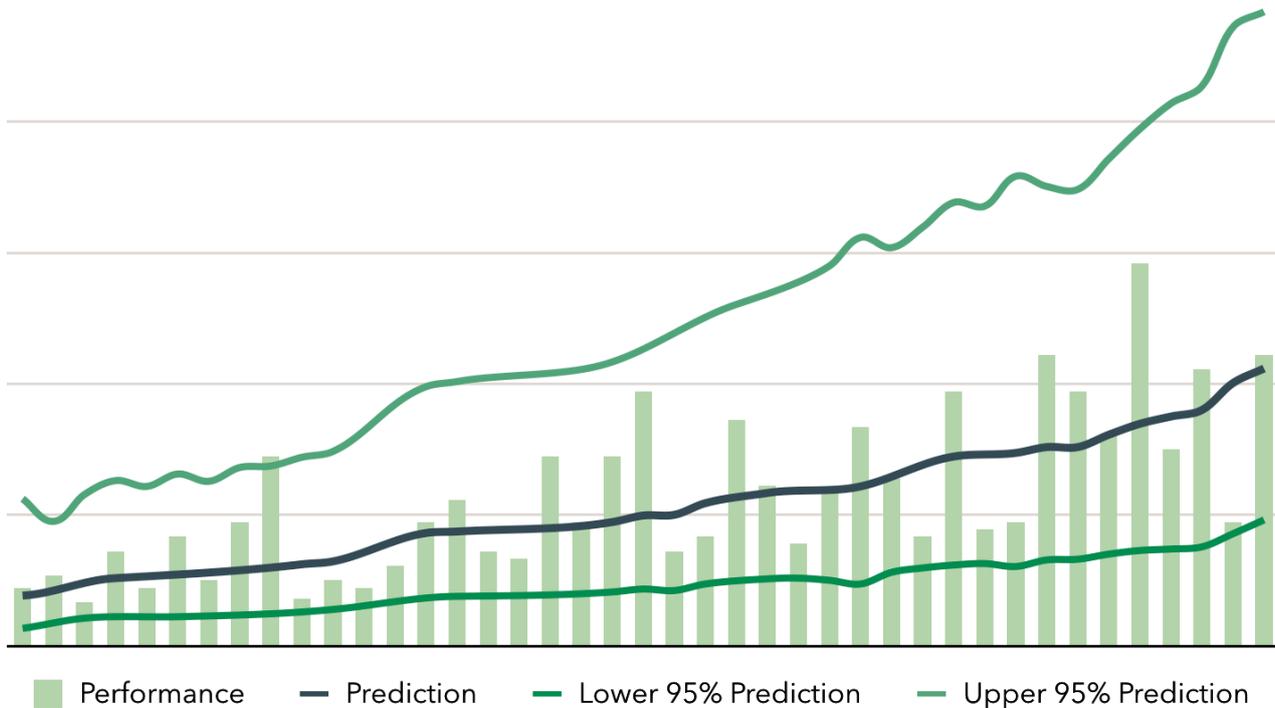
10 traits in the Praise profile have a statistically significant impact on sales or customer satisfaction. Although the personality traits in the Praise profile in general are positive, 7 of the characteristics are in fact negatively correlated with the performance KPI's despite being otherwise flattering.

One trait is positively correlated with customer satisfaction, but negatively correlated with the amount of sales. Meaning - as we have also learned from other clients - that maximizing customer satisfaction does not also maximize sales. There is a tradeoff, which we in our software give the management the ability to weigh in going forward.

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Our model, while not accurate in the individual case, does create on average a +10% improvement in sales volume, commission based salary and customer satisfaction if used as an employee screening tool, picking the top half of the employees, as scored by our model.

Employee performance prediction vs. actual performance:



What was the impact on the business?

While the improvements are theoretical at this point, we proved that the companies can raise their performance on customer satisfaction and on sales by more than 10%, if the companies receive enough applicants to be able to only hire the ones that our predictive model scores to be in the top half of the workforce.

The thin margins in the media and telco industries make using Praise's technology for companies that have the scale and type of positions an attractive economic proposal.

What advice do you have for others seeking to use analytics in their HR work?

- Get clear on how to quantify performance as soon as possible. Many companies are in doubt about the usefulness of their performance KPI's - they do not know, or have not thought enough about what and how to measure it.
- Get buy-in from management up front. It is crucial for data collection internally and keeping the project on schedule.
- Involvement from senior commercial and data focused stakeholders is crucial as not all HR personnel have a strong understanding of quantitative data.