SAP HCM - Performance & Competency Management Solution

Efficient & Cost Saving Tool
Agenda

Performance & Competency Management

1. Introduction
2. SAP Performance Management Overview
3. SAP Competency Management Overview
4. Talent Management Success Stories
Introduction
Understanding across HCM Value Chain

- Recruiting and Talent Management
- Performance Management
- Compensation Management
- Learning
- Training & Events Management
- Skills/Qualification Management
- Shift Planning

- Pre-defined Key Performance Indicators
- Business Warehouse
- Management dashboards

- Workforce Analytics

- Organizational Management
- Personnel Administration
- Payroll
- Claims, Loans
- Time Management
- Reporting
- Global Employee Management

- Expert Finder
- Manager Self-Service
- Employee Self-Service
- Employee Interaction Center
- Collaboration Tools

- Workforce Planning
- Workforce Cost & Headcount Planning & Simulation
- Employee Succession Planning
- Balanced Scorecard

L&T Infotech
**Talent Management Process**

**Talent Management:**
What is included and what’s the ultimate goal?

**Functional Silos**
- Learning
- Recruitment
- Succession Planning
- Compensation
- Competencies
- Performance
- Reporting & Metrics
- Workforce Planning
- HR

**Integrated Processes**
- Measure and Report
- Talent Planning
- Recruiting
- Evaluation
- Performance Management
- Learning & Development
- Career Planning
- Advance
- Develops
- Advances
- Load Profiles and Objectives

**Traditional Approach:**
- Point solutions, redundant silos
- Process flow limitations
- Not aligned with business goals
- Lack of comprehensive talent view

**Integrated Approach:**
- Fully integrated solutions
  - Grow up as you like
- Performance - strategy alignment
- Flexibility and control throughout
- Comprehensive view of talent and goals
2

SAP Performance Management Overview
Employee Performance Management

Alignment of Team and Individual Goal to Organization Goals

Reviews and Appraisals

Development Planning

Reward/Pay for Performance
Performance management System - Increased User satisfaction

- Automation of entire process of Objective setting & evaluation
- Saves time for Talent Team
- Track & Manage workflow from HR Desk (no need for persistent follow ups)

- Web Based & Easy to Use (increased participation of employees & managers)
- Saves Time (Appraisal status reports for monitoring)
- Improve Quality and Completion rates

- Identifying Potential - System does it for HR users!
- Succession Planning - Managers can visualize the changes before decision making

- Integration with BI
- Dashboard & Statistical Analysis

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Energizing the workforce by continuous Performance Feedback

**Planning**

- Define Objectives
  - Identify skills and competencies to be improved
  - Identify personnel development requirements and actions
  - Set objectives

**Reviews**

- Provide Feedback
  - Support and coaching by manager
  - Review relevance of objectives
  - Compare current performance and objectives

**Appraisal**

- Provide feedback on achievements regarding goals, skills, and competencies
  - Summarize overall performance
  - Derive actions
  - ...

Month timeline:
- Jan
- Feb
- Mar
- Apr
- May
- Jun
- Jul
- Aug
- Sep
- Oct
- Nov
- Dec
Supporting Business Globalization and Agility with SAP Performance management

- Visibility into hidden talent
- Planning performance for accountability, role clarity and effectiveness
- Single methodical platform to plan, measure and optimize processes

Providing an integrated business platform for managing talent across the entire business foundation - in various organization for their global operations
Different Delivery Mediums for Appraisal Forms

Manager’s - Appraisal single view panel

Offline Interactive Form
Performance Appraisal form delivered through SAP Employee Self Services
Example - Matrix Model & Monitoring tools for the HR manager

**Reporting Options for Appraisals**

- New reporting options:
  - Find objects with no appraisal
  - Find objects with no appraisal, and all existing appraisals
  - Find appraisals whose status is Approved and Rejected
Example - Performance Measurement Models implemented

2008: XX

3 6 9
2 5 8
1 4 7

2009: XX

3 6 9
2 5 8
1 4 7

*Promoted – moved down
Positive Performance Shift
Negative Performance Shift
?Tentative Rating

Promotability Potential

Under-performing  Good  Excellent

Current Performance

Management By Objective

Action Items
The following evaluations require your attention. Please select an evaluation for viewing or editing.

Activity  Due Date
Objective setting due February 24, 2009  02/24/2009

Options
The following options are available for this form. Please be sure to hit save before exiting your application. The form will automatically save periodically.

Review  Completed

Evaluation  Employee Name  Status  Progress  Start Date  End Date  Talent Profile
2009 BMS Performance Plan  Martha Crutchfield  Step 1: Establish Expectations
2009 BMS Performance Plan  Julia Frankford  Step 1: Establish Expectations
2009 BMS Performance Plan  Greg Hanson  Step 3: Year-End Performance Review
2009 BMS Performance Plan  Janet Huffington  Step 1: Establish Expectations

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BELL CURVE Rating Analysis & Normalization

**Innovation**
- Enhanced standard SAP HCM solution with Bell curve analysis

**Business Benefits**
- Improves decision making with graphical what-if analysis
- Minimize the change impact for users
- Reduce processing time with real time data access
Business Benefits
Business Benefits

- Improve retention of key talent
- Consistently achieve corporate goals
- Process Transparency for all stakeholders
- Increase workforce productivity
- Improve execution of enterprise strategy
- Support employee development
- Increase employee satisfaction and engagement
- Performance-based pay
- Develop deeper talent bench strength
- Implement quickly
SAP Competency Management Overview
“Competency is a knowledge, skill or personal quality necessary to complete one or more activities related to organization objectives”
**Competency Model for Employee Life Cycle Management**

**Recruitment and Selection**
Defines where we search for recruits and behaviors we screen for.

**Compensation and Reward**
Defines the incremental skill proficiency that we will pay for.

**Succession Planning**
Assess high potentials based on current competency proficiency versus proficiency required of the next position.

**Performance Management**
Defines behaviors employees are expected to demonstrate.

**Career Pathing**
Defines expected behaviors for each role so development plans can be established.

**Training and Development**
Identifies performance gaps and means to address.
- Inheritance of competencies from parent to all child objects
- Identification and maintenance of key jobs and key positions
- Career path and career level of positions or jobs
- Org restructuring can be effectively managed
Succession Management in SAP HCM
Avoid Business Disruption

- Tracking of key positions at all levels
- Safeguarding successor bench strength
- Identification of potential successors and evaluate their readiness and rank
- Initiation of development Measures
- Effective decision making by Leveraging Talent Visualization
Key Features
Profile Matchup

The system performs a matchup between your qualifications profile and requirements profiles relevant for you. Qualifications that are mandatory requirements for a job are displayed highlighted.

<table>
<thead>
<tr>
<th>Position</th>
<th>Engineer (%)</th>
<th>Required</th>
<th>Current</th>
<th>Action Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>French - Beginners</td>
<td>Moderate</td>
<td>Missing</td>
<td><img src="Icons/Alert.png" alt="Alert" /></td>
<td></td>
</tr>
<tr>
<td>Willingness to Learn</td>
<td>Average</td>
<td>Missing</td>
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<td></td>
</tr>
<tr>
<td>Boiler Tuning</td>
<td>Good</td>
<td>Good</td>
<td><img src="Icons/Alert.png" alt="Alert" /></td>
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</tr>
<tr>
<td>Boiler Maintenance</td>
<td>Good</td>
<td>Good</td>
<td><img src="Icons/Alert.png" alt="Alert" /></td>
<td></td>
</tr>
<tr>
<td>Boiler Installation</td>
<td>Good</td>
<td>Good</td>
<td><img src="Icons/Alert.png" alt="Alert" /></td>
<td></td>
</tr>
<tr>
<td>Teamworking</td>
<td>Average</td>
<td>Missing</td>
<td><img src="Icons/Alert.png" alt="Alert" /></td>
<td></td>
</tr>
<tr>
<td>Customer Handling</td>
<td>Good</td>
<td>Missing</td>
<td><img src="Icons/Alert.png" alt="Alert" /></td>
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</tr>
<tr>
<td>Engineering Degree</td>
<td>Yes</td>
<td>Yes</td>
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</tr>
<tr>
<td>Boiler Engineering licence 1st class</td>
<td>Yes</td>
<td>Missing</td>
<td><img src="Icons/Alert.png" alt="Alert" /></td>
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</tr>
</tbody>
</table>
Business Benefits
## Customer Benefits Achieved

<table>
<thead>
<tr>
<th>Company</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanlam Financial Services Group</td>
<td>- Training costs reduced by 90% through e-learning</td>
</tr>
<tr>
<td></td>
<td>- Talent retention through better quality training</td>
</tr>
<tr>
<td>Auckland Regional Council</td>
<td>- Greater employee productivity</td>
</tr>
<tr>
<td></td>
<td>- Improved employee motivation</td>
</tr>
<tr>
<td>Confiserie Leonidas S.A.</td>
<td>- Optimum use of talent pool and new recruits</td>
</tr>
<tr>
<td></td>
<td>- Increased productivity</td>
</tr>
<tr>
<td>Statoil</td>
<td>- Increased employee satisfaction and productivity</td>
</tr>
<tr>
<td></td>
<td>- Support global processes</td>
</tr>
<tr>
<td>LyondellBasell</td>
<td>- Greater talent retention through improved employee development</td>
</tr>
<tr>
<td></td>
<td>- More efficient knowledge transfer</td>
</tr>
</tbody>
</table>

SAP customers improved employee performance by 44% compared with non-SAP customers, who improved by 33%.

Aberdeen Research Brief: Best-in-Class Organizations Use Integrated HCM 2007
### Effectiveness of SAP Performance & competency management

<table>
<thead>
<tr>
<th>Business Benefit</th>
<th>Suite Versus Standalone Performance Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to link compensation to performance</td>
<td>210% higher</td>
</tr>
<tr>
<td>Ability to build a culture of high performance</td>
<td>161% higher</td>
</tr>
<tr>
<td>Ability to rapidly respond to business change</td>
<td>155% higher</td>
</tr>
<tr>
<td>Ability to develop employees to meet business needs</td>
<td>159% higher</td>
</tr>
<tr>
<td>Ability to develop a strong leadership pipeline</td>
<td>66% higher</td>
</tr>
</tbody>
</table>

*Source: Bersin & Associates, 2008*

> While organizations may see some benefits from standalone HR applications, the end results pale in comparison with the potential benefits of an integrated solution.

*Bersin & Associates Research Bulletin August 2008*
Talent Management Success Stories
SAP HCM Implementation & Support at Freescale - SAP Recognized Case Study

A High Tech Manufacturing Major in Semiconductor Electronics operating in more than 30 countries with 24000+ employees

Client details
- Revenue: $ 5.4 billion
- Employee Size: 24,000
- HQ: Austin, Texas
- Global Presence: 30 countries

Key Project Highlights
- HR Business Processes
  - HR master data
  - Compensation planning (ECM)
  - Performance management
  - Learning management
  - ESS/ MSS
- Comprehensive level of Integration with more than 360 custom interfaces
- 1M records spanning 63 SAP HR Infotypes
- Analytics with >1000 custom reports

Goals Accomplished
- Low total cost of ownership
  - 50% reduction in HR IT support costs
  - 87% reduction in number of interfaces
  - 74% reduction in HR IT application systems
  - 90% reduction in the number of reports (from 1,000+ to 92)
- Single Global HR Platform (SAP replaced 38 HR IT systems)
- Significant reduction (almost 70%) in maintenance cost of HR IT systems post HCM implementation

Recognition by SAP - Published Case

PDF
SAP HCM
In-Featured Case St
**SAP HCM Implementation & Support at L&T**

**India’s largest engineering and construction conglomerate with additional interests in IT, financial services, cement and electrical business.**

**Client details**
- Revenue: $11.7 billion
- Employee Size: 55,000 (30,000+ online participants)
- Global Presence: 288+ locations (EMEA, NA, APAC)
- Companies/Business Units: 60+

**Project Details**

SAP HCM, Portal, BI & XI Implementation project named CRISP:

- Modules implemented under HCM:
  - Organization Management
  - Personnel Administration
  - Training, Qualification Catalog, Appraisals
  - Compensation Management
  - Talent Management
  - ESS & MSS
  - E-Recruitment (www.careers.larsentoubro.com)
  - Time Management

**Issues with legacy HR Information System like:**
- No Integrated system
- Static data - Not Updated
- Mismatch Between Systems
- Incorrect data

SAP-HR to provide automated, efficient and transparent HR processes and accurate information for:
- Taking strategic business decisions
- Responding effectively to emerging HR challenges
- Enabling informed decisions by managers
- Empowering employees
- Enabling HR to focus on value added roles

**Value Delivered**
- Enables observation of employee performance over a period. Employee can update Appraisal periodically
- System across L&T for linking performance appraisals with thrust areas.
- On-line reports: e.g. Separation analysis;
- Saving in time & effort, and availability of real-time information, for L&T as a whole
Thank You

Our Business Knowledge, Your Winning Edge.

L&T Infotech