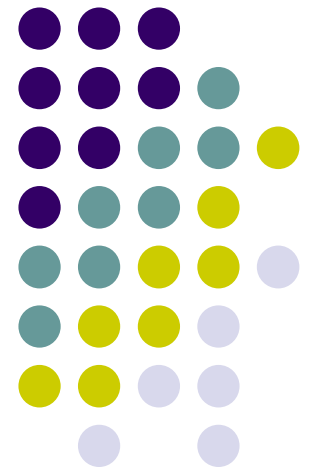


The People Scorecard and Business-Driven People Strategies

Dr. Verena Rode

Director Performance Management, Emaar

December 7, 2009

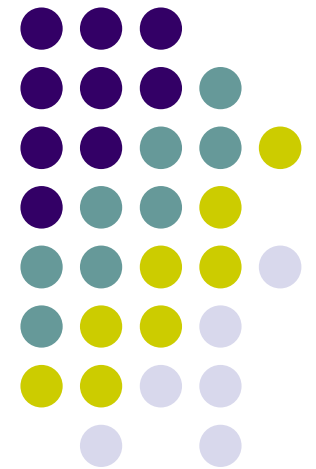


Key Questions to be answered

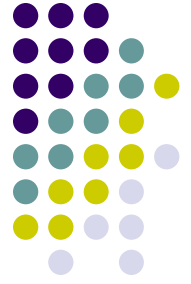


- Is there a progressive and holistic model for people scorecard and business driven strategies?
- Is there a strategic framework for managing human capital in organizations?
- How will you develop a strategic roadmap and methodical approach for planning, developing and effectively executing HR strategies to **achieve successfully business objectives**?
- How can we measure HR performance?

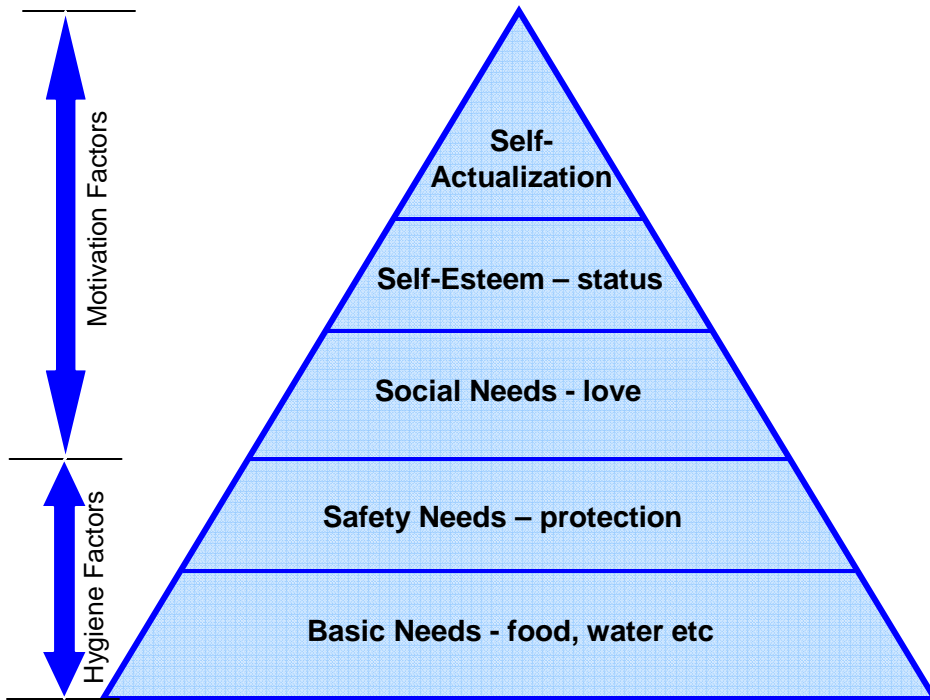
Framework



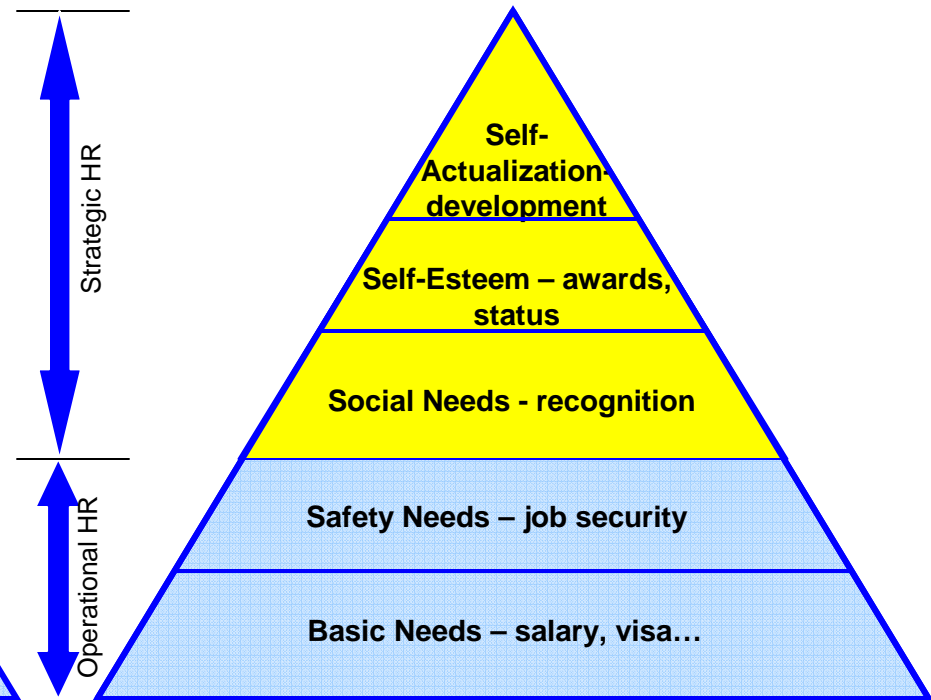
Presentation Framework



Maslow's Pyramid of Needs



HR Pyramid

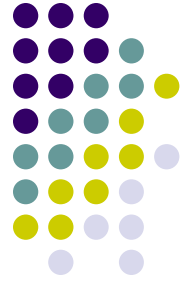


New challenges for HR – Business



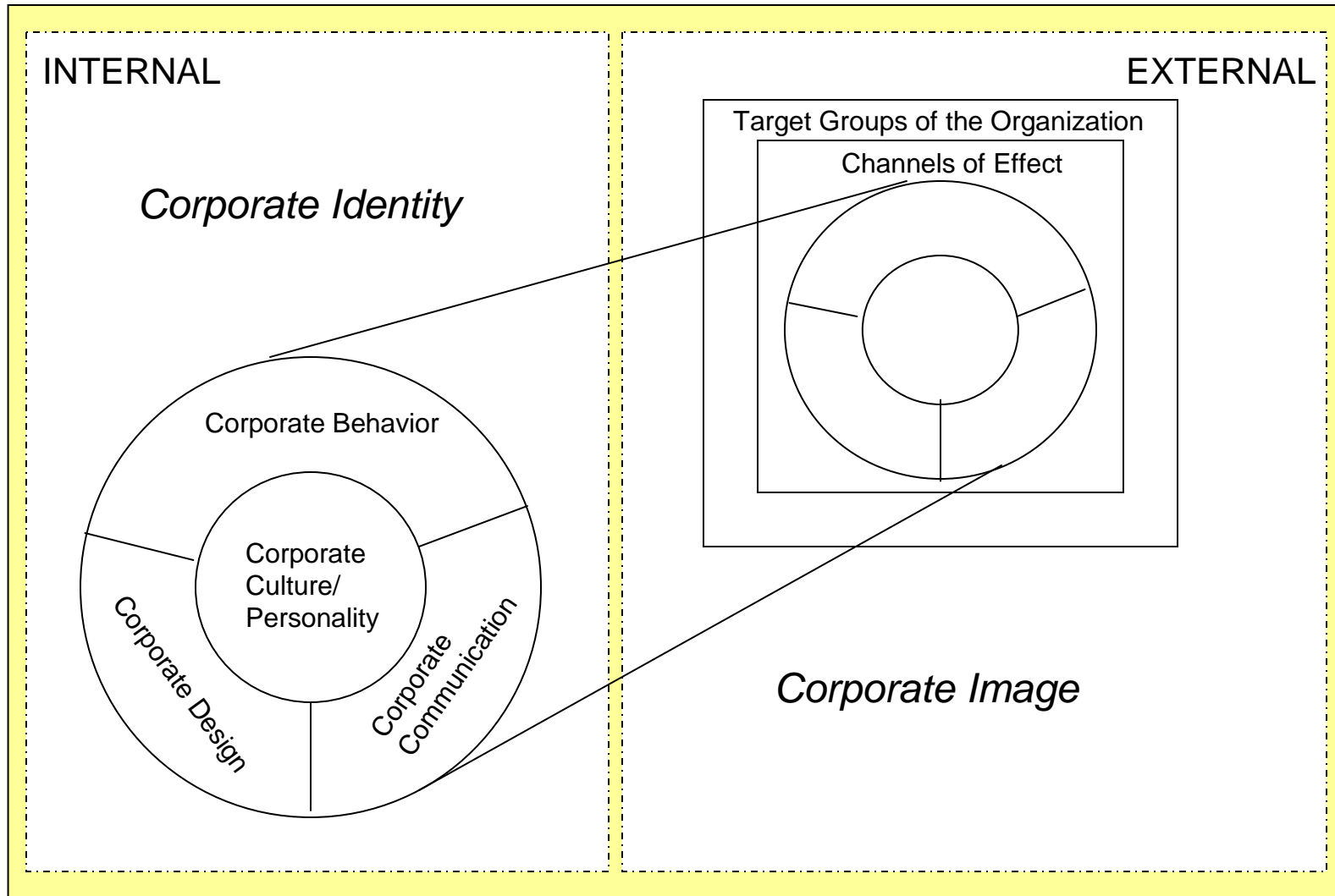
- Key source for business processes has shifted from physical to intellectual capital
- Financial Analysts are now including intangible assets into their valuation models and require its measurability
- HR & People related costs are still often considered as expenses and not as investment
- Companies will focus more on quality of people than quantity of people

New challenges for HR – Business



- Customers' expectations become more demanding
- Shareholder expectations are higher as trust between business and its shareholders has to be re-built
- Other stakeholders show growing interest in businesses' performance
- Corporate Brands gain more importance and HR plays a crucial part in the Employer Brand and therefore also in the Corporate Brand

HR's influence on Corporate Branding

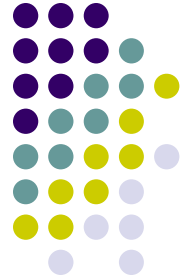


New challenges for HR – People



- HR manages intangible assets which have to be made measurable so that HR can proof it creates value
- Business requires HR as real business partner
- Relationship between employer and employee has changed: employee as internal customer
- War for talents:
 - It will be key to create loyalty of the employees
 - Talents are mobile
- People are looking for more than just monetary compensation:
“It is important for me, when my manager asks me what I think.”

Why is it important to link Business performance to HR performance?



Companies with a documented HR strategy have 35% higher revenues per employee, 12% lower absenteeism and more efficient performance management and reward systems.

PWC Global Human Capital Survey

Companies scoring highest against the “people scorecard” earned higher total shareholder returns than lower scoring companies.

Bilmes, The People Factor

Solution for HR



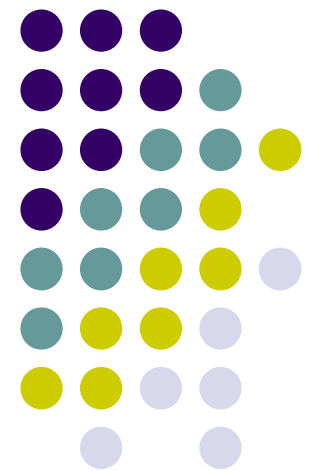
Be managers' trustee and
employee's ambassador at
the same time

Why do we need a new holistic HR model?

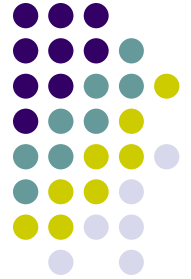


- Current models cover aspects from the HR perspective and not from a business and target group perspective
- Current models cover operational HR aspects and not strategic HR aspects
- HR can only be successful within the network of all departments
- Employees get more and more qualified and require understanding within the big picture, in order to manage employees in the required way, HR also needs to think within the big picture

Strategy



Strategy



Strategy is an organizational plan of action that intends to move the organization towards the achievement of its goal & mission.

Source: Harrison & St. John 1998

Company Strategy



- Overall organizational plan/ goal

Business Strategy



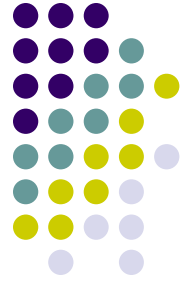
- Overall plan / goal of the business segment within the company
- Drawn from the company strategy

Functional Strategy



- Plan and goals of the functions within the Business strategy
- Drawn from Business Strategy

Functional Strategy



- Includes the plan of the functional units to achieve the business-level strategies
- Functional strategy may be developed for different functions applicable to the business. These may include:
 - Operations Strategy
 - Marketing Strategy
 - R&D Strategy
 - Financial Strategy
 - HR Strategy
 - etc.
- Functional Strategies must be formulated keeping in mind:
 - the business
 - the employee
 - the respective function

Strategy



Business Strategy is company specific and based on the company's nature and ambitions

Developing HR strategy requires the understanding of the Business Strategy form, concept and implications

➔ *Understanding the Business Strategy is key*

Strategy – 3 Characteristics



Orientation of Potential

Focus on areas with potential

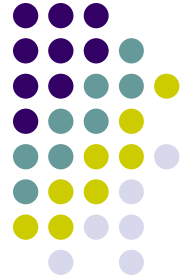
Reduction of Complexity

Limitation on relevant factors to manage information and action diversity

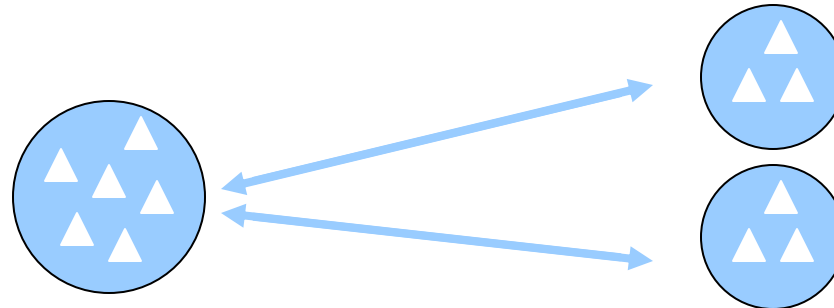
Orientation of Actions

Re-active or pro-active orientation of future actions

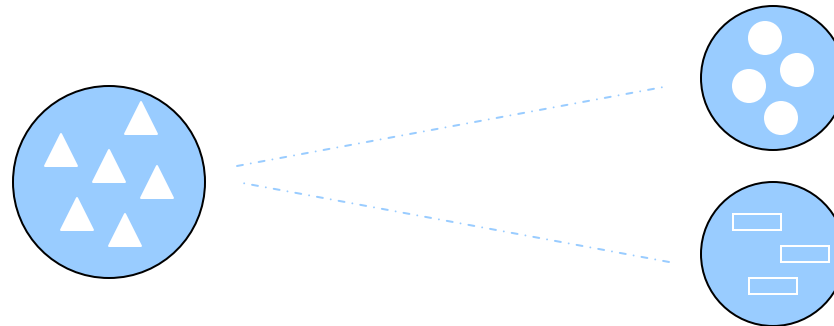
Strategy – Company Culture Structure



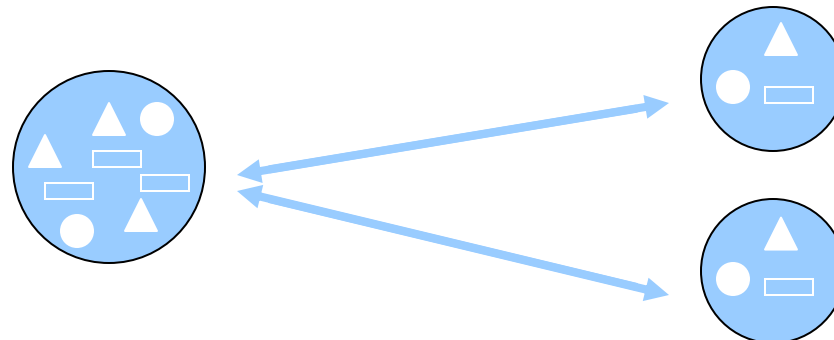
Mono cultural Strategy



Multi cultural Strategy



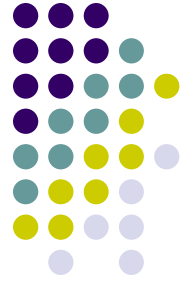
Mixed cultural Strategy



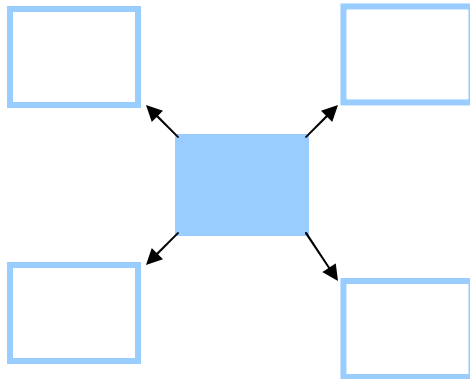
Mother company

Affiliate

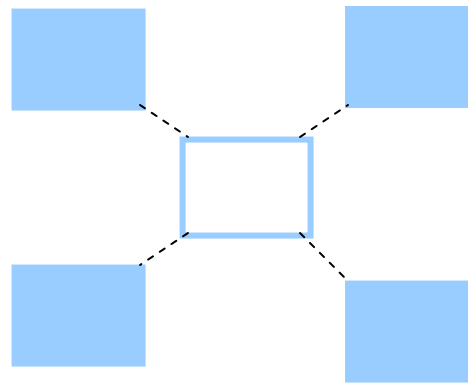
Strategy – Company Structure



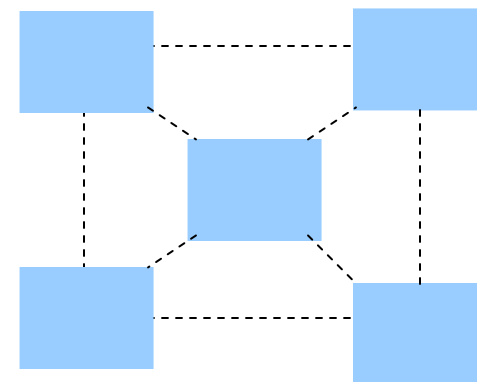
CENTRAL



DECENTRAL



ALLIANCE



HR Strategy



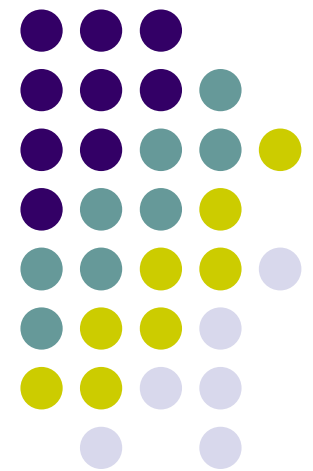
HR Strategy includes the whole organization and has a direct relation to the success potential of the company. It abstracts from individual employees and positions.

Source: Scholz

HR Strategy may be defined as ‘a plan that guides recruiting, hiring, training, compensation and performance of employees as well as organizational change efforts’.

Source: Cappelli

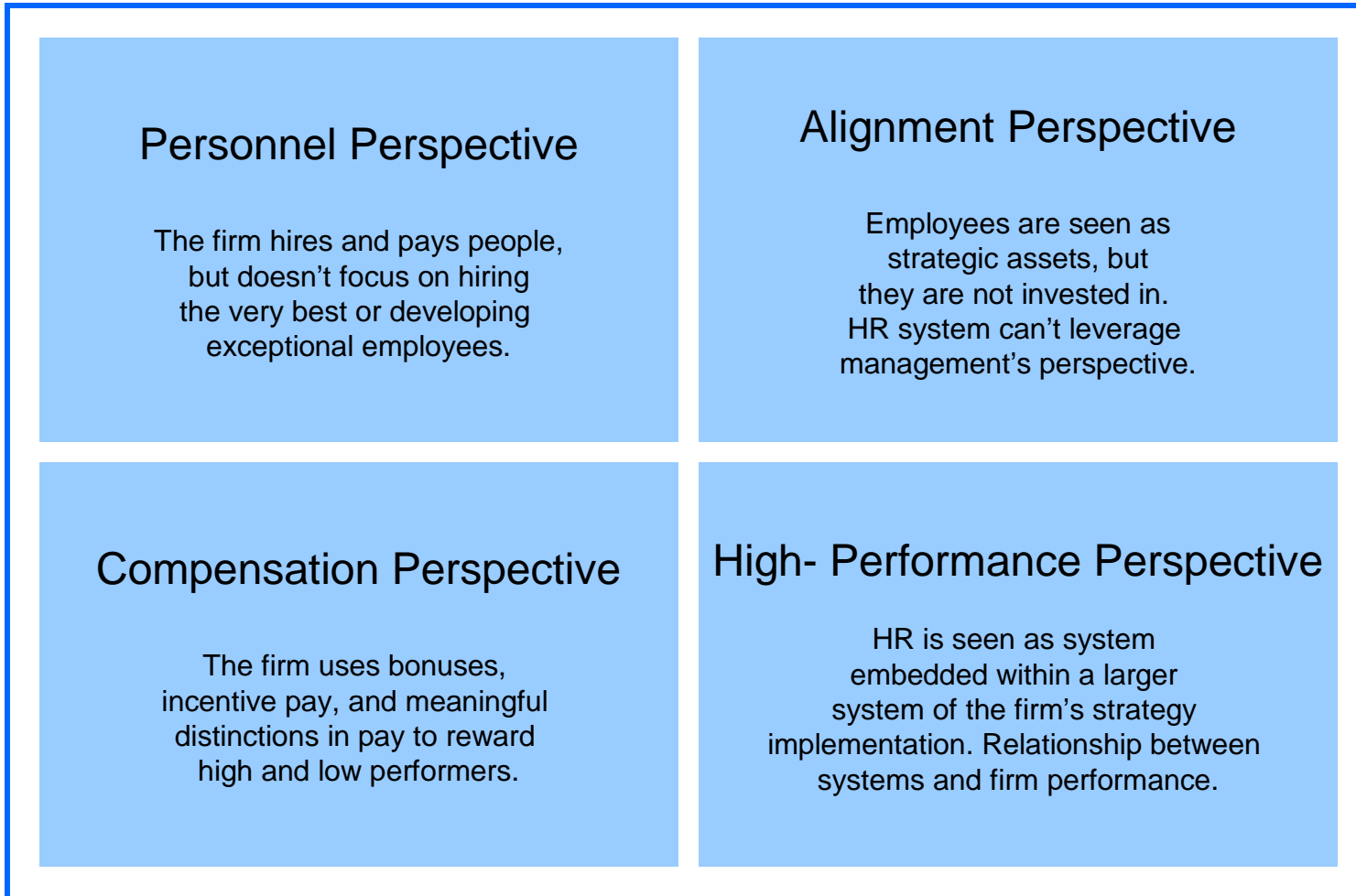
New holistic HR model



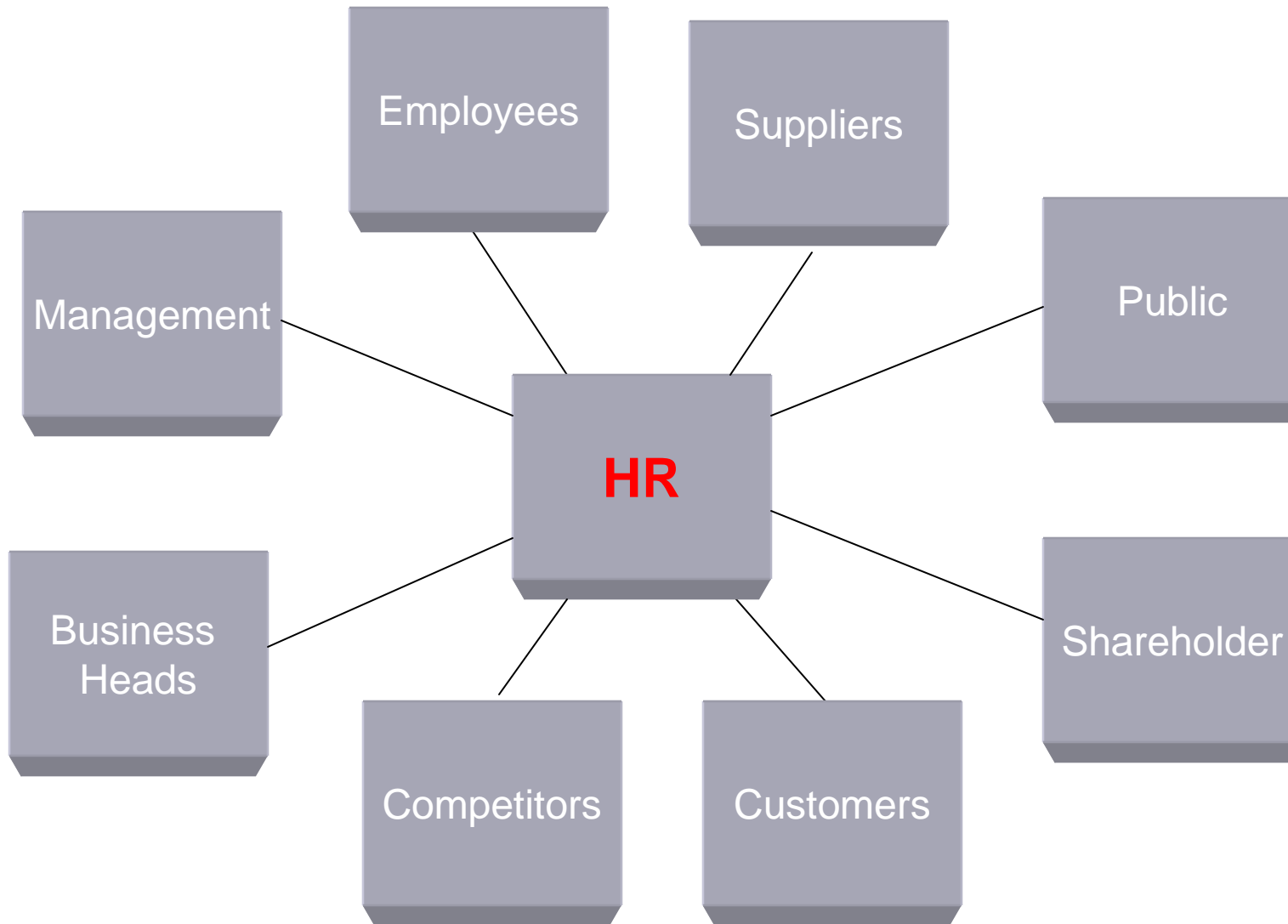
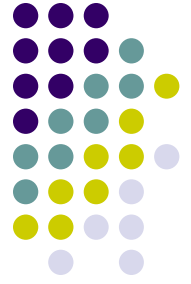
HR Scorecard



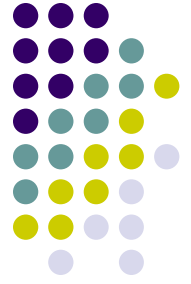
Understand that people are the capital source for competitive advantage



HR operates within a bigger network

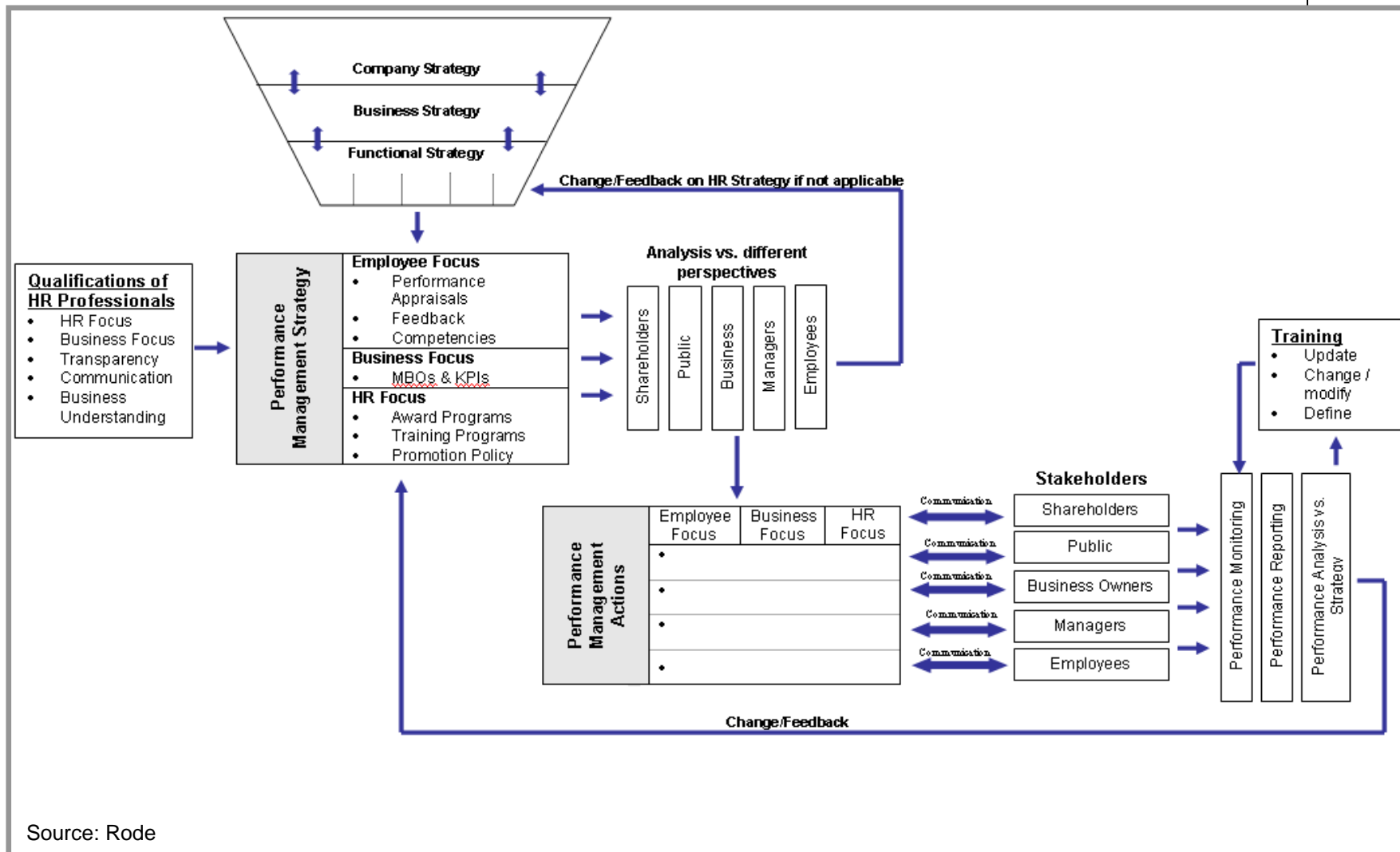


Stakeholder Analysis



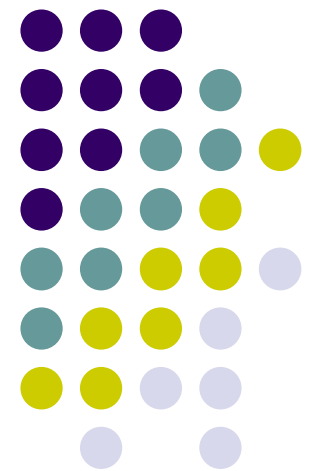
- Identifying and prioritizing key stakeholders. These may include:
 - Shareholders
 - Public
 - Business Heads
 - Managers
 - Employees
- Assessing their needs and collecting their ideas
- Reviewing the strategy based on the needs assessment
- Changing / modifying the strategy to better reflect the needs of stakeholders
- Finalizing the Performance Management Strategy

The Holistic HR Model – Performance Management



Source: Rode

Key Performance Indicators



Key Performance Indicators



ONLY those indicators that are stable for at least a period of 3-5 years, and that are measurable will become a Key Performance Indicator.

Key Performance Indicators



- ✚ Are they linked to strategy?
- ✚ Are they tangible?
- ✚ Are they easy to monitor?
- ✚ Are they indicative of performance?
- ✚ Can they be explained in one sentence?
- ✚ Can people in the company remember & explain them?