Operational Headcount Planning

Analytics for Human Capital Management
Agenda

Challenges

Business process

Operational Headcount Planning solution

Operational Headcount Planning demo

What’s next?
Agenda

Challenges

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What’s next?
Challenges in Operational Workforce Planning

- Headcount planning and budgeting is manual, cumbersome and takes too long
- Poor alignment across financial budget, headcount plans and organization objectives
- Disparate spreadsheets sourced from various systems
- Accuracy of the budget and forecast are questionable
- Lack of visibility into workforce composition and costs
- Difficult to consolidate planning and budgeting across the organization
Operational Workforce Planning Today
Costly discrepancies and frustration

HR Business Partners and Controllers
- How can I consolidate the numbers?
- Why can’t I spend time on strategic support?
- Ask for additional input
- Send out MS Excel
- Workshop after workshop

Line of Business
- How much can my department grow?
- Why can’t I receive the correct numbers from HR/FI?
- Brainstorm one-off response possibilities
- Thinking in silo
- Planning of departments is not aligned

Directors and Executive
- Why can’t I get one clear overview?
- Where are our biggest opportunities?
The Goal
Provide clear insight, consolidate and act

- Provide insight in organizational evolvement
- Forecast based on actuals
- Perform what-if for optimal planning

Directors and Executive
- Create strategy on accurate foundation
- Analyze and assess workforce
- Plan and approve based on trusted numbers

Line of Business

HR Business Partners and Controllers
- Cascade planning down the organization
- Consolidate planning
- Provide management with different scenarios
Agenda

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What’s next?
Integrated Business Planning

- Strategic Workforce Plan
- Development Plan
- Succession Plan
- Operational Headcount Plan
- Ex: Campaign Planning
- Ex: Sales Planning
- Ex: CapEx Planning
- Ex: B/S and P&L Planning
- Ex: 5+ years Business Planning
- Ex: Strategic Workforce Planning
- Ex: Strategic Plans
- Operational Plans
- Financial Plans

Vision, Value, Strategy
Levels of Workforce Planning, Deployment, Management

Mid to Long Term Strategic Planning

- Strategic Workforce Planning
  - Long term workforce plan

Near Term Operational Planning

- Business Planning & Consolidation
  - Headcount, budget, compensation change

Execution & Operations

- Operational Business Processes
  - HR administration and talent development

Execution & operations

- Daily operations and execution of operational strategy

Operational Workforce Planning

- Focus on next 6-18 months headcount needs and estimated workforce cost

Strategic Workforce Planning

- Focus on future development of internal and external workforce supply & demand
Defined Business Process is Key for Success

Process automation

- Decisions based on reliable workforce statistics
- Headcount planning in line with strategic goals
- Recruitment strategy based on plan
- Forecast workforce demand
- Set up planning guidelines
- Analyze internal workforce (quantitative & qualitative)
- Roll department planning up to corporate level
- Consolidate headcount
- Track progress
- Create planning scenarios
- Translate business strategy into quantitative workforce demand
- Workflow and approvals
Prepare and Forecast
Establish corporate workforce demand and guidelines

1 Budget preparation
- Preload personnel data and costs from source
- Gather headcount evolvement assumptions

2 Set up corporate demand
- Set up corporate workforce demand along the cost center structure
- Set up local guidelines that influence workforce cost

3 Cascade the plan
- Provide managers with pre-filled headcount planning templates
Assess, Simulate and Plan
Managers make headcount proposals based on reliable numbers

1. Analyze the current workforce
   - Assess current workforce based on pre-filled templates
   - Get an overview of promotions, leavers, retirements, etc.

2. Create workforce scenarios
   - Use guidelines to model headcount forecast
   - Leverage what-if scenarios to optimize headcount proposal

3. Use the ‘Bottom-up approval’
   - Review, finalize and submit
   - Use automated workflow via Business Process Flows
Consolidate Plans
Track progress and consolidate on each level of the organization

1 Monitor the process
   - Keep track of all business workflows, assigned managers and tasks

2 Consolidate the outcome
   - Consolidate planning templates via automated roll up
   - Align with corporate forecast and guidelines

3 Finalize the final proposal
   - Establish final proposal based on cost drivers and assumptions, according to corporate guidelines
Approve and Execute
Executives decide on plans and set the direction

1. Analyze the current workforce and cost
   - Assess and drill down to line-level management explanations to understand the complete picture

2. Decide on future headcount
   - Allocate budget in line with strategic direction
   - Optimize headcount decisions

3. Execute on plans
   - Finalize plan
   - Execute on action plans
   - Set up recruitment plans
   - Follow up on planned action items
## Operational Workforce Planning Deployment
Disparate to streamlined

<table>
<thead>
<tr>
<th>ERP operational headcount planning – typical scenario</th>
<th>ERP operational headcount planning with BPC for business planning</th>
<th>Streamlined operational headcount planning in SAP</th>
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<tr>
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1. **ERP operational headcount planning – typical scenario**

   - ERP
   - BW
   - Business Planning

2. **ERP operational headcount planning with BPC for business planning**

   - ERP
   - BW
   - BPC
   - Headcount and salary

3. **Streamlined operational headcount planning in SAP**

   - ERP
   - BW
   - BPC
   - Analytics

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Agenda

Challenges

business process

Operational Headcount Planning solution

Operational Headcount Planning demo

What’s next?
SAP BusinessObjects Operational Headcount Planning rapid-deployment solution

SAP Rapid Deployment Solutions

Software
SAP BusinessObjects Planning and Consolidation
SAP BusinessObjects Dashboards

Content
Planning templates with data based on BW
Pre-configured analytics and dashboards
Out-of-the-box workflow and approvals

Enablement
Guides and educational materials expedite end user adoption

Service
Implementation within weeks with fixed scope and price lower the risk and maximize predictability
SAP BusinessObjects Operational Headcount Planning rapid-deployment solution

Capabilities

- Scalable platform for all planning processes
- Support for all stakeholders, including management, finance, HR and recruiting
- Align corporate workforce demand with operational planning
- Plan along the financial structure of your organization
- Aggregated view with ability to drill down
- Insight in workforce composition and cost
- Configurable workflow to support your process via Business Process Flows (BPF)
- Visibility into the planning process with status tracking
SAP BusinessObjects Operational Headcount Planning rapid-deployment solution

Superior User Experience

- Role-based approach - intuitive for all users
- Reporting and monitoring through delivered dashboards
- Excel ribbon functions to facilitate planning and improve performance
Rapid Implementation

- Quick time to value with pre-defined content to plan headcount and salary
- Out-of-the-box workflow to support cascading down and roll up of planning
- Data management package to load data from SAP ERP and SAP NetWeaver® BW
SAP BusinessObjects Operational Headcount Planning rapid-deployment solution

Architecture

End User

BICS

Internet information server and Microsoft .Net application server

http / SOAP

Remote function calls

InfoProviders

BW

Business Planning and Consolidation (BPC) 10.0 application logic

SAP NetWeaver

Source System

Cost centers

Statistical key figures

Transaction data

Activity types

ECC 6.0

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Benefits
*Simplify, protect, extend*

**Simplify the process:** Set up and circulate budget quickly and within guidelines

- Improve satisfaction
- Minimize duplication, errors, and omissions
- Eliminate unnecessary cycles
Benefits
Simplify, protect, extend

**Protect assets**: Manage risks and prevent costly errors in budget

- Enforce standards and consistency across the process execution
- Estimate the impact of internal position changes on the financial budget
- Ensure anything that can go wrong is planned and mitigated by performing risk-adjustment of budgets
Benefits
Simplify, protect, extend

**Extend value**: Accurately match hiring to objectives

- Align hiring with strategic direction of the organization
- Manage hiring according to required skills
- Quantify and demonstrate the business value of new headcount
SAP BusinessObjects Operational Headcount Planning
rapid-deployment solution

Roadmap

Operational

- Data management package for importing required data
- Forecast workforce demand along the cost center structure
- Set up cost items and guidelines for accurate planning
- Cascade plan down in the organization and consolidate to ‘a single point of truth’
- Streamlined process and workflow via Business Process Flow (BPF)

Predictive, Integrated

- Rules to forecast based on historical and market trends
- Enhanced analytics
- Integration and write back to ECC for improved execution
- Integrated Business Planning with finance and cash planning
- Integration with strategy management strategic workforce plans

Beyond 2012 *

* Planned functionality. SAP reserves the right to change.
Agenda

Challenges

business process

Operational Headcount Planning solution

Operational Headcount Planning demo

What’s next?
Act 1
Controlling sets the demand and guidelines
Logon screen for Controlling

Operational Headcount Planning

OHP Guidelines

Note: Please choose from the list below or from the ribbon option OHP to provide the proper guidelines.

1. Global Guidelines
2. Local Guidelines
3. Instructions - Global Guidelines
4. Instructions - Local Guidelines
Controlling enters the corporate workforce demand
Controlling sets up local planning guidelines
Controlling adds comments for cost center managers
Act 2
Manager analyzes next year’s headcount and cost and starts planning
Logon screen for cost center manager
Pre-filled planning template – employee view
Pre-filled planning template – cost item view
Adjust travel and education budgets
Add comments to inform upper management
Act 3
Corporate insight during the planning process
Insight into ‘movement’ of the workforce

## Operational Headcount Planning

### Movement Report

- **Consent:** NG_0444001
- **Profile:** 3001 K/3

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Insight into planned cost versus guidelines

Operational Headcount Planning

Plan vs. Guidelines Report

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Act 4
Executive finalize plans and put into action
Dashboards provide insight into workforce and cost

* Prototype of dashboards. These will be different in the final delivered RDS.
System Requirements

SOFTWARE
- SAP NetWeaver: Release 7.3
- SAP NetWeaver BW Cont 7.05
- SAP BusinessObjects Business Planning and Consolidation 10.0
- SAP ECC 6.0 Enhancement pack 5

Client machines
- Standard for BPC

HARDWARE

See Product Availability Matrix for SAP NetWeaver; for SAP BusinessObjects Operational Headcount Planning rapid-deployment solution

OPERATING SYSTEM

See Product Availability Matrix:  http://service.sap.com

DATABASE

See Product Availability Matrix:  http://service.sap.com
Customer Example

See how HD Supply overcome typical barriers for integrating headcount planning in the process
Challenges

Increasing Efficiency of Labor Planning

• Challenges
  • Two disparate types of employees and labor requirements
    • Non Exempt (Hourly) Associates
      • Higher Turnover
      • Variable Expense (primarily based on revenue volume)
      • Approximately 2/3 of employees
    • Exempt (Salaried) Associates
      • Low Turnover
      • Fixed Expense (month to month)
  
• Solution
  • Create different planning input schedules and processes for Non Exempt and Exempt Employees
Solution

Increasing Efficiency of Labor Planning

• Solution (cont.)
  • For Non Exempt Employees, utilize a zero-based budget approach to include the following input by month
    • Job Title
    • # of Employees
    • Wage Rate
    • Average # of Hours Worked
    • # of Overtime Hours
  • For Exempt Employees, pre-seed each employee into SAP BusinessObjects Planning and Consolidation utilizing a feed from our Human Resources system
    • User input only required for new employee additions to include the following:
      • Job Title, Start Date, Salary Rate
Benefits

Increasing Efficiency of Labor Planning

• Benefits
  • Non Exempt Solution
    • Drives efficiency and simplifies the data entry process
    • Highly flexible and increased accuracy
    • Supports variable labor planning
  
  • Exempt Solution:
    • Drives efficiency and simplifies the data entry process
    • Increased accuracy as existing employees are pre-seeded
    • Less flexible as designed to support fixed component of labor planning

HD Supply Proprietary and Confidential
Increasing Efficiency of Labor Planning

Non Exempt forecast and planning parameters are input for each Job Title by month.

Actual, average hourly wages by Job Title presented below as “crib notes” to guide users.
Increasing Efficiency of Labor Planning

Exempt employee information is pre-seeded based on HR data feed. Minimal or no data entry required by the user.
What We'll Cover

• HD Supply Facilities Maintenance Overview
• Developing SAP BusinessObjects Planning and Consolidation: Increasing Efficiency of Labor Planning
• Developing SAP BusinessObjects Planning and Consolidation: Establishing Added Accountability With Headcount Reporting
• Project Process
• Wrap-up

Driving Accountability with Headcount Reporting

• Challenges
  • Headcount growth not viewed consistently across organization from a current actual base to forecast and plan outlooks
  • Historically required additional manual analysis and reconciliations to support changes for headcount investments

• Solution
  • Utilized actual Human Resources Systems data by job title and developed an automated monthly headcount SAP BusinessObjects Planning and Consolidation load
  • Developed analysis isolating headcount changes from actual existing headcount based on job title

• Benefits
  • Level sets all changes as a variance from existing headcount
  • Clearly articulates annualized roll forward cost impact of year end forecast period and plan investment decisions
  • Reconciles to HR Systems data monthly and the sole source of headcount reporting for HDS FM
Accountability

Driving Accountability with Headcount Reporting

Annualized impact of plan additions in $ and as % of Accountable Revenue clearly shown to users
Agenda

Challenges

business process

Operational Headcount Planning solution

Operational Headcount Planning demo

What’s next?
Successfully deploy in as little as 6 weeks

**Business Benefits**

SAP BusinessObjects Operational Headcount Planning analytic application helps you to…

- Get quick time to value with implementation of prebuilt functionality based on best practice
- Execute the operational planning in line with corporate strategy
- Simplify the budget process and improve business user satisfaction
- Improve quality and accuracy of the salary and headcount planning process
- Obtain constant insight in workforce statistics and workforce cost
- Assess the impact of new hires and promotions on workforce cost, and avoid hiring that is not aligned with the skills the company needs

**What’s Included**

- Pre-configured functionality, ready to use
- SAP BO Business Planning and Consolidation planning templates and Excel Ribbon functions to facilitate planning and improve performance
- Flexible configuration tools
- Pre-built data management packages to load data from SAP ECC and SAP NetWeaver® BW and SAP NetWeaver® BW infocubes and data models to support the planning process
- Security concept and workflow (based on Business Rules Framework) that is tailor made during implementation
- Pre-defined dashboards for Workforce cost and workforce demographics
Get the most out of your business – NOW!

Quickly meeting your most pressing business needs on unprecedented **predictability** to adopt and manage business solutions

Enabling strategic business adoption paths with **out-of-the-box integration** for start and grow options as your business demands

Giving **choice** by providing a modular and well defined portfolio of solution options together with a Global Partner Ecosystem
7 Key Points to Take Home

1. Operational workforce planning can increase organizational agility.
2. Integrated business planning magnifies the value of headcount planning.
3. Drive best-practices and standards through your organization and reduce the time to complete the planning process.
4. Monitor progress towards plans and bring attention to areas of concern more rapidly.
5. Provide big-picture and visibility to stakeholders, including executive, line of business, and recruiters.
6. Implement an effective operational headcount planning solution in as little as 9 weeks.
7. Drive additional value from existing SAP BPC and SAP BOBJ solutions.
What’s next?

Start
the evaluation for business relevance on our web site

Experience
it yourself at the next SAPPHIRE, World Tour in meeting our experts

Contact
SAP or one of our qualified solution partners for a demo

SAP.com/rds
SAPPHIRENOW.com
Thank You!

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