Appraisals and Objectives with SAP HCM

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Jens Richter, iProCon GmbH

Agenda

- Appraisal types and forms
- Pre-defined vs. flexible SAP solution
- Case study K+S AG
  - Introduction of K+S
  - Project timeline
  - Performance Management Process
  - Custom process enhancements
- Typical pitfalls and solutions
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Example: PM process

1. Setting Corporate Goals
2. Setting Departmental Goals
3. Setting Individual Objectives
4. Mid Year Review
5. Self Evaluation
6. 360 Degree Feedback
7. Final Evaluation
8. Follow Up Processing
Appraisal types and forms

- Personnel appraisals
- Potential ratings
- 360-degree reviews
- Management by Objectives
- Employment references
- Questionnaires
- Online Tests
- Surveys

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**Predefined performance management process**

- Easy process configuration – no SAP performance management knowledge necessary
- Most of the relevant configuration already in the system

**Predefined interfaces**
- Learning Solution
- Compensation Management

**Parts of the User Interface are implemented in Flash**

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**Predefined process: Configuration steps**

- Easy template configuration
- The template configuration is created automatically
Predefined process: User interface (document)

Pre-defined vs. flexible solution

- Easy Configuration
- Attractive (partly flash based) user interfaces
- Very limited flexibility for process and document changes

Flexibility to set up...
- The company's performance appraisal process
- Customer specific elements relevant to their goal performance measures
- And control content and function according to the phase of the process, the user profile, etc.
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Performance Management Integration

Introduction of the K+S Group
Project Time Line
The Performance Management Process of Morton Salt
Upgrading and Enhancing the implemented PM
**Experience Growth**

K+S is one of the world’s leading suppliers of fertilizers currently with sites in Europe and in Canada.

In the salt business, with sites in Europe as well as North and South America, K+S is the world’s leading producer.

K+S offers a comprehensive range of goods and services for agriculture, industry, public authorities and private consumers.

K+S employs more than 14,000 people, mainly in Europe and North America.

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**Worldwide Presence**

Production Sites and Sales Offices

![Worldwide presence map](image)

- **Revenues by Region 2011**
  - Europe: 50%
  - North America: 24%
  - South America: 12%
  - Asia, Oceania: 11%
  - Africa, Oceania: 3%

- **Production Sites and Sales Offices**
  - Kassel, Germany

*November 2012*
Performance Management Integration

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Performance Management Integration

Kick Off and Go Live of Performance Management for Morton Salt Inc., Chicago USA

End of year 12/2010
Performance Management data collection and agreement of requirements (Chicago).

Early 03/2011
Signing Blue Print and development kick off.

Mid year 06/2011
First testing and further requirements for PM process (Chicago).

Mid year 09/2011
Further testing (Kassel)

End of year 2011
Final testing and approval.
Go Live for 86 Managers (Chicago)

Post Go Live and further Roll Out
Telephone conferences in agreed time intervals. Less support activities. Further roll out for approx. 100 persons in 2013
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Performance Management Integration

The Performance Management Process of Morton Salt

“Basics tasks and individual objectives”

The fulfillment of basic tasks and individual objectives of a Morton Salt Managing employee is the basis for his bonus payment. Therefore the employee agrees together with his manager and his superior manager his tasks and objectives along a one year period.

„Mid year review on basic tasks and individual objectives“

A mid year review of the employee’s tasks and objectives is carried out to evaluate if the former agreements are still valid or have to be changed. If so, an agreement on the changes have to be made again between the former involved persons.

„Achievement of Tasks and Objectives“

At the end of the year the employee has to make a self appraisal on his achieved tasks and objectives. This appraisal is agreed between the employee, the manager and his superior manager. Once the second level approval is granted the release of the payment is done by the HR commission.

„Follow Up“

The agreed appraisal of the employee will be approved and released for payment by the HR commission.
First process step “Basic tasks and individual objectives”

The Performance Management application is organized in an employee and manager service. For the first step the employee finds his document in the employee service for his goal settings. Prior the HR staff generates all forms with an SAP Report. Once generated, the status of the documents has to be changed for release and for sending a mail to every employee.

The Performance Management document for the employee as well as for the manager is accessible through the SAP Portal.
First process step “Basic tasks and individual objectives”

**Performance Management in SAP**

**Appraisal Document for Antonio Zamora Gonzalez**

<table>
<thead>
<tr>
<th>Electronic Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rights of Assessment</td>
</tr>
<tr>
<td>Compensation Estimation</td>
</tr>
<tr>
<td>Responsibility to Know Goals</td>
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<tr>
<td>Not an Agreement of Employment for U.S. Employees Only</td>
</tr>
<tr>
<td>Signature</td>
</tr>
</tbody>
</table>

**Performance Management Integration**

The Performance Management Process of Morton Salt

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Performance Management in SAP

Second process step „Mid year review on basic tasks and individual objectives“

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Performance Management Integration

Third process step „Achievement of Tasks and Objectives“

The status „achievement of tasks and objectives“ is set by the HR staff in SAP by changing the status flow. After release once again a mail is sent to the involved employees and the document is accessible under the service on the SAP Portal.

The employee has to appraise his basic tasks and individual objectives. This appraisal is agreed between the employee, the manager and his superior manager once again.
The Performance Management Process of Morton Salt

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### Fourth process step „Follow Up“
After the evaluation of the employees achievements the process stops and the HR committee at Morton releases the appraisal forms for the follow up process. The follow up process calculates the final amounts for the payroll. A BW Report which provides personnel and payroll data supports the committee in their decisions.

<table>
<thead>
<tr>
<th>Employee</th>
<th>Task</th>
<th>Months</th>
<th>Real %</th>
<th>Real amount</th>
<th>Target amount</th>
<th>% Goal 1</th>
<th>% Goal 2</th>
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</thead>
<tbody>
<tr>
<td>56244</td>
<td>TomMustang</td>
<td>Basic</td>
<td>11</td>
<td>116</td>
<td>1,436,09 EUR</td>
<td>1,355,54 EUR</td>
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<td></td>
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<td>1,205,04 EUR</td>
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<td>0,00 EUR</td>
<td>0,00 EUR</td>
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<tr>
<td></td>
<td></td>
<td>Total</td>
<td>60</td>
<td>32</td>
<td>5,446,45 EUR</td>
<td>4,351,80 EUR</td>
<td>100</td>
</tr>
</tbody>
</table>

**Total amounts:**
- 56244: 5,446,45 EUR
- 32: 4,351,80 EUR

K+S IT Services GmbH
Copy basic tasks from previous year I

Problem:
- For many employees basic tasks hardly change
- Managers have to re-enter these tasks each year

Solution:
Service to copy basic tasks from previous year
Copy basic tasks from previous year II

- Copied tasks can be changed or deleted
- New tasks can be added

Follow up processing – extended log

Problem:
- No overall follow up log available
- Follow up processing can only be monitored via action log

Solution:
- Customer specific follow up log
- User interface to start and monitor the follow up process
Matching: Appraiser vs. Manager I

As line managers on all levels often change during the appraisal period many employees have more than one appraiser on one period.

Requirements:
• Show deviation: appraiser vs. line manager
• Track changes and change appraiser if necessary

Matching: Appraiser vs. Manager II

Focus on deviation only

Easily filter appraisals
Easily adopt "new" line manager as appraiser

Easily search for other appraiser

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Pitfalls and solutions

Different viewpoints
- Rapid Prototyping
- Communication: Weekly “Jour-Fix” meetings

Over regulation
- Implement important UI or business checks only
- Keep the document structure as simple as possible
- Plan user trainings

Bad process design
- Restrict the amount of active roles in the process
- Allocate the workload

Executive Secretaries

Questions?