

Personnel Cost and Headcount Planning in SAP HCM

Peter Gilberg
Sven Ringling

iProCon Group

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#HCMBP2012



Basic Approaches



From:

Do a **Forecast**
counting each
Penny

Find the
differences
afterwards

Punish the
culprits

To:

Create a **Plan**
based of
Forecast and
business
parameters

Act
according to
your plan

Improve
planning
quality
through
learning loop

Agenda



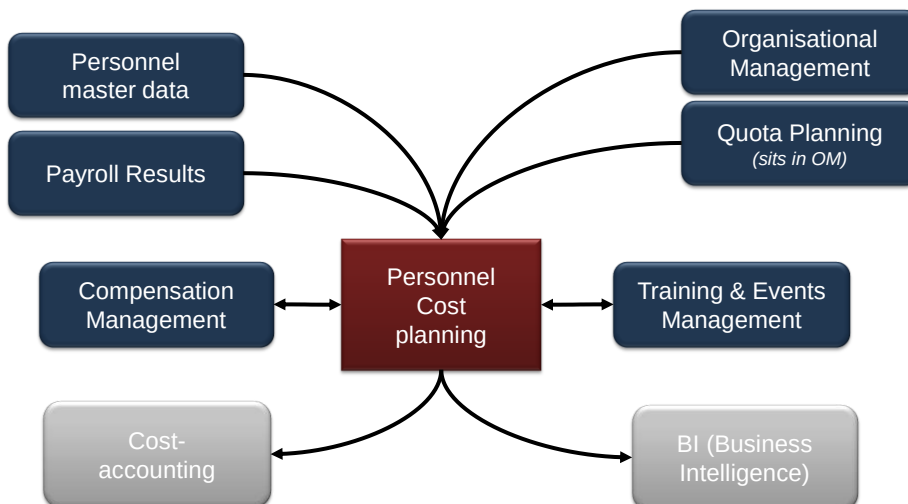
■ Personnel Cost Planning – Basics

■ The Planning Process

- ▶ Preparation
- ▶ Data collection
- ▶ Planning run
- ▶ Detail planning and data transfer

■ Selected Best practices

How it fits into SAP HCM



What is it all about?



Forecast for personnel cost based on current information

- Payroll results
- Master data
- Organisational structure

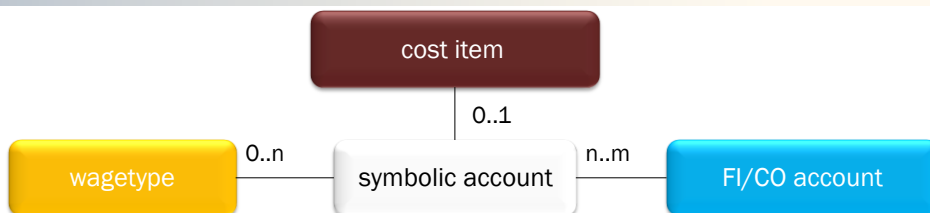
Applying scenarios

- Assumptions for the whole organisation
- Apply to change forecast

Interactive Planning

- Line managers make changes according to business requirements
- May comprise more than one planning cycle

Cost Item = Central Building Block

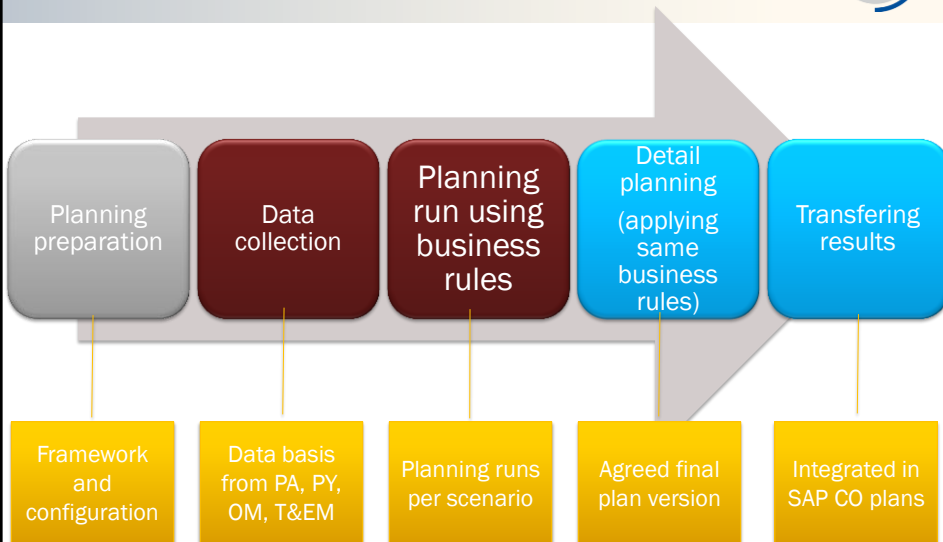


- Using the symbolic account concept from payroll
- 3 types:
 - **Direct** cost items: derived from data basis, e.g. Basic salary
 - **Dependant** cost items: calculated from other cost items, e.g. NI contributions
 - **Additional** cost items: created in planning run, e.g. Headcount or FTE

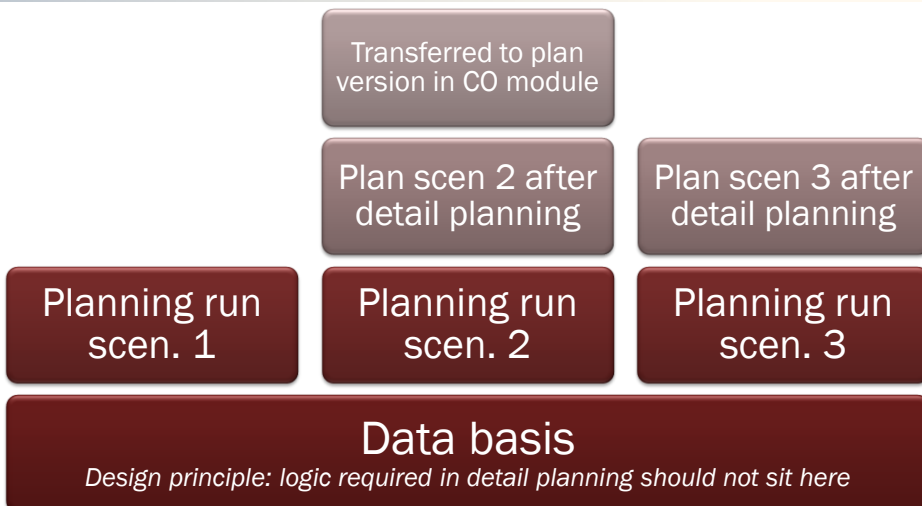
Configuration

BAdI Programming

The Planning Process in SAP



Result of planning process



Agenda



■ Personnel Cost Planning – Basics

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Planning Preparation



Define parameters

Top management direction

Statutory framework

Collective agreements

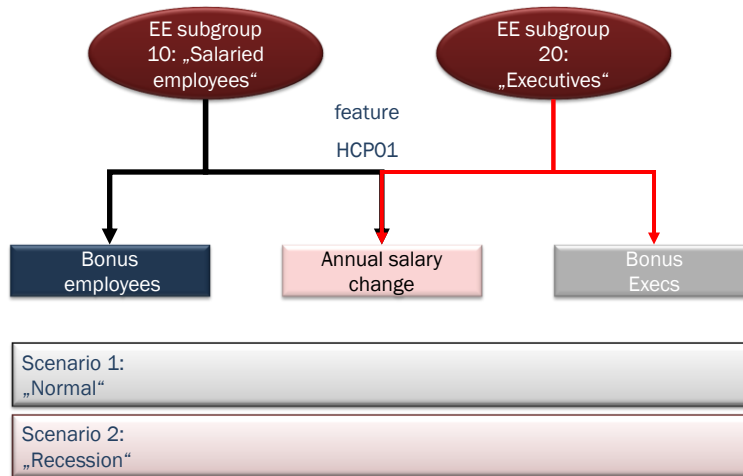
Scenarios

Implementation in SAP

Configuration

Development

E.g.: Variations and scenarios

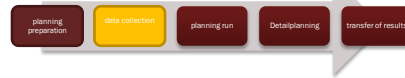


Agenda



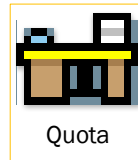
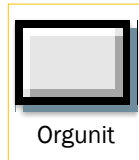
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Data collection



Purpose: data basis for all planning scenarios

How: basic valuation of all relevant objects

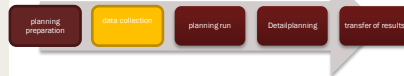


Data basis = direct cost items

PA: IT0666

OM: IT5010

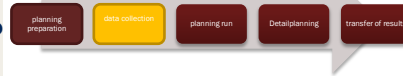
Employee Data



■ Data collection methods

- ▶ Infotype 0008 – basic salary
- ▶ Infotype 0014 – recurring payments / deductions
- ▶ Infotype 0015 – additional payments
- ▶ Difference between actual and planned pay
- ▶ Compensation guidelines (from compensation management)
- ▶ Payroll results (real or simulated)
- ▶ Simulated payscale change
- ▶ Data from training and event management
- ▶ **Custom data collection methods** (enhancement – often used for country specific payroll infotypes not included in standard, such as 0071 for UK pension schemes)

Payroll results or master data?



How and why to use payroll results?

- Posting run fills planning cluster
- For future periods, this can be based on a simulation
- Very tempting: looks accurate and no little extra config

The downside:

- If all comes from payroll, dependencies are not 'known' to cost planning, so detail planning won't work
- Master data and configuration for the whole planning period must be available so payroll can run
- Performance issues (may run for hours or even days)
- You may not have payroll for all countries running in SAP

Blended solution

- Often some elements are taken from PAST payroll results (e.g. overtime) as basis for forecast

Filling data basis from payroll posting



Posting to Accounting: Create Posting Run

🔍 Search Help

Payroll Period

Period:
Payroll Area: -
Period:

Selection Criteria

Person ID
Personnel Number
Payroll area

Run Attributes

Off-Cycle Payroll Run
Type of document creation
☐ Output log
Text on posting run
 Cost Planning

Cost Planning

☒ Provide Cost Planning

Payroll Simulation

☒ Simulate Payroll Run

Name of Payroll Program:
Report Variant:
Simulation from:

Data Collection for Employee



Demo Video on **YouTube**: <http://ow.ly/f3GUy>



- **Run Report (transaction PHCPDCM)**
- **Data collection**
 - ▶ Infotype 0008 – basic pay
 - ▶ Infotype 0015 – Additional Payments
- **View Infotype 0666 „Planning of Pers. Costs“**
- **Manipulate data (transaction PHCPDCUI)**
- **Delete data basis (transaction PHCPDCDL)**

Organisational Data



■ Data collection methods

- ▶ Infotype 1005 – planned compensation
- ▶ Data from connected objects (e.g. averages)
- ▶ Data for vacant positions
- ▶ Data from quota planning
- ▶ TEM (Training cost)
- ▶ **Custom data (Enhancement)**

Putting a £-Sign to Vacancies



Infotype „Planned Compensation“ (Positions)



☐ Transparent

☐ High data maintenance effort

☐ One cost item only

Jobs



☐ Transparent

☐ Low data maintenance effort

☐ Possibly several cost items

☐ Requires proper job catalogue

Occupier



☐ No data maintenance

☐ Several cost items

☐ Not transparent

Agenda



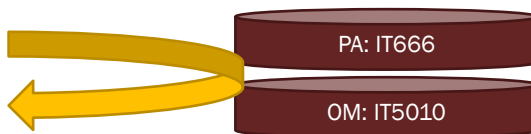
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■ Selected Best practices

Planning run



Planning run in
Cluster PCL5

Cost items

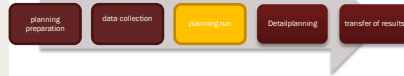
Cost items



Planning run uses same data basis to calculate several scenarios. The result of the planning run are the dependent and additional cost items incl. key figures – added to the direct cost items from the data collection.

Direct	• From data collection • Basis for dependent cost items • e.g. Basic salary
Dependent	• Relative value based of other cost items • May have capping limit • e.g. Employer NI contribution, pension
Additional	• Fixed value • e.g. Allowance for work clothing
Statistical key figures	• e.g. headcount • May depend on work percentage – e.g. FTE

Planning Run



Demo Video on **YouTube**: <http://ow.ly/f3H8y>



■ How it works

- ▶ Manage planning runs (transaction PHCPADMN)
- ▶ **Perform a planning run**
- ▶ **Show results**
- ▶ Delete plans (transaction PHCPPRMV)

■ Examples

- ▶ **Dependent and additional cost items**
- ▶ Valuation of vacancies
- ▶ Cost distribution

Agenda



■ Personnel Cost Planning – Basics

■ The Planning Process

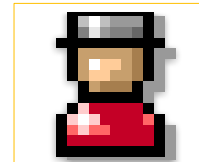
- ▶ Preparation
- ▶ Data collection
- ▶ Planning run
- ▶ **Detail planning and data transfer**

■ Selected Best practices

Detail Planning



- Individual changes for each object (e.g. Employee) on cost item level
- Options:
 - For whole plan done centrally
 - For orgunits done by line managers
- Done in browser as BSP (old) or WebDynpro (new)
- No Portal required
- Can be integrated in MSS in portal



Line manager



Planning run in
Cluster PCL5

What makes this great?

The rules for dependent cost items, whether in configuration or BAdI programming, are applied, whenever a change is made in detail planning. So, if basic salary is increased, NI is increased accordingly

Detail Planning



Demo Video on **YouTube**: <http://ow.ly/f3HqB>



■ Examples:

- ▶ Salary change
- ▶ Headcount change
- ▶ Central budgets
- ▶ Organisational changes

Transfer of plans



- Transfer into CO module
 - Cost items are linked to symbolic accounts
 - Symbolic accounts linked to GL accounts
 - Activity types only possible via modification
- Creating budgets (CO as well as compensation management)
- Transfer into BI

Agenda



- **Personnel Cost Planning – Basics**
- **The Planning Process**
 - ▶ Preparation
 - ▶ Data collection
 - ▶ Planning run
 - ▶ Detail planning and data transfer
- **Selected Best practices**

Selected Best Practices



- Absence Valuation
- Plan vs. Actual: rolling forecast
- Accumulate cost items
- Manual maintenance of infotype 5010



Simplifying the process
Higher quality in the results

Valuation of absences



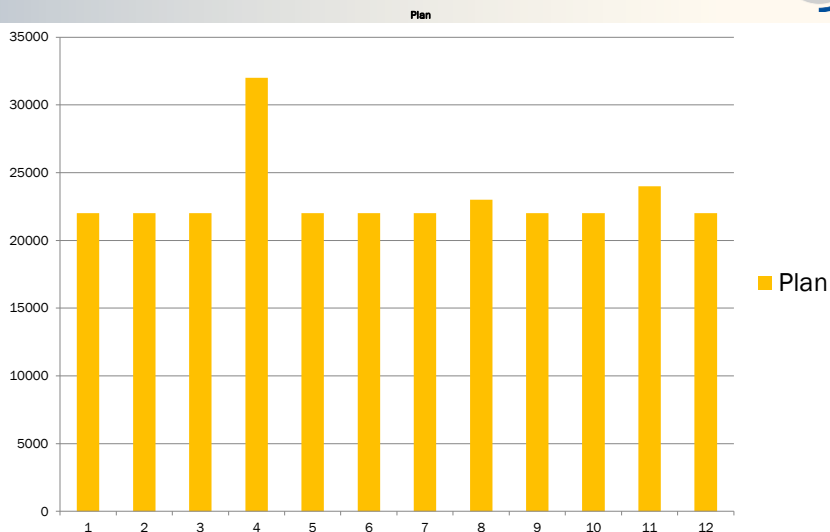
SAP standard can consider absences

- But deletes all cost items for absence period of defined absences
- In some cases, you want only some cost items deleted or change valuation

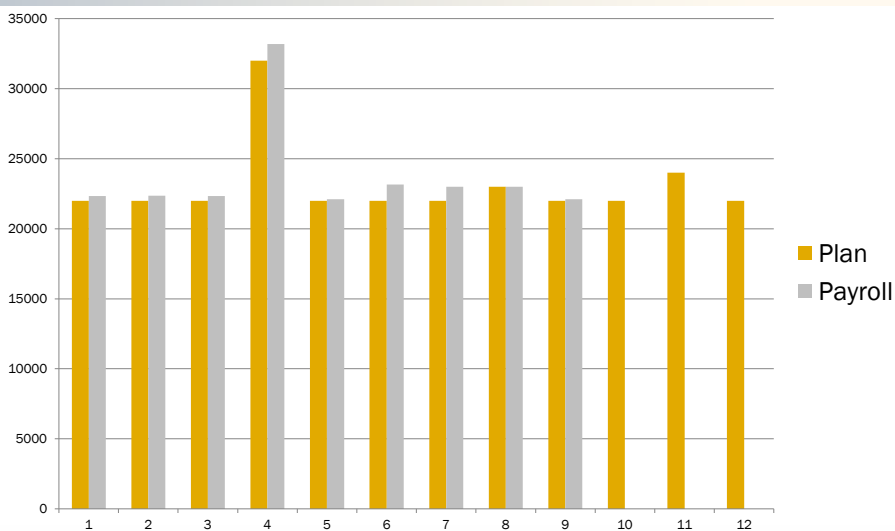
Custom solution:

- Selectively delete or change cost items in absence periods
- BAdI HRHCP00_DC_COSTITEMS

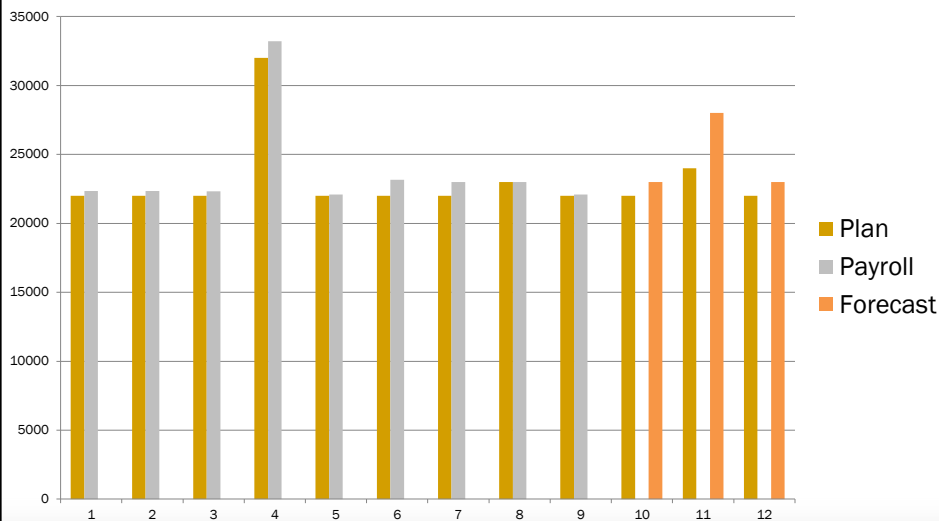
Having a plan



Comparing Plan & Actual



Create a rolling forecast

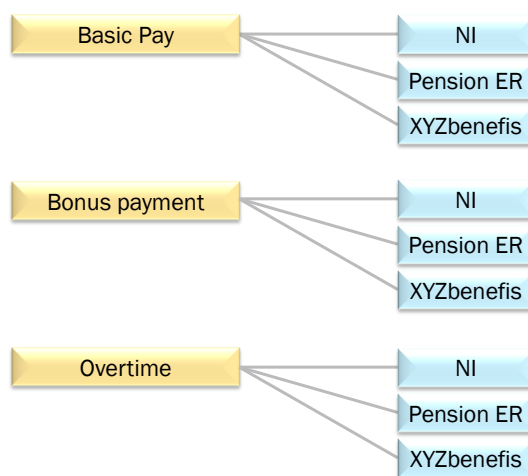


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Accumlate Cost Items

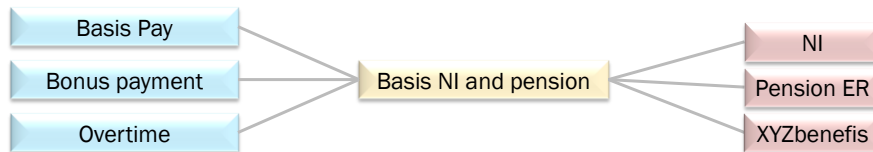


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Accumulate Cost Items



Transparent calculation
Improved performance in planning run

Manual Maintenance of Infotype 5010



■ Some elements difficult to forecast based on existing HR data

- ▶ E.g. overtime depends on future business volume more than data from past
- ▶ Requires judgement from line manager
- ▶ Based on business data like sales forecasts
- ▶ Not assigned to particular employee

■ Pragmatic solution:

- ▶ Estimate overtime volume and capture it directly in IT 5010 for department
- ▶ Also applicable for training cost, recruitment cost, entertainment,...

Organizational unit	Prod. SWE	Production Sweden
Planning Status	Active	Change
Start date	28.09.2012	to 31.12.9999
	Subtype	0001
Planning of Pers. Costs		
Cost Item	other wages/salaries	Interface PCP
Amount	230.000,00	Currency
Number		Time/Meas. Unit
Amount per Unit		Country Grouping
Time unit	Annually	

Further Proven Enhancements



Recruitment Wave

Simulated leavers

- By age
- According to contract end date in infotype 0016

Integrating pensioners

- In SAP standard, they are not part of OM and therefore excluded from cost planning

UK pension schemes:

- Custom data collection method for infotype 0071

Get overtime and shift allowances from payroll

- Selective reading of payroll results – may even shift to different periods (e.g. for overtime at Easter)

UK NI calculation and BUPA without using payroll results

Integration into Processes & Forms

Project examples



Client	Scope	Time / effort
Chemicals, 1,000 staff, UK + German subsidiary	Pragmatic implementation incl. detail planning and BI, but no line manager involvement	- 10 weeks - 15 consultant days
Bank, Germany, 4,000 staff	Complex implementation incl. detail planning with line managers and 3 rd party CO interface	- 9 months - 60 consultant days
International organisation, 2,000 staff	Complex implementation with many bespoke planning elements (e.g. recruitment wave)	- 6 months - 50 consultant days
IT service provider, 800 staff	Building a pragmatic pilot without line manager involvement	- 2 weeks - 5 consultant days
Group of universities, >50,000 staff	Full redesign and performance optimisation	- 3 months - 20 consultant days

Questions?

