THE CHANGING ROLE OF HUMAN RESOURCES IN THE 21ST CENTURY AND THE HR SCORECARD
1. CHALLENGES OF THE HUMAN RESOURCES MANAGEMENT IN THE 21ST CENTURY

2. THE HR-BALANCED SCORECARD AS A CONTROLLING INSTRUMENT

3. E-HR SOLUTIONS - B2E PORTAL
1. CHALLENGES OF THE HUMAN RESOURCES MANAGEMENT IN THE 21ST CENTURY

1.1 DEMANDS TO A MODERN HUMAN RESOURCES MANAGEMENT

- **THE LABOUR MARKET IN GERMANY**
  - Still very high unemployment rate
  - Lack in hiring new people
  - Enormous need of specialists
  - Internationalizing of the labour market

- **LAW PROVIDING GUIDELINES**
  - Social benefits
  - Protection against wrongful dismissal

- **TECHNOLOGICAL DEVELOPMENT**

- **THE NEW COMMUNICATION TECHNOLOGIES**
THE CHANGING ROLE OF HUMAN RESOURCES IN THE 21ST CENTURY AND THE HR SCORECARD

- RETAINING OF HIGH POTENTIALS

- CHANGE OF EMPLOYEES EXPECTATIONS
  - WORK LIFE BALANCE
  - RESPONSIBILITY FOR RESULTS

- QUICK INTEGRATION OF NEW EMPLOYEES TO GUARANTEE THE PLANNED RETURN OF INVESTMENT

- GLOBALISATION

- INTERNAL CHANGE
  - NEW JOB REQUIREMENTS
  - NEW LEARNING STRUCTURES
1.2 OBJECTIVES FOR THE HUMAN RESOURCES MANAGEMENT

- HR IS THE STRATEGIC PARTNER
- HR STRATEGIE IS PART OF THE COMPANIES STRATEGIE
1.3 VALUE ADDED

- HR WORK IS BEEN SEEN UNDER COST-BENEFIT-RATIO. WE HAVE TO REALIZE THE ROI OF OUR WORK.

- CONCENTRATION ON CORE COMPETENCIES
  - OUTSOURCING (ADMIN)
  - SHARED SERVICES
  - CUSTOMER RELATIONSHIP MANAGEMENT AND EMPLOYEE RELATIONSHIP MANAGEMENT
  - E - HR
  - SELF SERVICE SCENARIOS
1.4 Challenges of the Human Resources Management

What is the HR contribution to reach the companies success?

How can the HR contribution be made transparent and measurable and how can we communicate this?

Orientating the HRM on the global company strategy

What kind of information do we need therefore?

HR is the converter for reaching the companies strategy

To retain motivated and change-minded employees

To bring all necessary information just in time to the people who need them
2. THE HR-BALANCED SCORECARD AS A CONTROLLING INSTRUMENT

2.1 FUNDAMENTALS

THE BALANCED SCORECARD IS THE BASIS AND THE REQUIREMENT FOR IMPLEMENTING THE MANAGEMENT PROCESS AND TO CONTROL THE TRANSLATION OF THE STRATEGIC GOALS INTO ACTION

➢ THE BSC IS MORE THAN A SYSTEM OF NUMBERS

➢ THE BSC IS THE NAVIGATION FOR THE STRATEGIC GOALS
2.2 THE STRATEGIC OBJECTIVES

- **Mission**  
  Why we exist

- **Values**  
  What's important to us

- **Vision**  
  What we want to be

- **Strategy**  
  Our game plan

- **Total Quality Management**  
  What we must improve

- **Emprovement / Personal Objectives**  
  What I need to do
THE CHANGING ROLE OF HUMAN RESOURCES IN THE 21ST CENTURY
AND THE HR SCORECARD

Mission
Why we exist

Values
What’s important to us

Vision
What we want to be

Strategy
Our game plan

Balanced Scorecard
Translate, Focus and Align

Strategic Initiatives
What are the priorities

Total Quality Management
What we must improve

Improvement / Personal Objectives
What I need to do

Strategic Outcomes

Satisfied SHAREHOLDERS
Delighted CUSTOMERS
Efficient & Effective Process CUSTOMERS
Prepared WORKFORCE
THE PERSPECTIVES OF THE BALANCED SCORECARD

Clarifying and Translating the Vision and Strategy
- Clarifying the vision
- Gaining consensus

Communicating and Linking
- Communicating and educating
- Setting goals
- Linking rewards to performance measures

Planning and Target Setting
- Setting targets
- Aligning strategic initiatives
- Allocating resources
- Establishing milestones

Strategic Feedback and Learning
- Articulating the shared vision
- Supplying strategic feedback
- Facilitating strategy review and learning

THE CHANGING ROLE OF HUMAN RESOURCES IN THE 21ST CENTURY
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Vision and Strategy

Financial Perspective
„If we succeed
how will we
look to our
shareholders?“

Objectives
Measures
Targets
Initiatives

Customer Perspective
„To achieve my
vision, how
must I look at
my customers?“

Objectives
Measures
Targets
Initiatives

Internal Perspective
„To satisfy my
customer, at which
processes must
I excel?“

Objectives
Measures
Targets
Initiatives

Learning and Growth Perspective
„To achieve my
vision, how
must my
organisation
learn and
improve?“

Objectives
Measures
Targets
Initiatives
THE CHANGING ROLE OF HUMAN RESOURCES IN THE 21ST CENTURY AND THE HR SCORECARD

BALANCED SCORECARD METHODOLOGY – NINE STEPS TO SUCCESS
2.3 MEASURES AND FEATURES

1. Human Capital

- IMPROVING THE CORPORATE CULTURE
  - NUMBER OF PERSONS
  - SICK LEAVE
  - EMPLOYEE SATISFACTION
    - WITH THE COMPANY
    - WITH THE MANAGEMENT
  - NUMBERS OF PATENTS
  - PROFITABILITY PER CUSTOMER
  - SATISFIED CUSTOMERS INDEX

- DEVELOP AND RETAIN A APPROPRIATE EMPLOYEE STRUCTUR
  - EMPLOYEE FLUCTUATION
  - DEVELOPMENT
  - NUMBER OF TRAINING COURSES
  - LENGTH OF SERVICE
  - AGE STRUCTURE
  - BONUS SYSTEMS
  - „ROOKIE RATIO“ AND SENIORITY
  - NUMBER OF YEARS IN PROFESSION
  - COMPETENCE LEVELS
THE CHANGING ROLE OF HUMAN RESOURCES IN THE 21ST CENTURY
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1. ATTRACTING, QUALIFYING
   DEVELOPING AND RETAINING HIGH POTENTIALS
   - TRAINING DAYS PER EMPLOYEE
   - NUMBER OF INTERNAL FILLINGS OF MANAGEMENT POSITIONS
   - CUSTOMERS SATISFACTION INDEX

2. FINANCIAL

   - RETURN ON INVESTMENT
   - COST PER HIRE
     - COST OF HR
     - WEBBASED TRAINING
     - VALUE ADDED PER EMPLOYEE
     - EMPLOYEE SELF SERVICE
3. CUSTOMER / MARKET

- INCREASING THE COMPANIES ATTRACTIVITY
  - EMPLOYEES SATISFACTION SURVEY
  - NUMBER OF INTERNET APPLICATIONS
  - PERCENTAGE OF APPLICATION REJECTION
  - QUALITY OF THE RECRUITING PROCESS

4. DISCOVERY AND LEARNING

- WORKFORCE TRAINING AND DEVELOPMENT
- INCREASING PROCESSES
- TECHNOLOGY PURCHASE
- PATENTS, TRADEMARKS, COPYRIGHTS
THE CHANGING ROLE OF HUMAN RESOURCES IN THE 21ST CENTURY
AND THE HR SCORECARD

### Human Capital Scorecard

Select time period: Interface (11/30/2001)

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<thead>
<tr>
<th>Metrics</th>
<th>Status</th>
<th>Actual</th>
<th>Target</th>
<th>Lower Limit</th>
<th>Upper Limit</th>
<th>Trend</th>
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<tr>
<td>Accession Rate: Total</td>
<td></td>
<td>0.00%</td>
<td>5.00%</td>
<td>16.00%</td>
<td>37.21%</td>
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<tr>
<td>Average Tenure: Exempt</td>
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<td>9.92 Yrs</td>
<td>9.50 Yrs</td>
<td>6.48 Yrs</td>
<td>11.20 Yrs</td>
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<td>Average Tenure: Nonexempt</td>
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<td>10.26 Yrs</td>
<td>10.50 Yrs</td>
<td>4.64 Yrs</td>
<td>10.58 Yrs</td>
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<td>10.00 Yrs</td>
<td>5.38 Yrs</td>
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<td>Benefit Compensation Percent: Regular Employees</td>
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<td>1.50%</td>
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<tr>
<td>Benefit Expense Percent</td>
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<td>4.15%</td>
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<td>18,067.44</td>
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<td>Benefit Revenue Percent</td>
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<td>3.43%</td>
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<td>Compensation Expense Percent: Regular Employees</td>
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<td>348.70%</td>
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<td>Human Capital RCI</td>
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<td>Human Capital Value Added</td>
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<td>$164,370.00</td>
<td>$130,000.00</td>
<td>$70,510.48</td>
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THE CHANGING ROLE OF HUMAN RESOURCES IN THE 21ST CENTURY AND THE HR SCORECARD

Human Capital Scorecard

- Strategic Retention
  - Lower Workforce Attrition
  - Increase Workforce Productivity
  - Improve Workforce Satisfaction

- Human Capital Development
  - Improve Workforce Skill Level
  - Improve Ability to Break on Rapid Changes in Strategy
  - Increase Speed to Service with Reduced Turnover

- Talent Attraction
  - Understand Talent to Accomplish Business Objectives
  - Improve Workforce Diversity
  - Increase Focus on Cultural Matching

Redefining Human Capital Performance Management
Enter
THE CHANGING ROLE OF HUMAN RESOURCES IN THE 21ST CENTURY
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HUMAN CAPITAL METRICS

**Metric:** Compensation Revenue Percent

**Calculation:** Compensation Cost (Workforce on Payroll) / Revenue

**Definitions:**

**Compensation Cost (Workforce on Payroll):**
The total W-2 compensation paid out for the reporting unit (division or company) from the payroll records for all full-time, part-time, and contingent on payroll employees for the survey period.

**Revenue:**
Total domestic, pre-tax, sales and service earnings for the reporting unit (division or company) for the survey period.

**Purpose:** The Compensation Revenue Percent shows the amount of salaries and wages paid to employees as a percent of total revenue generated. Over time this metric can be a good indicator as to whether your organization is obtaining a higher or lower return on dollars invested in human capital. Compensation costs should be analyzed relative to staffing levels as well as individual compensation. Compensation can also influence employee productivity and separation rates.

**Target Range:** The desired target range for Compensation Revenue Percent is the 25th percentile.
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Human Capital Scorecard

Select time period: Interface (11/30/2001)

HR Scorecard: Human Capital Dashboard, View: Perspective by Measure (HRScorecard.Dec2001)

Income Factor: Total (Perf)

Human Capital Value Added (Perf)

Human Capital ROI (Perf)

Revenue Factor (Perf)
3. E - HR SOLUTIONS - B2E PORTAL

OUR OBJECTIVE IS TO LEAD AND MOTIVATE OUR EMPLOYEES ONLINE AND TO INCREASE THE BUSINESS PROCESSES

- INTRANET SOLUTIONS
- SEARCH ENGINE
- INTERACTIVE SOLUTIONS
- LINK TO DATA BASIS AND SYSTEMS OF EXTERNAL PARTNER
THE CHANGING ROLE OF HUMAN RESOURCES IN THE 21ST CENTURY AND THE HR SCORECARD

THE B2E PORTAL IMPROVES ALL INFORMATION- AND BUSINESS-PROCESSES WITHIN THE COMPANY

➢ INCREASING THE ROI

ADVANTAGES

➢ REDUCING THE PROCESSING COSTS

➢ INCREASING THE EFFICIENCE
THANK YOU FOR YOUR INTEREST!

WOLFGANG BINDER
DIRECTOR HUMAN RESOURCES
AG & CO. KG
ZEUGHOFSTR. 1, 10997 BERLIN