Asia Summit - August 2016
Creating Material Wealth Out Of Non-Material Assets
HR TARGET OPERATING MODEL (HR TOM)
Investing in Human Capital Management (HCM) is like polishing your uncut diamond…

from Here…

…to Here

from Asset…

…to Material Wealth
# Human Capital Management (HCM)

**People – Process - Organization relationship…**

<table>
<thead>
<tr>
<th><strong>HCM</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>WORKFORCE ACQUISITION</strong></td>
</tr>
<tr>
<td>Right strategy</td>
</tr>
<tr>
<td>Right skills</td>
</tr>
<tr>
<td>Right place</td>
</tr>
<tr>
<td>Right time</td>
</tr>
<tr>
<td>Right values</td>
</tr>
<tr>
<td>Right Attitude</td>
</tr>
<tr>
<td><strong>WORKFORCE MANAGEMENT</strong></td>
</tr>
<tr>
<td>Activities to maintain a productive workforce</td>
</tr>
<tr>
<td>Align Capability</td>
</tr>
<tr>
<td>Measure Effectiveness</td>
</tr>
<tr>
<td>Enhance Efficiencies</td>
</tr>
<tr>
<td>Create Enablers - Culture, Engagement, Processes</td>
</tr>
<tr>
<td><strong>WORKFORCE OPTIMIZATION</strong></td>
</tr>
<tr>
<td>Business strategy focus:</td>
</tr>
<tr>
<td>Maximum customer satisfaction &amp; benefits</td>
</tr>
<tr>
<td>Minimal operational costs</td>
</tr>
<tr>
<td>Supported by:</td>
</tr>
<tr>
<td>Integrated technologies</td>
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<tr>
<td>Cross-functional processes; Shared objectives.</td>
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</tbody>
</table>
What is HR functional capability continuum

**TRANSACTION**
- Employment contracts
- Payroll compliance
- Benefits
- Work conditions
- Time & attendance
- Recruitment & induction

**VALUE ADDED**
- Workforce Planning
- Training & Development
- Performance & Motivation
- Structured Communication
- Talent Management Framework
- Career & Succession

**STRATEGIC**
- Culture & Institution Building
- Employer Value Proposition
- Leadership Coaching And Effectiveness
- HR Target Operating Model (TOM)
- Human Capital Index (HCI)
What is HR TOM?

Human Resources Target Operating Model…
Why HR TOM?

Linking it to business success…

- Adapts to market changes faster: 2.5x Higher
- Creates new products/services more quickly: 2.4x Higher
- Improves processes to maximize efficiency: 2x Higher
- Operates efficiently/keeps costs lower: 2x Higher
- Wins over the competition in the market: 1.4x Higher
- Responds to customer needs quickly: 1.3x Higher

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Common pain points identified

- People Intensive
- Unclear roles; structure
- Fragmented IT systems
- No real time integrated data
- Lack of Analytics
- Slow decisions
- Inefficient processes
Your HR TOM journey: A quick survey

How many of you…

• Believe that Human Capital Management (HCM) capability is a strategic lever to grow your business?

• Believe that HR functional capability with HR TOM is a key enabler to your strategy and execution?

• Are planning or embarked on a HR TOM journey?
Where do we begin for TOM…?

Diagnosis first. Solution later

Organisation diagnosis

HR Tech Marketplace

Recruitment
- Search platform
- Tools
- Applicant tracking

HRMS

Benefits

Culture & Productivity

Strictly Confidential
The Pentagon Model©

Locating current state
Planning future state
Organization Diagnosis to optimize human capital - Effective, Efficient & Measurable

Measures Capability Effectiveness in order of Importance & its alignment to business strategy
Three levels of maturity
The ICE Cube™ report……..
5 section visual & scripted report

Maturity Index by 5 dimensions
Dynamic global benchmark

Birds eye view
Implications for your business

Maturity Index for 20 components
By Importance to business

Detailed analysis of strengths & development areas

Prioritized road map
Clear direction for implementation
Post diagnosis

What do you change…?

Inputs

CHR
OEs
Co Es
Technology
External Consultant
Survey
HR Ops
Business HR Priorities
HR TOM

Key Questions

- Where are you today?
- Where are the gaps currently?
- What are the phases to destination?
- What will that destination look like? How do you get there?
- How much do you need to invest?
- How fast will you get there if you invest upfront?

Post diagnosis

What do you change…?
TOM model: Methodology

**What you do**

<table>
<thead>
<tr>
<th>Stakeholder Feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviews with business and HR leaders</td>
</tr>
<tr>
<td>Diagnosis Completed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External Benchmarking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engage industry experts</td>
</tr>
<tr>
<td>Gartner Research</td>
</tr>
<tr>
<td>Internet research</td>
</tr>
<tr>
<td>Learn Best practices</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluate current HR Technology and costs</td>
</tr>
<tr>
<td>Brainstorm on the future model</td>
</tr>
<tr>
<td>Internal HR process review</td>
</tr>
</tbody>
</table>

**What you get**

<table>
<thead>
<tr>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trend analysis</td>
</tr>
<tr>
<td>Climate assessment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create guiding principles of TOM</td>
</tr>
<tr>
<td>Output of technology research</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current State Architecture</td>
</tr>
<tr>
<td>End State Architecture</td>
</tr>
<tr>
<td>High level cost proposal</td>
</tr>
<tr>
<td>Evaluate Framework; recommend solutions</td>
</tr>
</tbody>
</table>
Mapping Organization & Human Capital needs

Structure & Strategy  People
Policy & Process  Technology

CULTURE
## Operating model: Structure, People and Process

<table>
<thead>
<tr>
<th>BUSINESS HR</th>
<th>COUNTRY HR</th>
<th>CENTERS OF EXCELLENCE</th>
<th>HR SERVICE CENTERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Be the HR partner - Align with CEO and business heads for business growth</td>
<td>• Be the HR partner to country CEO and Business for local growth</td>
<td>• Be the Product specialist Benchmark best practices</td>
<td>• Be the Service Delivery arm of HR</td>
</tr>
<tr>
<td>• Drive global HR interventions aligned to the Vision and Strategy</td>
<td>• Collaborate with Global HR and business heads</td>
<td>• Create global standard products aligned to each business</td>
<td>• Be the repository of all processes</td>
</tr>
<tr>
<td>• Execute HCM policies, processes and practices working with COEs, HRSSC and Country HR consistently across footprint</td>
<td>• Drive country HR interventions under the broad Strategic Intent of the global business</td>
<td>• Design end to end standard, scalable processes and automate</td>
<td>• Work with all components of HR to provide timely services as per TAT</td>
</tr>
<tr>
<td></td>
<td>• Ensure Country/Regional HR processes are executed flawlessly</td>
<td>• Process align with HRSSC &amp; Business HR</td>
<td>• Strong governance and Risk management support for all processes</td>
</tr>
<tr>
<td></td>
<td>• Manage the country risk and governance</td>
<td>• Ensure execution of the Global HR processes</td>
<td>• Continuous Improvement center for innovation, efficiency and effectiveness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Measure value and effectiveness</td>
<td>• Project manage all HR investment initiatives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Manage governance, risk</td>
<td>• Enabler to institutionalize product and process knowledge</td>
</tr>
</tbody>
</table>
Operating Model: Current state technology architecture

An example of disparate EUCs…
Operating model: Future State Architecture

CoE
- Talent Management
- eLM
- Resourcing
- International Mobility
- Staff Movements
- Career & Succession
- Performance
- Share Schemes
- Payroll
- Benefits
- Compensation
- eCRM
- Q12
- Doc Mgmt
- Knowledge Mgmt.
- ERP GL

Source Systems
- People Product Management
- Resourcing
- Development

Internet/Intranet Enterprise Portal

Data Warehouse
- OLAP Reporting (Hyperion)
- Operational Efficiency
- Product Efficiency
- Process Efficiency
- Decision Making

Staging
- Group HR
- External Data Warehouse
- OLAP Reporting
- User Tools

Data Integrity Checks
- ERP
- Crystal Reports

Non ERP Staging
- HR Ops Reports
- Employee Ops Reports
- Regulatory Reports

OL Data mart
- PPM Data mart
- Talent Data mart

User Tools

Extract, Transform and Load (ETL)
- Data Integrity Checks
- Efficiency
- Product Efficiency
- Operational Efficiency

External Data Warehouse
- Performance
- Career & Succession
- Staff Movements
- International Mobility
- Compensation
- Benefits
- Payroll
- Share Schemes
- Performance
- eCRM
- Knowledge Mgmt.
- Doc Mgmt
- Q12
- ERP GL
- Transact
- Report
- Integrate
- Analyse
- Decide
An indicative technology roadmap

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>Engagement</td>
<td>E-Resourcing</td>
<td>Compensation</td>
<td>Core system</td>
</tr>
<tr>
<td>E-Performance</td>
<td>Knowledge Management</td>
<td>Succession</td>
<td>Analytics</td>
<td>Platform upgrade</td>
</tr>
<tr>
<td>Document Management</td>
<td>Benefits</td>
<td>Payroll</td>
<td>Payroll</td>
<td>Payroll</td>
</tr>
<tr>
<td>eLMS</td>
<td>Data Warehouse</td>
<td>Share Schemes</td>
<td>Learning module</td>
<td>Enterprise Portal</td>
</tr>
<tr>
<td>3x</td>
<td>3x</td>
<td>3x</td>
<td>2x</td>
<td>X</td>
</tr>
</tbody>
</table>

US$ m
An approach - ICE Cube & SAP Success Factor blend
So how do you know when you have arrived? Measuring change…

**HR Systems**
- Enterprise Portal
- Data Warehouse
- Talent Management
- Learning & eLMS
- Resourcing
- International Mobility
- Performance
- Share Schemes
- Benefits
- Succession Mgt
- Document Management
- Analytics
- Knowledge Management

**Design Principles**
- Standard & scalable, single source data
- Automated output - HCM & business
- Interoperability with other shared systems
- Integrated with Knowledge Management
- Maximize *ESS* and *MSS* tool capability
- End-to-end automation of employee cycle
- Access HR systems- digital and mobile
- Speedy, user-friendly, intuitive interface
- Multi-Language capability
- Improved controls and data confidentiality

**Business Benefits**
- Reduction in time & cost on manual processing
- Quality Analytics on fingertips
- Disintermediate HR & empower Line managers on standardized processes
- Ease of integration of disparate HR systems
- Enhanced controls on access, process and data confidentiality
- Scalable & Consistent Process and service delivery
Managing change

** inform **
- Extent of new structure and system
- Business benefits
- Details of changes
- Timings
- Progress & success tracking

** involve **
- Champions Network
- User Group Feedback
- Focus groups
- Visibility of senior management
- “Open” informal channels

** inspire **
- Vision to be apparent to all
- “What’s in it for me?” relevance
- Competitive angle
- Picture of success
Program governance

Project Management Office (PMO)
Consistent & transparent program reporting risks, issues, costs and milestones
Unified change management approach

Project Investment & Human Interface Council
Consistent Design & development
Deploy an integrated approach
User Experience at the core of all decisions
Overall lead to greater efficiency & effectiveness

Target Operating Model

Technology Design and Data Standards Council
Govern the technology choices
Provide technical architecture governance ensuring best practices and re-use
HR function after HR TOM…

HR Transformation

- Strategic: 20%
- Improving Performance-value add: 40%
- Transactions: 40%

Source: Glassbead
In summary

HR TOM…

• A systematic transformation framework geared towards “making your company future ready”
• Focuses on Process first and technology next for each company
• Is a phased journey which enjoys sponsorship from leaders
• Provides manifold, measurable business benefits

It is a combination of the following:
• Structure (Outsourcing, HQ, COE, Country & Business OE)
• People
• Process
• Technology
• Culture Change
So are you driving HCM practices, HR TOM aligned to business?

Business aspirations & strategy

HCM practices & strategy

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