AL-FUTTAIM GROUP

CREATING A SHARED HR SERVICES ORGANIZATION TO DRIVE ENHANCED EMPLOYEE SATISFACTION

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QUICK FACTS

Company
- Name: Al-Futtaim Group
- Location: Dubai, United Arab Emirates
- Industry: Retail
- Products and services: Wide portfolio of offerings in 7 industries, including automotive, retail, electronics, and real estate
- Employees: More than 20,000
- Web site: www.al-futtaim.ae
- Implementation partner: SAP® Consulting organization

Challenges and Opportunities
- Standardize and centralize HR processes enterprise-wide
- Enhance HR operational and hiring efficiencies
- Increase effectiveness of HR administration and planning
- Create a shared services organization for HR

Objectives
- Streamline and unify HR practices
- Reduce HR operational costs
- Enable HR self-service functionality
- Create a single source of HR information for employees and managers
- Deploy scalable payroll system with international functionality

SAP Solutions and Services
- SAP ERP Human Capital Management (SAP ERP HCM) solution
- SAP Consulting

Implementation Highlights
- Deployed on time, in just 10 months, and within budget
- Used ASAP methodology to streamline implementation
- Effectively managed cultural change
- Executed governance initiatives and training to smooth transition
- Achieved ROI in 10 months

Why SAP
- Successful deployment of SAP for Retail solutions and SAP ERP application
- Positive earlier experiences with SAP Consulting and SAP software
- Power of SAP ERP HCM to enhance transparency and improve HR data quality
- Ability of software to help reduce HR operating costs

Benefits
- Created solid foundation for strategic, efficient HR best practices
- Supported transformation from decentralized to centralized HR organization
- Reduced costs of employee administration and compliance
- Improved employee satisfaction, shown by a groupwide customer satisfaction rating of 95%
- Enabled enhanced employee decision making
- Increased effectiveness of human capital management
- Realized significant savings in time and effort needed to manage HR-related activities

Al-Futtaim الفطيم

With a rigorous focus on entrepreneurship and customer satisfaction, the Al-Futtaim Group grew into a progressive, widely diversified regional business. Yet decentralized HR policies and systems inhibited operational effectiveness.

"To standardize our processes and enhance HR efficiencies, we deployed the SAP ERP Human Capital Management solution," says Colin Gow, group head of HR operations for Al-Futtaim. "The rich functionality of the SAP software served as a catalyst for new cross-enterprise policies and cultural change."

Growing Success

Founded in the 1930s as a small trading operation, Al-Futtaim is now one of the largest regional businesses in the Middle East. Headquartered in Dubai, United Arab Emirates, the firm operates more than 65 companies in industries such as automotive, electronics, retail, and real estate. With more than 20,000 employees, the company has outlets in the United Arab Emirates, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, Egypt, Pakistan, Sri Lanka, Syria, Singapore, and Europe.

Al-Futtaim prides itself on delivering to customers an unrivalled choice of the world's best brands. By striving to meet exceptional standards of customer service and after-sales support, the company aims to engage and retain customers. A decentralized approach to its business is designed to help meet these goals. Individual businesses receive the flexibility and versatility to maintain their competitiveness. What's more, Al-Futtaim provides employees with a clearly defined work culture, where individuals are empowered with authority and responsibility for their work.

Yet a decentralized HR environment failed to meet the company's high standards. Isolated, legacy HR processes led to multiple diverse policies, teams, and business systems. As a result, operations and hiring processes operated inefficiently, and the effectiveness of HR administration and planning processes was compromised. HR operational costs were inflated, and employees had no self-service opportunities, which negatively impacted their satisfaction.

"We needed standardized, centralized HR processes to support our continued growth," says Gow. "Instead of multiple disconnected HR organizations throughout the enterprise, we wanted to create a shared HR services organization that would better serve our employees."

Call for Change

By centralizing its HR operations, Al-Futtaim hoped to streamline and unify its HR practices and reduce costs. Gow and his team wanted to deploy a powerful HR solution that would create a single source of information for employees and managers, with self-service functionality that would simplify basic administration tasks and enhance employee satisfaction. The company also wanted to deploy a scalable payroll system, one that could grow with the organization and handle international currencies and HCM issues.

Al-Futtaim had previously deployed the SAP® ERP application along with solutions from the SAP for Retail solution portfolio. Although the company considered other software, the team gravitated toward SAP ERP Human Capital Management (SAP ERP HCM).

"We had a long partnership with SAP," says Gow. "When we saw the rich functionality of SAP ERP HCM, we knew it would provide the power we needed to enhance process transparency and improve HR data quality. The SAP software would also enable process efficiencies that would help us reduce our HR operating costs.

Culture Change

With project management, facilitation, and configuration services provided by SAP Consulting, the Al-Futtaim team deployed SAP ERP HCM in just 10 months. The ASAP methodology helped streamline the implementation process, resulting in a deployment that was on time and within the expected budget.

The company initially rolled out the software in its United Arab Emirates locations. To help manage cultural

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change, Al Futtaim created collaborative design workshops and established business process owners and subject matter experts. The team also created a steering committee to address governance as well as a group to handle change, communications, and training. Team leaders conducted employee training, which helped employees make the transition to relying on the self-service functionality rather than on local HR associates.

"The services from SAP Consulting, combined with the rich software functionality, helped us create a standardized HR operation that contributes real value to our business."

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In the end, the application received wide acceptance. A groupwide survey performed after the implementation showed a customer satisfaction rating of 95%.

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Foundation for Enhanced HCM

By standardizing and consolidating all workforce-related processes and data onto a single platform, Al-Futtaim created a solid foundation for strategic, efficient HR best practices. The company also neatly transformed its HR organization from a collection of distinct departments to a centralized group that is increasing the effectiveness of corporate human capital management.

The solution can be customized for country-specific legal compliance and best practices. This helps Al-Futtaim operate with local languages, currencies, best practices, and regulatory requirements as the deployment team rolls out the software to additional corporate locations around the world.

Al-Futtaim employees now use the self-service features of the SAP software to handle basic HR tasks, such as requesting leave, changing addresses, and managing time. Managers process requests, handle payroll, and perform complex employee administration processes quickly and effectively.

Dramatic Savings, Rapid ROI

Since deploying the software, Al-Futtaim has realized significant savings in the time and effort needed to manage HR-related activities. The firm halved the cost and effort associated with travel and expense management and eliminated the cost of producing pay slips. The company also reduced its employee administration costs and decreased the funding needed to support compliance efforts.

"After a 10-month implementation, SAP ERP HCM began delivering benefits such as lower costs of compliance and employee administration and improved employee satisfaction and decision making," says Gow. "Those are exceptional benefits that helped us achieve our goals for enhanced HCM." Al-Futtaim recently rolled out SAP ERP HCM to its offices in Egypt and plans to deploy the solution soon in locations such as Singapore and Malaysia. For now, however, the company is satisfied with the value delivered by the SAP software and services.

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