

EMPLOYEE PERFORMANCE MANAGEMENT

TAP THE POTENTIAL OF EVERY EMPLOYEE

Whether your company's major challenge is addressing the economic downturn via corporate realignments or becoming more competitive, you'll have to create a performance-driven environment by efficiently developing employee skills, adapting to change, and maximizing productivity – while saving costs.

Employee performance management with the SAP® ERP Human Capital Management (SAP ERP HCM) solution helps you effectively plan, assess, optimize, and analyze the performance of your workforce from end to end. You can set individual objectives by cascading your enterprise strategy; assess and manage performance through feedback, development, and appraisals; and reward your employees accordingly.

The solution supports many different types of assessments, including 360-degree and self-assessments. It allows measurable comparisons, supports performance-based compensation, and promotes personnel development that is in line with corporate objectives. The solution is highly adaptable, allowing you to tailor both the content of the performance feedback documents and processes to the needs of your organization. Workflows streamline the process, and reports help you measure and optimize the processes. Objectives can be monitored using key figures and appropriate benchmarking.

Performance Planning

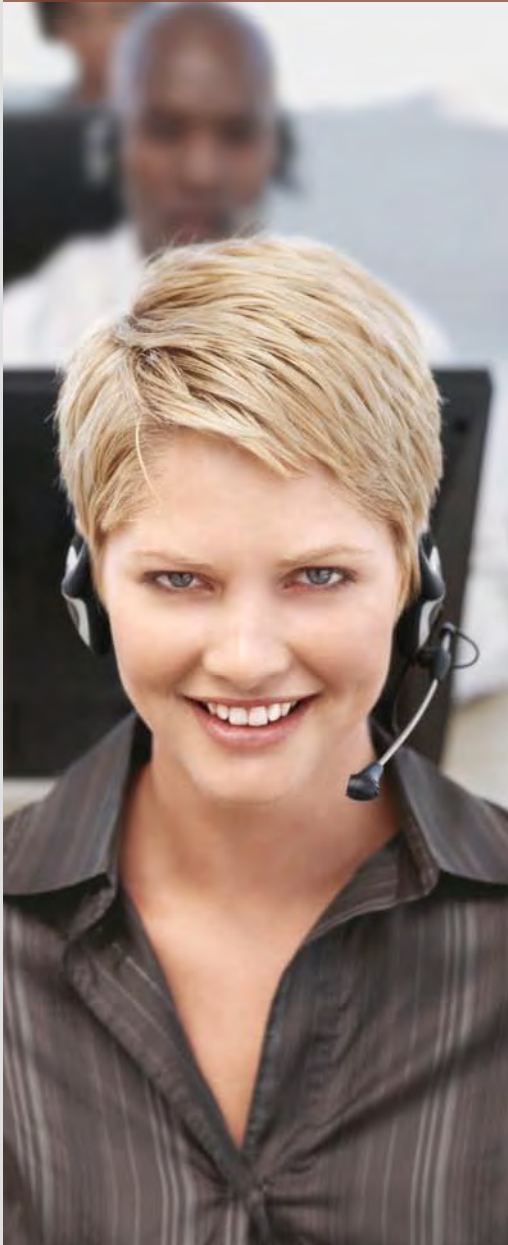
The solution helps you cascade corporate goals and core values across the organization. Line managers can easily create team goals and cascade these to their direct reports.

Individual objectives agreed upon between employees and managers, along with appropriate dates and timelines for meeting the objectives, are easily entered into the software. You

“SAP software helps ensure consistent and efficient objective-setting and appraisal processes. Now, all employees have a clear understanding of organizational objectives and can react accordingly.”

Olivier Ghenne, Head of Human Resources, Confiserie Leonidas S.A.

can use free-form objectives and notes, predefined objectives, competencies, or key behaviors and allow managers to modify them as required. The solution provides strong linkage with other talent management functions, allowing you to derive objectives from an employee's position or job requirements and include training courses and developmental activities in the performance-planning agreement. Now, you have a direct link between personnel objectives and development needs.



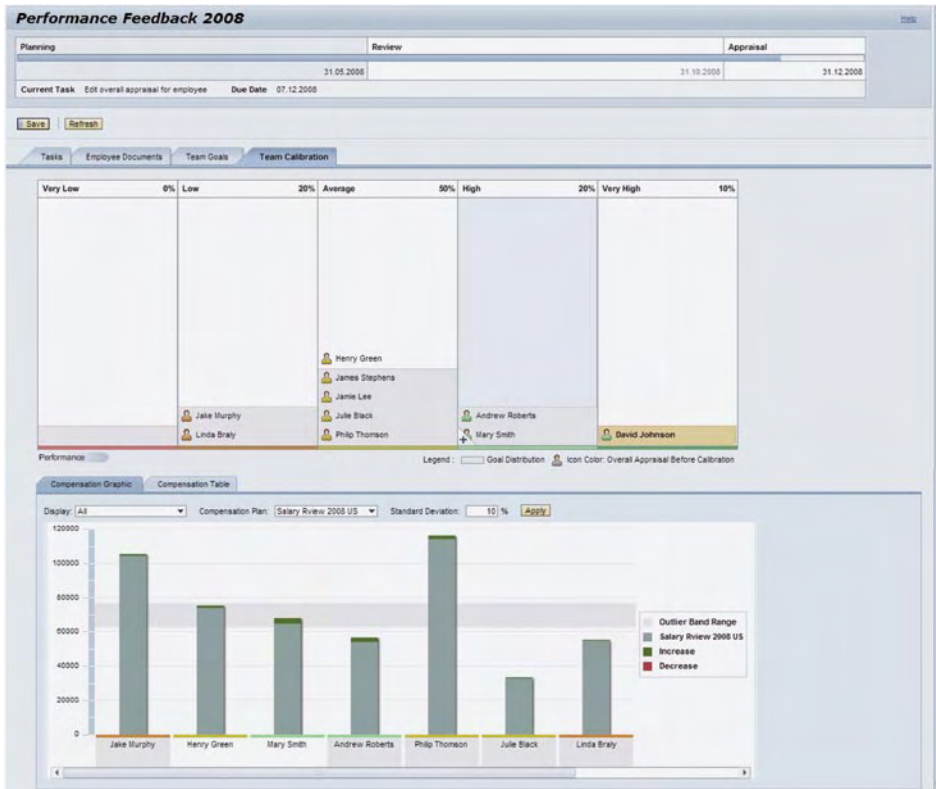


Figure 1: Team Calibration

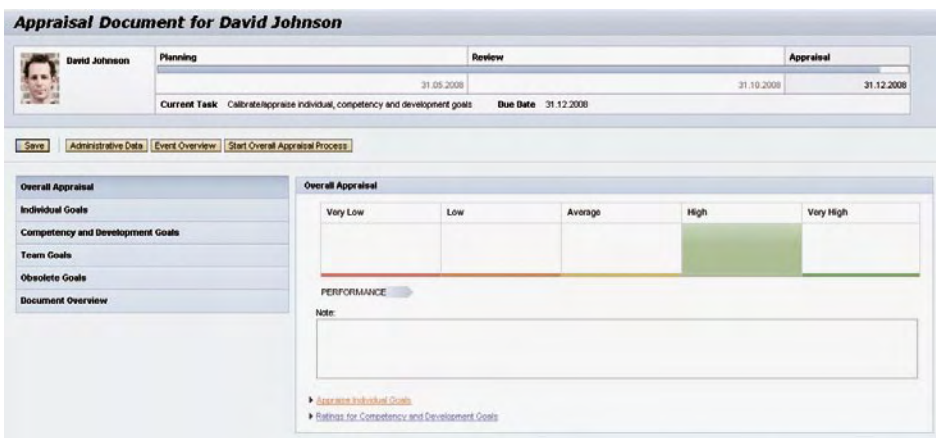


Figure 2: Overall Appraisal

Performance Review and Appraisal

Performance calibration functions support your line managers in assessing and ranking the performance of their teams in an effective visual way (see Figure 1). Additional appraisers such as dual reporting managers, peers, project leaders, or the employees themselves can be integrated into the appraisal process. As soon as the appraisal is completed, compensation adjustment proposals can be generated and the employee's qualification profile can be updated (see Figure 2).

Ongoing Feedback and Coaching

Employee reviews enable you to monitor objectives continuously during the year. You can schedule reviews and activate timely reminders for all participants. Review meetings help you check the relevance of objectives you set some time ago; if necessary, obsolete objectives can be removed from the performance-planning document. Continuous monitoring helps you keep employee goals continuously in sync with your enterprise strategy.

Highly Adaptable Solution, Quick Implementation

You can use a preconfigured process that is optimized for quick implementation. If you would like to have more flexibility and adapt the process to your individual needs, you can do so as well. You can choose which offering best meets your needs.

Tight Integration Supports Flexibility

Because employee performance management functionality is tightly integrated into SAP ERP HCM, your HR department can tailor the performance feedback processes to the needs of your enterprise. The solution is quite flexible and supports your business – from a simple appraisal to a comprehensive performance-planning and performance-feedback process that includes multirater feedback, timely notifications, and workflow. Permission-based access to information ensures that employees can view only their own data, and managers can access appraisals of all their subordinates.

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Integration points include the following:

- Integration with the **competency management** framework of SAP ERP HCM allows you to match existing skills of your workforce with the skills required for a specific position. Besides, after completing an appraisal, obtained qualifications can be automatically transferred to an employee's qualifications profile, helping ensure high data quality.
- Integration with **talent review and calibration** features allows you to nominate talent for talent-review meetings.
- Integration with the **organizational management** features of SAP ERP

HCM allows you to route performance feedback documents through the organizational hierarchy, thus eliminating manual paper approval processes.

- Integration with the **compensation management** features of SAP ERP HCM allows managers and compensation administrators to generate compensation adjustment proposals. They can easily tie performance ratings and performance-based pay, reducing manual data-maintenance efforts.
- Integration with the **SAP Enterprise Learning** environment and the employee development features of SAP ERP HCM allows you to monitor employees' individual training and development progress throughout the year.
- Integration with **HR standard authorizations** lets you restrict appraisal document access and helps ensure a secure system in which only legitimate users can access sensitive data.
- Integration with the **SAP NetWeaver® Business Warehouse** component enables you to compare appraisal results, track the status of appraisals, and perform average calculations. Analytical functions provide decision support for succession management and individual promotions.
- Integration with the **SAP Strategic Enterprise Management (SAP SEM®)** application helps you communicate your organizational strategy and cascade business goals down to department, team, and individual goals.

Find Out More

SAP ERP HCM can fully support your talent management activities, helping you identify, develop, compensate, and retain talent. Talent management

The solution allows measurable comparisons, supports performance-based compensation, and promotes personnel development that is in line with corporate objectives.

processes are fully integrated with each other and with other processes supported by SAP ERP HCM. These include recruiting, employee performance management, talent review and calibration, employee development, learning, succession management, compensation management, and analytics – all supported by a common competency framework. To learn more, please contact your SAP representative or visit us online at www.sap.com/talentmanagement.

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Summary

Employee performance management with the SAP® ERP Human Capital Management solution helps you effectively plan, assess, optimize, and analyze the performance of your workforce from end to end. You can set individual objectives by cascading your enterprise strategy; assess and manage performance through feedback, development, and appraisals; and reward your employees accordingly. The solution is highly adaptable, allowing you to easily tailor both the content of your performance feedback documents and processes to the needs of your organizations.

Business Needs

- Maintaining agility during corporate realignments
- Retaining skilled and dedicated employees
- Identifying top performers and those with high potential
- Building talent pools for targeted development
- Increasing employee productivity and improving performance

Key Features

- **Goal setting** – Align team and individual goals with corporate goals
- **Performance appraisal** – Support your managers to calibrate their team performance
- **Development planning** – Identify skill gaps to plan for employee development and training activities
- **Pay for performance** – Link performance management with compensation management in an effective visual way

Business Benefits

- **Consistently achieve corporate goals** by monitoring workforce progress towards broader objectives
- **Increase workforce productivity** through individual feedback and targeted development
- **Improve execution of enterprise strategy** by helping every employee understand and act upon organizational objectives
- **Support employee development** through consistent and efficient objective-setting and appraisal processes
- **Increase employee morale and retention** through individual development plans, fair and consistent feedback, and performance-based pay
- **Develop deeper talent bench strength** through organization-wide identification, management, and cultivation of top performers and those with high potential
- **Implement quickly** by using predefined processes

For More Information

Call your SAP representative or visit us online at www.sap.com/talentmanagement.

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