



**People,
Performance,
Profit**

ORACLE®

Rotterdam

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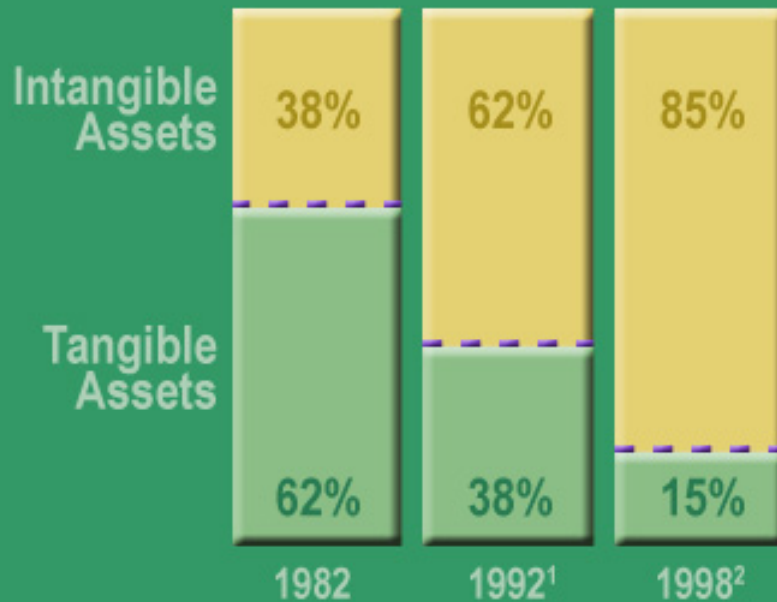
People ... Performance ... Profit

People as Capital: From “HR” to “HCM”

Aligning the Workforce for Increased Performance

Human Capital Impact On Your Bottom Line

Major Shift in the Makeup of Companies



The Source of Value Has Shifted from Tangible to Intangible Assets

1. Brookings Institute
2. Baruch Lev analysis of S&P 500 companies

Tangible Versus Intangible

But what about people?

Patents
Trademarks
Proprietary raw
material sources
Brand name
Goodwill

Intangible Assets

Property, plant
and equipment
Cash
Receivables
Inventory

Tangible Assets

People Are Capital

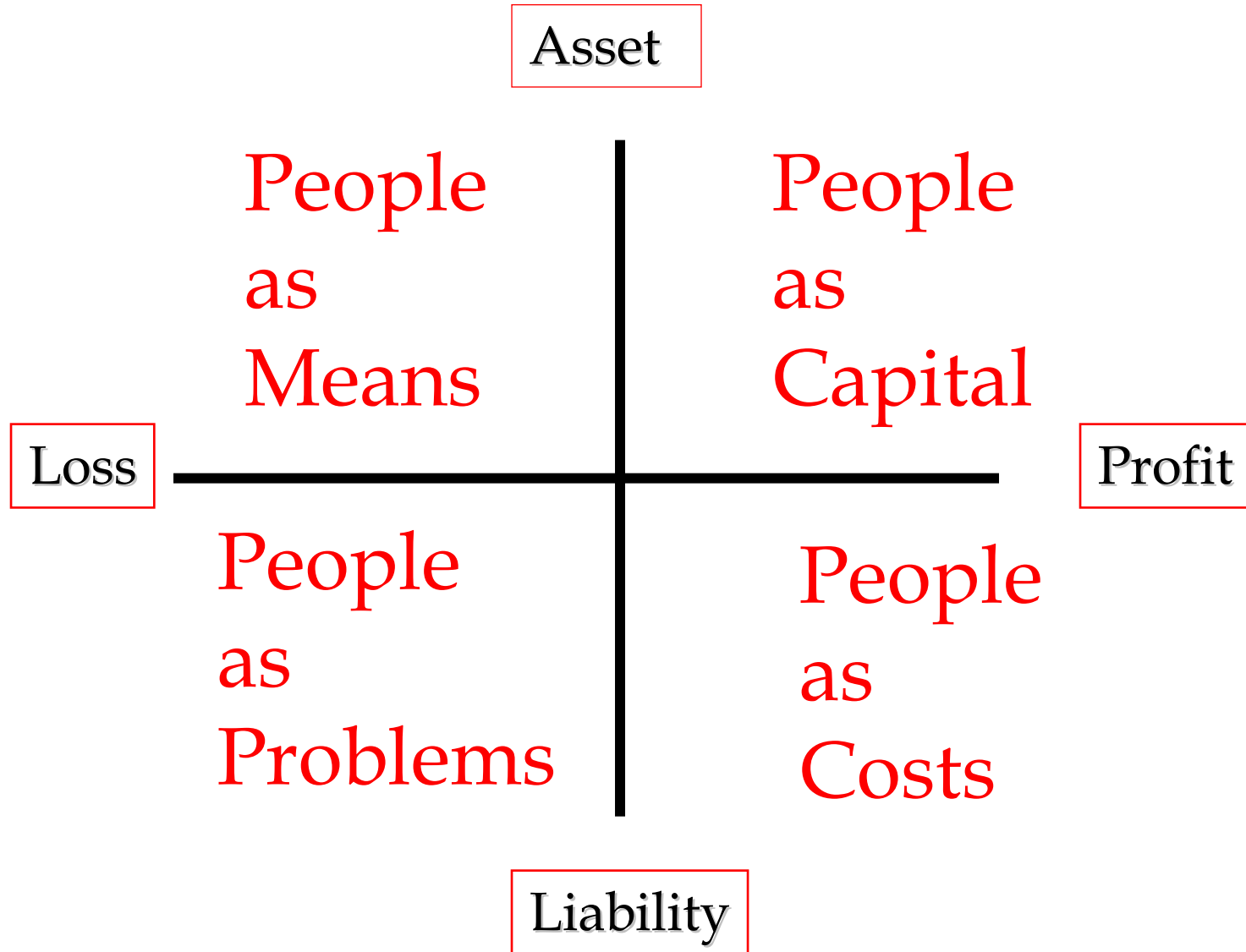
Resource

Something that can be used for support or help
An available supply that can be drawn upon as needed

Capital

An asset or advantage
Material wealth used in the production of more wealth

People as Human Capital



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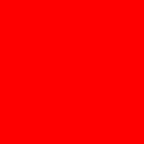
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Strategy Execution gets a failing grade

“Less than 10% of strategies effectively formulated are effectively executed”

FORTUNE



*The challenges to achieving a
high-performance workforce ...*

Workforce Not Engaged with Objectives

- Employees don't understand their impact
- Employees not fully engaged with enterprise objectives
- Managers don't have line of sight into talent

Outcome:

Enterprise performance suffers

Performance Not Being Managed

- MBO process is unsuccessful
- Feedback is poorly articulated and delivered
- Employees not developed for success
- Fragmented process

Outcome:

Employee not leveraged or developed

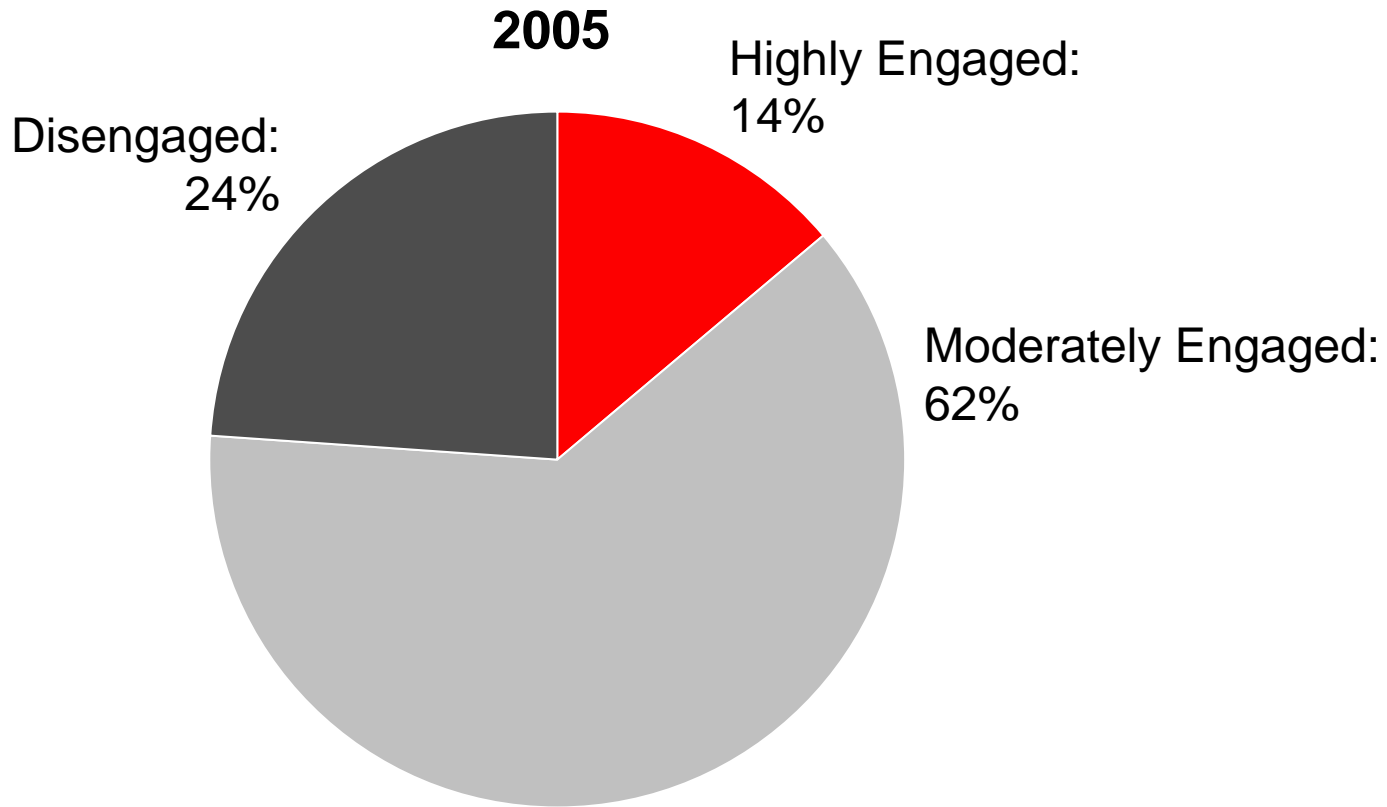
Not Creating a Performance Driven Culture

- Not truly paying for performance
- Top performers are not rewarded or enticed to remain
- Can't identify tomorrow's leaders

Outcome:

- *Rewards ineffective*
- *Talent leaves*
- *Jeopardizes organizational future*

Globally, only 14% of employees are highly engaged and 24% are actively disengaged



Highly engaged = top scores across the nine items that define engagement

Disengaged = bottom scores across the nine items that define engagement

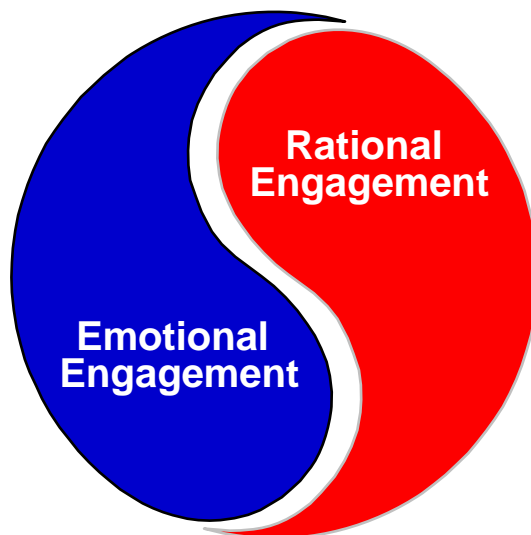
Moderately engaged = everyone in between

Towers Perrin defines employee engagement based on emotional and rational factors that predict discretionary effort

Nine Core Engagement Factors

Emotional Engagement

- I would recommend my company to a friend as a good place to work
- My company inspires me to do my best work
- I am proud to tell others I work for my company
- My job provides me with a sense of personal accomplishment
- I really care about the future of my company

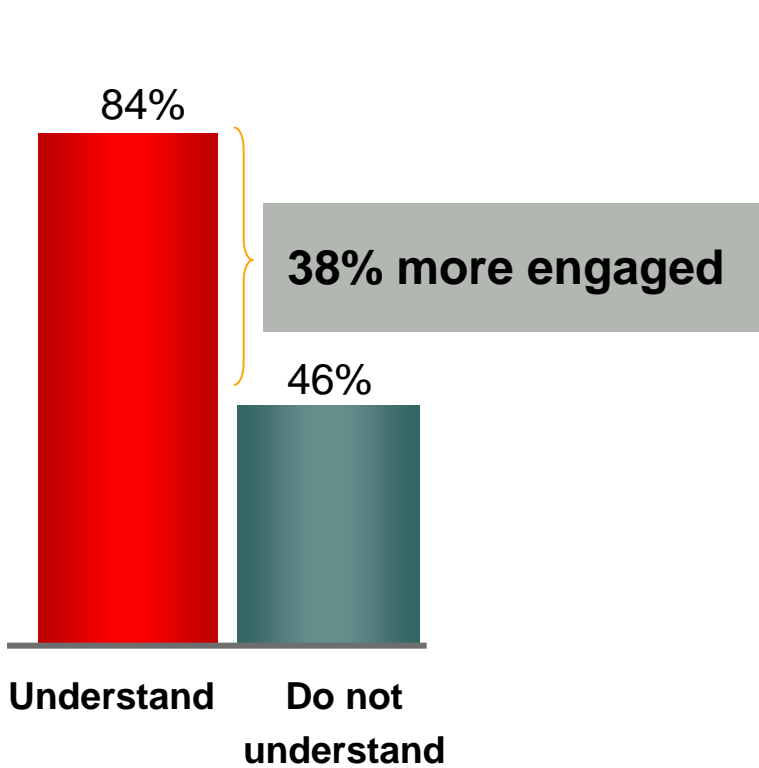


Rational Engagement

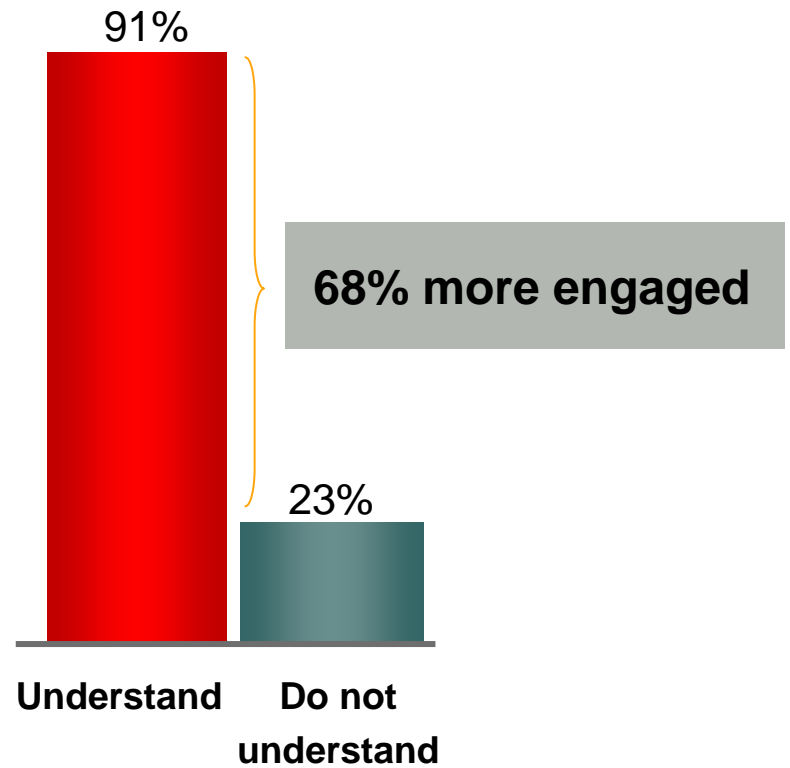
- I understand how my unit contributes to the success of my company
- I understand how my role is related to my company's overall goals, objectives, and direction
- I am willing to put in a great deal of effort beyond what is normally expected to help my company succeed
- I am personally motivated to help my company be successful

Performance Management Drives Business Success

Employee understands company goals



Employee understands how to make a difference



Confidence in leadership is relatively low, especially in terms of the ability to communicate, inspire and lead

- **51%** believe senior management is communicating a clear vision for success
- **49%** believe senior management acts in a way that is consistent with company values
- **47%** believe senior management supports new ideas and ways of doing things
- **46%** believe senior management makes an effort to be visible and accessible
- **40%** believe senior management effectively communicates the reasons for important business decisions
- **38%** believe senior management communicates openly and honestly
- **32%** believe senior management is aware of the issues employees face day today

Meeting The Challenge

Drive Business Results

Clearly define and link individual performance to enterprise objectives

Process for Sustained Change

Iterative and collaborative communication

Transfer Ownership to Users

Planning/linking objectives, defining responsibilities, training plans, and career planning

Increase Employee Success

Improve quality & timeliness of feedback

Enable performance driven development

Support End-to-End Business Processes

Link the right rewards directly to performance

Link feedback to development plans



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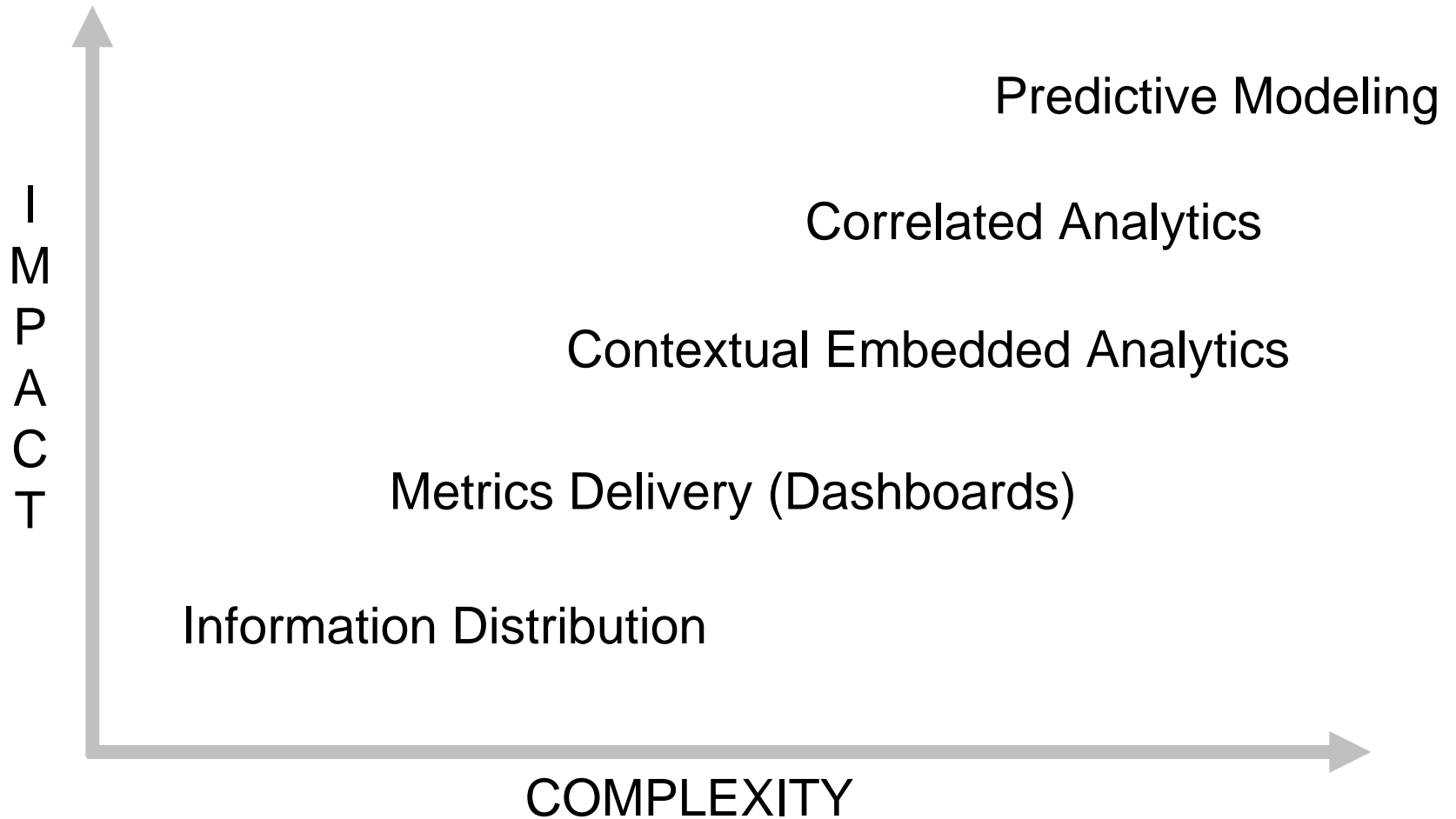
Why Measure?

- STOP: “I think....I feel”
- START: “I know...I can prove”
- SHIFT: From Tangible to Intangible Asset Accounting

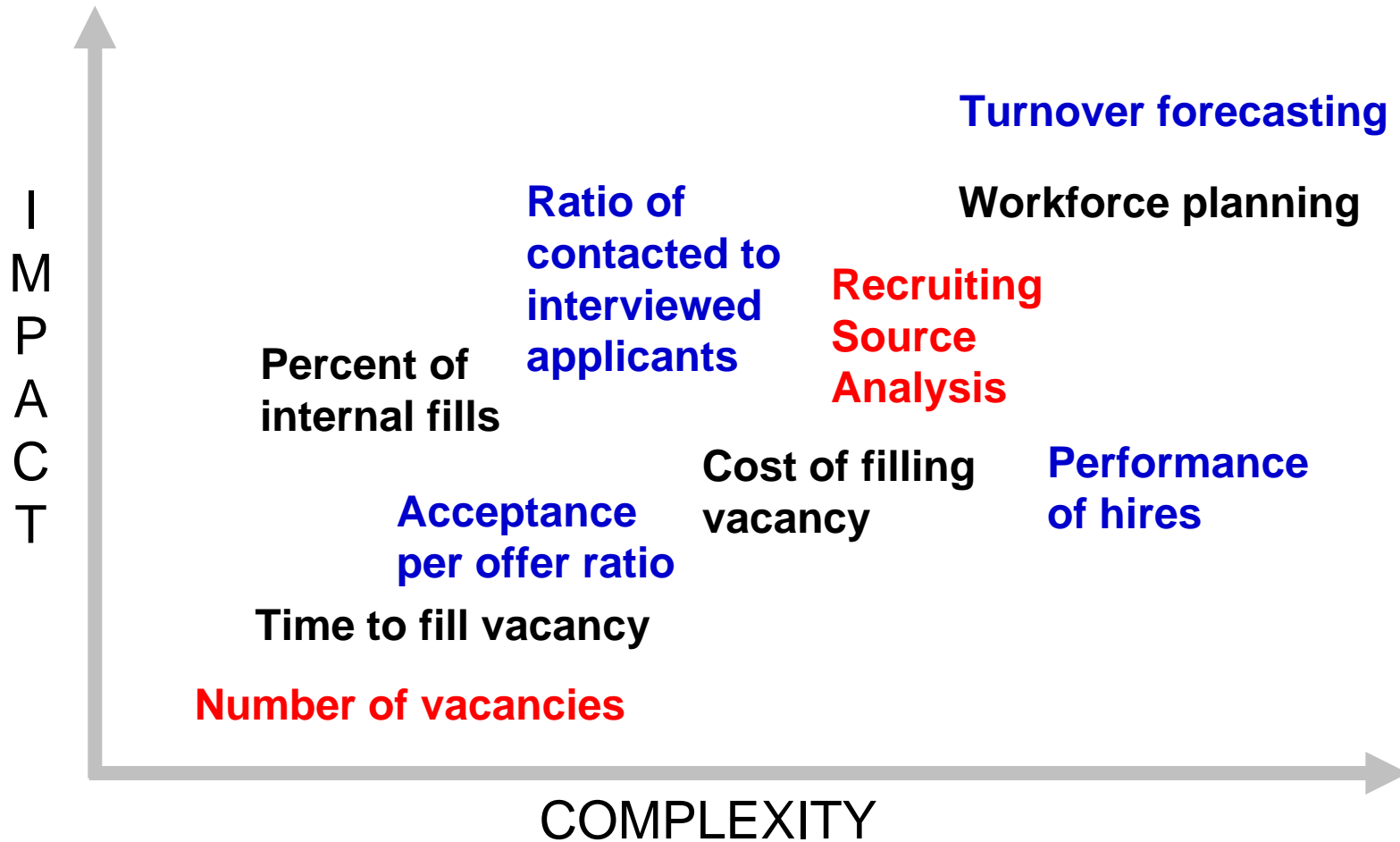
The Challenge of Measuring HR

Percentage of HR executives who...	<u>%</u>
1. Believe ROI is their CEO's most important metric:	53
2. Say better aligning HR metrics to corp strat is top priority:	60
3. Believe HR metrics spend will grow over the next 5 years:	84
4. Measure the impact of HR activities to a great extent:	5
5. Believe providing analytical tools is biggest challenge:	71
6. Reported having a fully automated HR metrics system:	2
7. Percentage whose system was not automated at all:	57
8. Cited lack of technology infrastructure as a major challenge creating HR metrics:	50

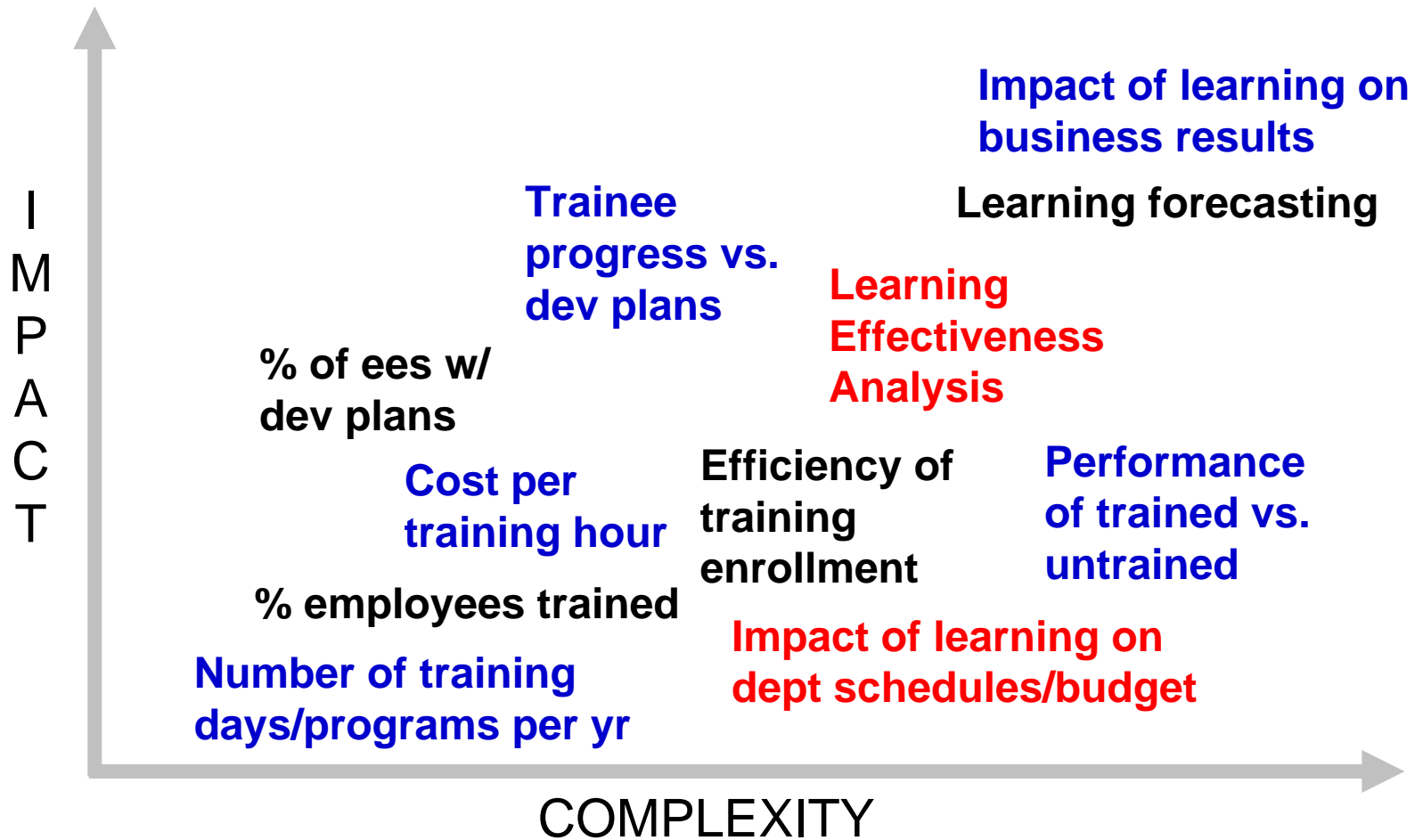
Metrics That Matter: Analytic Taxonomy



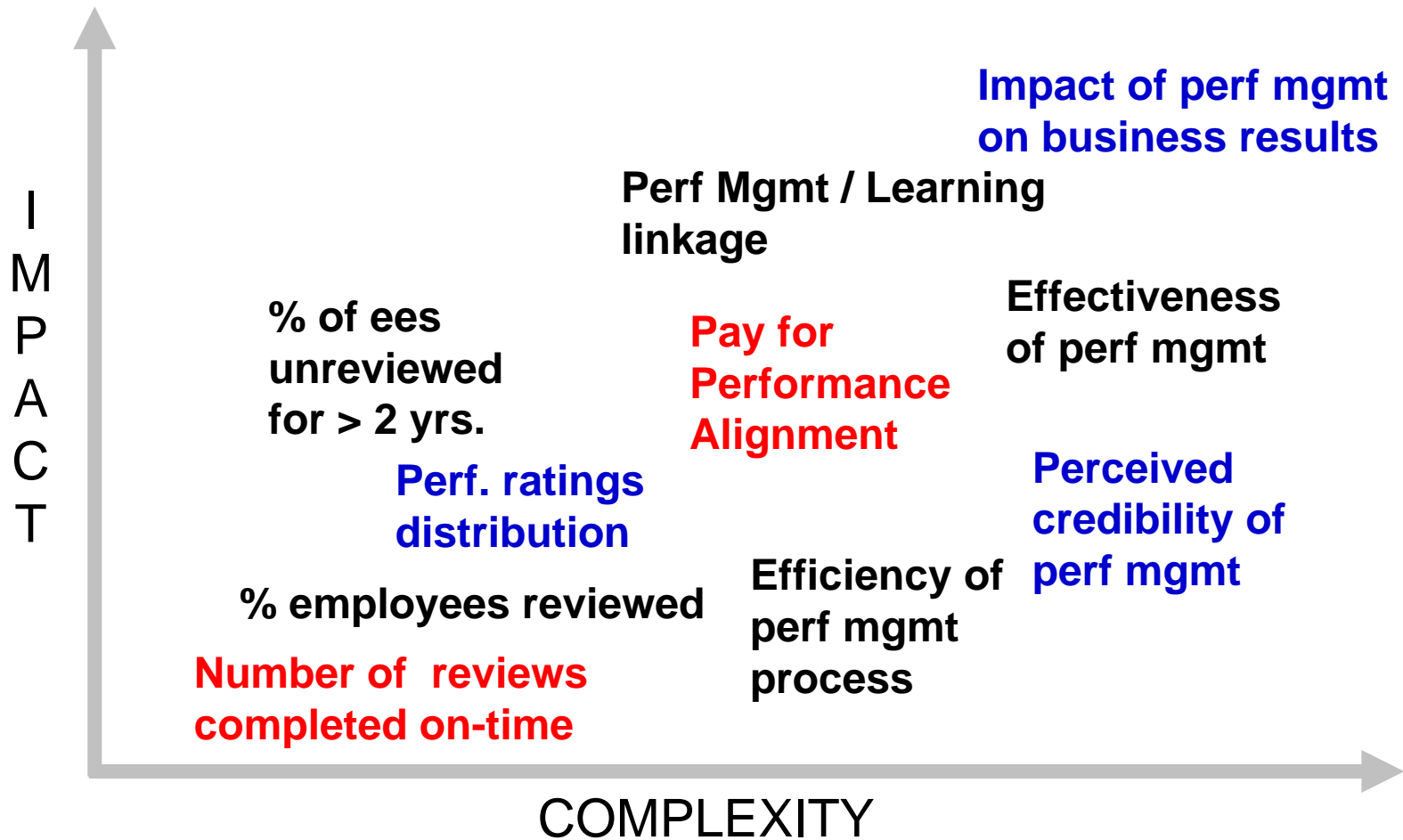
TM Metrics that Matter: Recruitment



TM Metrics that Matter: Learning



TM Metrics that Matter: Performance



Evolution of Workforce Analytics

Reactive

- Historical Reporting on headcount and movement

Today

Proactive

- On-demand Dashboard
- Event-based problem identification & resolution

Collaborative

- Correlate people metrics with operational and financial metrics
- Drive workforce engagement with relevant, contextual performance metrics

Strategic

- Alignment of HR initiatives with Enterprise goals
- Predictive Analytics
- Demand planning
- Workforce cost simulation

Where Are We Headed

Confluence of HR, Technology and Business

From the Industrial Age to the Knowledge Age

Business Evolution

