

INFORMATION ON DEMAND

Oracle Human Capital Management for Enterprise Talent Management

Achieving Workforce Excellence

Does strategy, rather than chance, dictate your organization's success? Do you have the tools necessary to enjoy a single, global view of key data right at your fingertips? Further, do you have the right levers in place to make changes within your workforce that will produce positive business outcomes? Organizations that can say yes to these questions undoubtedly have a talent management strategy and solution in place. With such a practice, valuable information on human resources—such as processes and trends, staff deployment decisions, and information about existing skills and competencies—are available across the enterprise. Without this kind of visibility, your company risks its competitive advantage.

Since every new hire can cost between 100 to 250 percent of the departing employee's annual salary, leading firms now use a holistic approach to dramatically impact the talent management lifecycle. With Oracle Human Capital Management, organizations can develop an enterprisewide competency framework—the key to competitive differentiation.

The Case for Enterprise Talent Management

With human capital emerging as the organization's primary asset, human resources (HR) executives are starting to take a more strategic approach known as human capital management (HCM). A key pillar of HCM is the quest to identify, recruit, develop, and retain highly talented individuals who can drive the company forward and provide competitive differentiation.

At the same time, the global workforce is becoming both more mobile and more aware of its value. Talented employees are hot commodities in the global knowledge economy, so employers have to work increasingly hard to retain, reward, develop, and motivate good people. In addition, as baby boomers begin to retire, a significant gap in the workforce population is growing. This makes it more critical for HR to adopt strategies for recruitment, skills and competency management, performance management, learning and professional development, and compensation. These strategies make up the talent management framework.

However, focusing on every individual can be an expensive process, especially in large organizations with thousands of employees. As a result, talent management often has been limited to senior executives. Yet, with some analysts estimating that 75 percent of all project failures are due to the fact that the team involved did not have the right skills, it's clear that attention to talent management at all levels is imperative to business success.

Key Components of Enterprise Talent Management

To date, many organizations have made uncoordinated attempts to improve one part of the talent management lifecycle—for example, deploying a new performance management process or implementing new recruiting software—and have achieved a measure of success. However, leading firms have begun to develop a holistic strategy that seeks to dramatically impact the entire lifecycle by focusing on the following key areas:

- **Competency/Skills Management.** Also known as workforce planning, this discipline is the foundation of any enterprise talent management strategy. It defines the critical skills and competencies needed across the organization for each position and is the basis for all other components.
- **Recruitment.** Evaluating and selecting the right workers for the job requires the ability to assess the skill and competency needs required by the position and compare them with the available qualifications of the labor pool.
- **Learning Management.** Even the best candidate is rarely 100-percent qualified. A comprehensive learning management system (LMS) enables managers to identify learning needs and quickly build development plans to plug skill gaps and bring the worker to full competency.
- **Performance Management.** Every organization needs a way to track worker performance against objectives and assess growth of worker skills and competencies. Traditional paper-based methods have proven to be time consuming and cumbersome. Replacing these manual systems with fully automated performance management enables managers to more easily link corporate goals to individual goals, giving them a complete picture of staff effectiveness. HR can then view the entire workforce to spot issues across organizational silos.
- **Compensation.** Once worker performance is determined, HR can work with managers to deliver rewards commensurate with levels of achievement. To drive maximum worker effectiveness and productivity, modern compensation plans need to include a mix of base pay, variable pay, and equities.
- **Career Development/Succession Planning.** Compensation alone does not ensure maximum performance. Another key issue is for workers to be able to view jobs of interest to their career path, so that they can work to fill any competency or experience gaps. In addition, the organization must ensure that by developing a top-down succession plan, key positions can be staffed by qualified individuals.

Managing Talent Across the Enterprise

Many organizations have developed HR systems and processes in a piecemeal fashion, resulting in limited information resources. These limitations often mean that talent recruitment and retention are longer and costlier processes than they need to be.

Taking an enterprise approach to talent management means developing and implementing common “people” strategies and standards across every facet of an organization. This means that talent is defined in the same manner across the organization, allowing you to apply consistent, enterprisewide policies for attracting, recruiting, developing, rewarding, and retaining talent.

Barriers to Effective Talent Management

Oracle HCM applications provide a complete set of integrated tools to ensure that leading-edge strategies for attracting, recruiting, developing, and retaining the best employees are consistently applied throughout all levels of the organization, while reducing administrative costs. With Oracle HCM, organizations can

- Decrease operational costs associated with talent management programs
- Reduce business risk associated with poorly trained or new employees
- Increase productivity by assigning the right people to the right projects
- Realize higher returns on investment in training and professional development

Most organizations today realize the need for greater alignment between corporate and individual goals. Previously, companies were more focused on transactional improvements, with relatively little focus on tailoring HR services for the individual or encouraging self-service in areas such as training, development, or performance reviews.

As organizations move toward a more people-centric approach, the systems and processes to support that change have been developed in a patchwork fashion. For example, in multinational corporations, each country operation typically has its own HR function. The result is that many international companies have a complex matrix of custom-built or locally supplied HR management systems that have been developed in isolation from one another. Not only is this approach costly and inefficient, it also creates an enormous challenge when trying to identify key talent across the enterprise.

One of the biggest HR challenges facing organizations is the difficulty of achieving a “single global view” of key data such as recruitment processes and trends, staff deployment decisions, remuneration and benefits information, and information about existing skills and competencies. Without this kind of visibility, chance rather than strategy begins to dictate an organization’s talent management.

Oracle HCM can rectify this by introducing a consistent and integrated IT architecture to support and enable every strand of HCM strategy in a high-value, low-cost manner. This solution integrates the talent management components across business processes to provide enhanced intelligence throughout the lifecycle. For example, as recruiters plan their sourcing strategies, they can view past hires’ performance and career success within the organization. This will help them identify which strategies worked best so they can ultimately hire the right person for a given job.

Creating a Central Competency Framework

Oracle HCM addresses every aspect of HR management, from recruitment and deployment to performance management, compensation, and benefits. Oracle HCM applications—Oracle Human Resources Management System, Oracle’s PeopleSoft Human Capital Management, and Oracle’s JD Edwards EnterpriseOne Human Capital Management—are fully integrated with other key enterprise applications such as financials, projects, and manufacturing. At the core of these applications is self-service and analytics, which extend talent management beyond the human resources department into the rest of the enterprise.

The centralized nature of Oracle Applications allows for the creation and deployment of a single, enterprisewide competency framework. This lets organizations develop a standard description for all the core competencies and qualifications necessary for the ideal fulfillment of every role within the company. The central competency framework can become fundamental to the future success of an organization because it helps bring together disparate systems, removes international barriers to workforce comparisons, and creates a single view of the skills available within the workforce.

Developing Effective Recruiting Strategies

Effective recruiting practices are the first step toward deploying a comprehensive talent management strategy. It's vital to identify and attract the most talented candidates and keep their information readily available for potential future appointments. At the same time, recruitment is an area that is fraught with high administration costs that organizations are looking to reduce.

Oracle HCM recruiting modules address these challenges by enabling recruitment agencies and applicants to apply online for posted vacancies, greatly reducing the administrative burden. At the same time, managers can use the central competency framework to designate the required skills for a certain vacancy. This saves an enormous amount of management time and is also very popular with applicants who can register their interest and qualifications on the system before a particular role is available. An even more cost-effective method is to source the skills internally before resorting to external recruitment. Using Oracle recruiting solutions, managers can initiate suitability matching to see whether there are individuals within the organization with the required skill sets for a new role. And employees can see whether there are any new roles that match their current or planned skill sets.

Managing Performance and Objectives

Identifying and developing employees' inherent talents requires a coherent management structure and effective performance-review processes. Performance review is one of the most important elements of talent management. It provides a framework for managers to define individual goals that are linked to organizational objectives. Effective performance reviews also assess and encourage the talent of individuals, while allowing employees to understand precisely what is expected of them as they work toward concrete, career-enhancing goals.

Oracle HCM provides an automated environment for the execution of proper, continuous performance review and appraisal management. Managers receive reminders when a scheduled appraisal is due. Reviews may conform to the same structure throughout the enterprise or can be unique to an internal organization, ensuring that each employee is evaluated using consistent measures. The results of each appraisal are recorded for future reference by both manager and employee, enabling both parties to agree on a structured career path designed to emphasize the employee's strengths, address weaknesses, and ensure that the employee feels empowered and valued.

In addition, Oracle HRMS and Oracle's PeopleSoft HCM provide tightly integrated learning management systems that enable employees to take control of their personal development. Employees can find out whether training to meet a particular development need is available, whether it is online or instructor-led, and when they can enroll. Online courses have a built-in assessment tool to measure learning, and the competency gained can be updated (automatically or via approval) for that individual.

Linking Compensation and Retention

Next Steps

- For additional product information and white papers covering a broad range of HCM topics, visit oracle.com/hcm.
- To locate your nearest Oracle office outside of the U.S., please visit oracle.com/locations.
- For the Oracle Store, go to oraclestore.oracle.com.

Many organizations find that once they focus on recruiting talented individuals, it becomes increasingly important to find ways to retain that talent. Unless they feel they are being justly rewarded (not just financially), many talented individuals are likely to look elsewhere. The challenge is to provide an environment where those talented employees want to remain and develop their talents further, thus helping the organization succeed and achieve greater competitive advantage.

With Oracle HCM, an organization can deploy a centralized framework enabling all employees to be managed according to the same structure and criteria. This system allows employees to develop and grow within the company. The cumulative effect is that an employee feels valued, justly rewarded for achievements, has clear personal development goals, and is personally engaged and in control of the process.

This enterprise approach to talent management lets you leverage the real power behind your people. Oracle Human Capital Management gives you the tools you need to identify, attract, and retain the highly talented individuals who add value to your organization.

CONTACT US

For more information on Oracle HCM, call **+1.800.ORACLE1** to speak to an Oracle representative or visit oracle.com/applications/human-capital-management.html.



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