



AUCKLAND REGIONAL COUNCIL

PUBLIC SECTOR AGENCY STREAMLINES EMPLOYEE REVIEW AND REMUNERATION PROCESS

QUICK FACTS

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Venugopal Natarajan, SAP Project Leader,
Auckland Regional Council

Organization

- Name: Auckland Regional Council
- Location: Auckland, New Zealand
- Industry: Public sector
- Products and services: Government services
- Budget: US\$250 million
- Employees: 580
- Web site: www.arc.govt.nz
- Implementation partners: Deloitte Consulting, SAP® Consulting

Challenges and Opportunities

- Enable easy access to HR data
- Eliminate manual remuneration processes
- Help ensure fair recognition of employee performance
- Accommodate tight budget constraints

Objectives

- Increase efficiency in managing employee performance and compensation
- Introduce a single, automated, robust solution for compensation management
- Help ensure market competitiveness by offering comparable compensation packages

SAP Solution and Services

SAP ERP Human Capital Management solution's functionality for enterprise compensation management

Implementation Highlights

- Completed on time and within budget, with 100 users
- Realized rapid user acceptance

Why SAP

- Easy to use
- Tight integration with existing SAP software, maintaining business continuity
- No need for additional licensing fees
- Positive experience working with SAP

Benefits

- Reduced workload and greater productivity
- More efficient compensation management and employee review processes
- Enhanced employee confidence and trust in management, resulting in improved employee motivation
- Greater insight into the remuneration process; more flexibility
- Enhanced decision making

Existing Environment

- SAP software for enterprise resource planning
- SAP NetWeaver® Business Intelligence component

Third-Party Integration

- Database: Oracle
- Hardware: IBM
- Operating system: Microsoft Windows



“We needed a robust solution that would enable managers to conduct timely and fair reviews so our employees would be compensated fairly. Transparent information was a must,” explains Venugopal Natarajan, the SAP project leader at the Auckland Regional Council (ARC). That’s why the council, a longtime customer of SAP, chose the SAP® ERP Human Capital Management (SAP ERP HCM) solution’s functionality for enterprise compensation management.

Auckland – which is the fastest-growing region in New Zealand and home to more than 1.3 million people – blends diverse cultures and beautiful natural scenery with a dynamic business environment. The ARC describes the coastal city best – “Auckland – a great place to live” – and it works hard to make sure it stays that way.

With 580 dedicated employees, the ARC is responsible for Auckland’s air and water quality, regional parks, public transport, civil defense, the coastal and marine environment, and natural and cultural heritage sites throughout the region.

Performance Excellence at ARC

The ARC remains committed in its mission to deliver outstanding services to Auckland taxpayers and residents by maintaining business excellence. To bolster its efforts, the council follows the Criteria for Performance Excellence, a widely accepted, but tough, set of standards for defining a well-run organization.

The council, which has upheld these standards since 1998, is the proud recipient of a 2003 Silver Level award.

“The Auckland Regional Council is highly regarded for its business efficiencies, which are enabled by information technology,” says Natarajan, who then adds that the ARC is vigorously working to reach the Gold Level, an award that recognizes world-class organizational excellence.

A Need for a Robust Platform

Back in 1998 the council made a strategic decision to deploy SAP software for enterprise resource planning to streamline its business processes. Several years later, after the ARC had upgraded to the SAP ERP application, the council realized it needed to replace its manual-based compensation management tool. “We were managing employee performance evaluations and remunerations in a Microsoft Excel-based spreadsheet, which was a complete nightmare,” comments Natarajan.

After an intensive evaluation of IT solutions, the council realized the SAP ERP HCM solution’s functionality for enterprise compensation management would provide the support and tools it required, including self-service capabilities. Accord-

ing to Natarajan, other issues came into play when selecting the software, including overall system integration, a tight budget, data cleansing, and so on.

However, since the ARC was already using SAP ERP software for its core operations, HR master data was already being captured in the system and employee self-services were accessible via the SAP portal. “All these factors combined would make the implementation much easier than if we chose a third-party solution. On top of that, we would gain a cost advantage, as there would be no need to buy an additional license,” says Natarajan.

Immediate Benefits, Positive Feedback

The ARC realized a smooth implementation, thanks to the collaborative efforts of implementation partners Deloitte Consulting and SAP Consulting. With around 100 users, the ARC became the first government organization in New Zealand to run SAP ERP HCM compensation management functionality.



“Our employees are more motivated to deliver efficient and reliable services to the citizens of Auckland.”

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Since the compensation management functionality is fully integrated with SAP ERP, ARC now has a single consolidated framework to support processes for compensation administration, budget handling, performance management, salary benchmarking, payroll, and reporting.

Shortly after the solution went live, the council received a great deal of positive feedback from users. “They felt very

just 10 days,” comments Natarajan. The ARC saw a significant reduction in payroll errors as well.

The software also improved visibility of data, enabling ARC’s line managers to more accurately analyze performance and reward the workforce appropriately. They can now make smarter decisions, due to integrated, easily accessible information – including, for example, HR master data, graphs, salary bands, and

also compare compensation packages in the workplace to help ensure competitiveness with other employers. This, in return, inspires employees’ trust in the company and improves the performance and the morale of the workforce. Natarajan then adds, “Our employees are more motivated to deliver efficient and reliable services to the citizens of Auckland.”

Exciting Future

The Auckland Regional Council is in the process of implementing asset management functionality from SAP and expects to go live with plant maintenance software in June 2008. Other projects in the pipeline include the implementation of the Collaboration Projects application, the SAP Customer Relationship Management application, and additional SAP ERP functionality. “We were very satisfied with the implementation of the compensation management software, and we are confident that the upcoming SAP projects will deliver positive results as well,” says Natarajan.

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Venugopal Natarajan, SAP Project Leader, Auckland Regional Council

comfortable with the easy-to-use interface. We didn’t hear anything negative at all,” says Natarajan. “In fact, our HR professionals and managers said the new software was exactly what they were looking for.”

Massive workload reduction was another immediate benefit. According to Natarajan, users no longer had to manually enter data into an Excel spreadsheet; in addition, automated processes dramatically minimized data entry efforts. This allowed HR employees to spend less time on administrative tasks and more time focusing on core strategic activities. “Productivity in the HR department improved significantly, due in large part to our ability to generate reports in real time. We used to need one month to complete the employee review and remuneration process. Now we need

compensation benchmarking. Also a plus: the ability to easily track, plan, stimulate, and adjust employees’ compensations.

“Nowadays when we review a worker’s performance, we can quickly link into well-organized metrics, which allows us to achieve maximum insight and flexibility in managing the remuneration process,” comments Natarajan.

Increase in Employee Satisfaction

The ARC has seen an overall increase in employee satisfaction as well – due to the implementation of a “fact-based system.” Natarajan comments, “We now have the tools we need to ensure that our employees are fairly assessed and are rewarded properly for their work.” Using the software, the company can

Deloitte.

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