EFQM

Process Survey Tool For

Human Resources Management

EFQM and Philips

Philips is one of the founding members of EFQM and has been a member ever since. A long-standing relation with the EFQM evolved which resulted in many forms of co-operation. Philips is strongly involved in the model development as well as the design of the award process. One the members of the Group Management Committee of Philips is Governor of the EFQM and year on year several Philips employees take part in EQA assessments and other activities like study groups. Philips uses the EFQM Excellence Model as their prime assessment and improvement methodology in all parts of the organisation worldwide.

The company wide improvement program in Philips is called "BEST" (Business Excellence through Speed and Teamwork). This program consists of several approaches and tools and is strongly embedded in the business processes. One of the most important tools used in the BEST program are the Process Survey Tools (PST) that are meant to assess the maturity of a process. As part of its strategic commitment to helping organisations generally improve their performance, Philips has decided to make some of the PSTs available widely through EFQM and its partners network.

About EFQM
EFQM® is a membership based not for profit organisation, created in 1988 by fourteen leading European businesses, with a Mission to be the driving force for sustainable excellence in Europe and a Vision of a world in which European organisations excel.

EFQM has promoted the concept of partnership with similar National organisations in Europe and its members to help promote sustainable excellence in European organisations. All of these National organisations have worked with EFQM to develop the Fundamental Concepts of Excellence and to promote the EFQM Excellence Model. Contact details for our partners can be found at http://www.efqm.org

By January 2004, EFQM membership had grown to around 700 organisations from most European countries and most sectors of activity. Together with the National organisations the membership network runs to thousands of organisations with several million individuals employed in those organisations.

In addition to being the owner of the EFQM Excellence Model and managing The European Quality Award, EFQM also provides a portfolio of services for its members.

About Koninklijke Philips Electronics
Koninklijke Philips Electronics of the Netherlands (NYSE: PHG, AEX: PHI) is one of the world's biggest electronics companies and Europe's largest, with sales of EUR 29 billion in 2003. With activities in the three interlocking domains of healthcare, lifestyle and technology and 165,600 employees in more than 60 countries, it has market leadership positions in medical diagnostic imaging and patient monitoring, color television sets, electric shavers, lighting and silicon system solutions. News from Philips is located at www.philips.com/newscenter.

Introducing Process Survey Tools

Process Survey Tools (PSTs) are maturity grids designed for specific processes or functions. PSTs help to assess the maturity of a process or function and give clear indications on how to improve to reach next levels of maturity. Each process is broken down into a number of " elements" or sub-processes that make up the entire process. Typically there are 10 to 15 elements in each of the PST processes.

For each of the elements, a maturity scale has been created – ten levels of maturity starting from basics in step 1 and culminating in worldclass performance in step 10. By assessing their position against the maturity scales for each of the elements, organisations can establish a "maturity profile" for a particular process and gain an insight into the steps they need to take to move in the direction of world class. The procedure clearly provides a basis for benchmarking progress with others within or outside the organisation.

The level descriptions in the elements are based on various sources and own Philips' experience. They all reflect expert knowledge on the road to worldclass for the described processes.

Software will be made available to facilitate the assessment process as well as for presenting results as bar charts, spider diagrams and for analysing performance over time. This software will be known as the **PST supporting e-Tool**
For more information on how to apply the PSTs, please use the separate **PST Guide** that accompanies each PST.

Positioning against the EFQM Excellence Model

For any organisation, improving performance from self-assessment or other approaches usually means working for improvement in the whole network of processes through which the organisation's goods and services are produced and delivered. Processes lie at the heart of the EFQM Excellence Model.

There are clear links between the criteria of the EFQM Excellence Model and processes for which there are PSTs - for example:
"Marketing and Sales" links into criterion part 5c
"Manufacturing" links into criterion parts 4e and 5d.
"HRM" links into criterion 3.
Thus the PSTs will be of assistance and provide guidance to organisations, using self-assessment against the EFQM Excellence Model, wishing to improve their processes. Clearly the maturity steps for each of the elements are specific to the process under consideration and therefore are defined differently for different elements. However the logic of the PDCA cycle is built into the levels of the maturity scales for each of the elements of all of the processes and, to a substantial degree, these levels reflect the RADAR tool of the EFQM Excellence Model.

Content overview

Introduction

The purpose of this tool is to enable management and HR management to measure the quality of HR processes. Secondly, to stimulate a continuous improvement program (on the basis of Plan, Do, Check, Act) to support the Human Resources function within the company on the journey towards HR Excellence.

The HR Process Survey Tool consists of 10 elements, each representing a specific HR process. Each element consists of 10 maturity levels.

A general categorization used in the PST includes the following maturity levels:
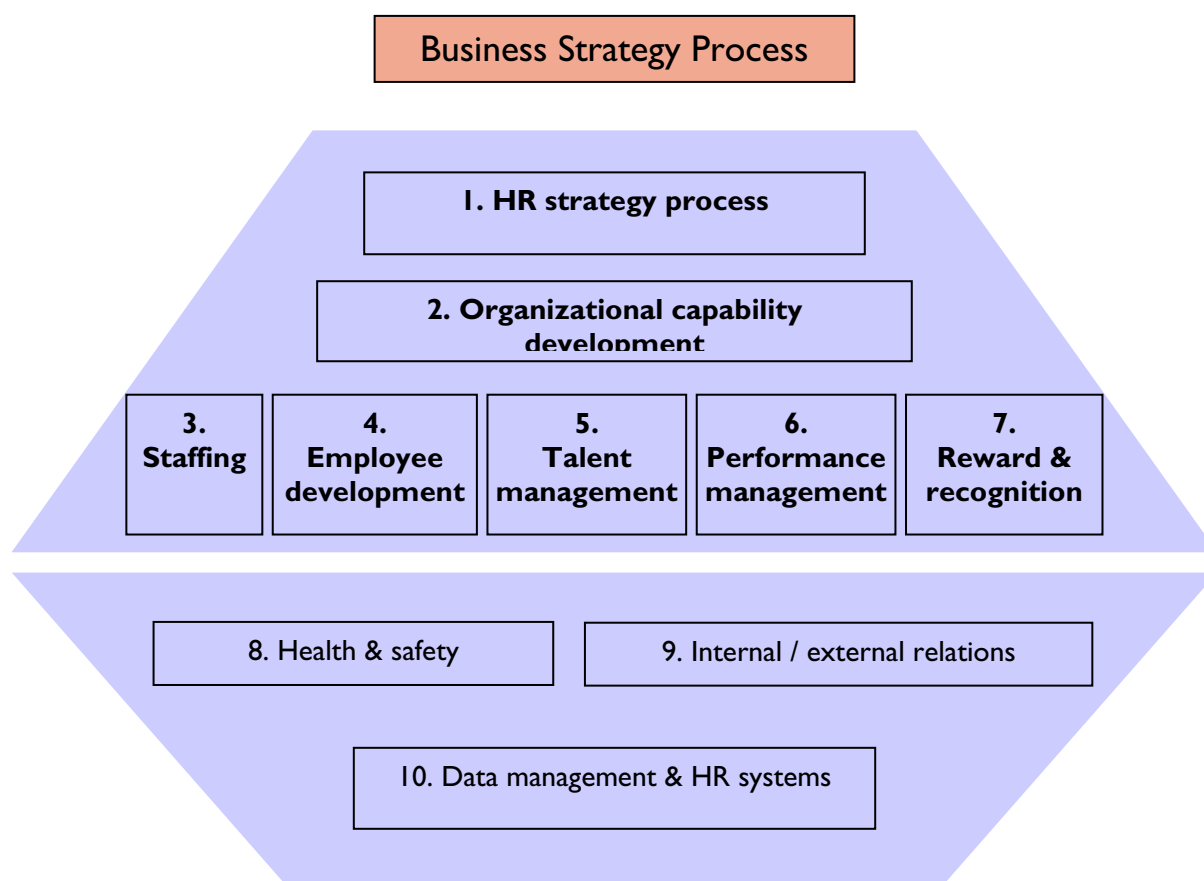
Levels 0 – 3   add hoc approach; focus on admin / transactional activities
Levels 4 – 6:   more focus on processes and started with strategic HR management
Levels 7 – 10: strategic HR and integration with the business

The definition of maturity level 7 represents an internal best practice level whilst in level 10 best in class has been described.

HR Process overview

Business Strategy Process

1. HR strategy process

2. Organizational capability development

3. Staffing	4. Employee development	5. Talent management	6. Performance management	7. Reward & recognition

8. Health & safety	9. Internal / external relations

10. Data management & HR systems

Element 1:   HR strategy process
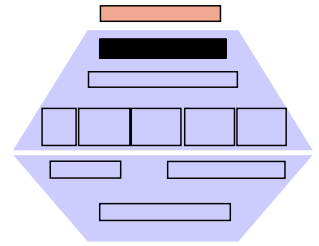
Description

The HR Strategy process translates business strategy into HR objectives and
action planning and contributes to the development of business strategy. In this
process the maximum contribution of HR activities to the realization of business objectives has to be
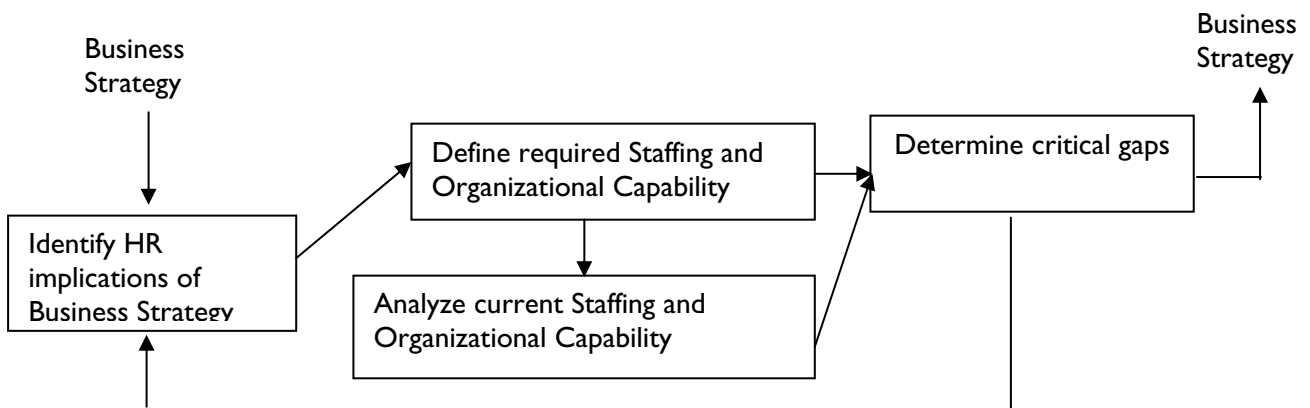ensured. As a result all other HR processes are optimally aligned with business objectives.
The process identifies and defines the Human Resource requirements (organizational capability aspects
and other HR processes e.g. staffing), that are critical for realization of the business objectives and
defines actions to address them.

Main elements of the process:

- Contribute to the definition of the Business Strategy
- Identify HR implications of the Business Strategy
- Define requirements for organizational capability development and other HR processes
- Analyze organizational capability and other HR processes
- Determine critical gaps
- Check if HR implications of the business strategy need to be reformulated
- Set targets and priorities for organization capabilities

Element 1:   HR strategy process

0	- HR aspects are not part of the Business Strategy process. - HR function has little awareness of business strategy. - Activities with respect to HR are mainly transactional, individually oriented; HR focus is primarily on basic processes and practices. - Little HR planning takes place.

1	- HR gets targets for a limited set of HR parameters (e.g. hire *x* people). - Some basic data collection on HR takes place.

2	HR advises the business on specific issues on ad hoc basis.

3	- HR considers, on request of management, the implications of some HR aspects of the Business Plans and translates them into actions. - Focus on business planning. HR is still considered as an 'after thought'. HR contributes on an ad hoc basis to the business planning process, covering some people related issues in the strategic business plans. - For the majority of basic HR processes, data collection is in place; however follow-up is limited and not integrated in the regular business review cycle. - HR planning is taking place, however still fragmented and linkage with overall business strategy is weak.

4	- HR Mission clearly relates to business requirements; focus is on how HR can add value to the business. - HR is a part of the business management team. - HR professionals work on the HR strategy plan, which comprises a clear agenda for the HR function including priority HR activities and present it to business management. - Medium term HR planning is defined, however only for a few selected areas. - Systematic data collection and Key Performance Indicators for all core HR processes are in place. - Some analysis regarding capabilities is taking place, however still ad hoc, not yet part of a regular process.

5	- HR pro-actively gives input on a number of HR issues in the business strategy. - Key critical gaps are defined and included in business strategy. - Systematic data collection and gap analysis regarding organizational capabilities lead to regular discussions with management. - Regularly improvement plans are made, based on review of effectiveness of HR processes, and also based on stakeholder inputs. - A defined HR Strategic Planning process is in place and clear deliverables are defined.

6	- As a result of the above annual HR focus and action planning within a longer-term framework is clearly defined, implemented and reviewed by management. - Strategic HR Key Performance Indicators are defined and implemented. - Corrective actions based on regular analyses of the HR Strategic Planning process are in place. - HR Mission and Strategy are deployed in the organization.

7	• Focus on synthesis of business- and HR planning.
	• Line managers and HR professionals work as partners to ensure an integrated HR Strategy process.
	• The HR strategy highlights the HR objectives and supporting activities that are priorities for accomplishing business results; is formulated in terms of clear deliverables and is integral part of the Business strategy document.
	• Key performance indicators on above mentioned objectives and activities are an integral part of the Business Review Cycle (e.g. Business Balanced Scorecard).

8	• Internal and external benchmarking is a regular part of the HR strategy process.

9	• HR scenario planning based upon internal strategy and external developments (e.g. labor markets, demographics) are regularly done; scenarios play a central role in the strategic business planning process.

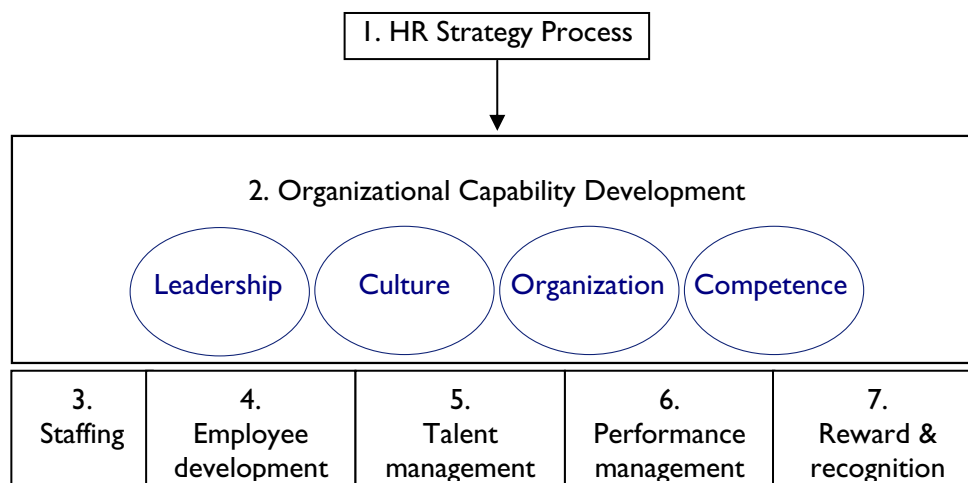| 10	• Mid and long term HR strategy clearly seen as meeting the conditions to safeguard a strategic position and competitive edge in the future.
	• HR Strategy viewed as the reference benchmark in the industry.

Element 2: Organizational capability development
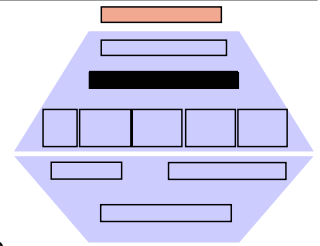
Description

Organizational capability development focuses on developing the organization to be able to fulfill the strategic business objectives of the organization.

Organizational capabilities can be steered via leadership, organization, culture and competence development. Targets and priorities are set for the other HR processes (Staffing, Employee Development, Talent Management, Performance Management and Reward & Recognition) to successfully fulfill the business objectives.

It also represents the ability of organizations to improve processes, manage change and learn (capacity for change).

- Leadership shows how leaders develop and facilitate the achievement of the mission and vision. They develop values required for long-term success; implement these via appropriate actions and behaviors. They are personally involved in ensuring that the organization's management systems are developed and implemented

- Culture represents the identity, shared values and shared mindset within an organization

- Organization represents the organization's way of working, its reporting relationships, decision-making processes, policies and communication processes

- Competence represents the knowledge, skills and abilities among and across employees and groups of employees

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                    │ 1. HR Strategy Process │
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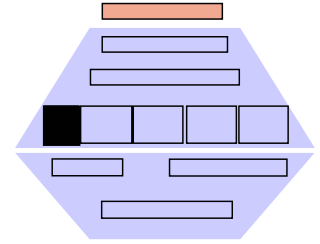| 2. Organizational Capability Development				
Leadership Culture Organization Competence				
3. Staffing	4. Employee development	5. Talent management	6. Performance management	7. Reward & recognition

Element 2: Organizational capability development

0	• The HR function has little awareness of the organizational capabilities.

1	• There is no translation of business strategy into organizational capabilities.
	• The focus is primarily on basic HR processes and practices.
	• HR processes have the character to be rather stand-alone.

2	• HR is informed about the strategy of the organization.
	• The focus is on target setting for deliverables of the basic HR processes.
	• Strengths and weaknesses of existing organization are described, in terms of leadership, culture, organization and people competence.

3	• Basic HR processes are described, deployed and structurally measured (a.o. Staffing, employee development, talent management, performance management, reward and recognition).
	• Strengths and weaknesses of the current organization are at least yearly reviewed in management team as input for the HR target setting.
	• Leadership is recognized as a key factor for success to realize the organizational objectives, but only defined via hierarchical structure.
	• People engagement and the overall climate in the organization is a regular issue on the management team agenda.
	• Organizational structure is clearly defined and described in organization charts and role descriptions.
	• The key people competences are described, measured and deployed.

4	• A strategy on (the elements of) organization capability in order to reach the organizational objectives has been developed and deployed.
	• The organization has identified the key areas for change and some initiatives are described and started.
	• The elements and competences of leadership are described and recognized.
	• Some of these elements are measured and training activities are in place.
	• There is understanding of the elements on the company culture via regular (employee) surveys and basic improvement activities are in place.
	• Functional competencies are described, deployed and assessed.

5	• Systematic data collection and measurement takes place in order to define policies and processes, which guide the improvement of organization capability development (leadership, culture, organization and competence).
	• The improvement on organization capability are described, planned and implemented.
	• The organization has identified the future leadership elements, which contribute to the success of the organization.
	• Functional competencies are described, deployed and analyzed.

6	• The alignment of the development of the organizational capabilities with the strategic business plans is regularly evaluated in the management team.
	• Organizational capability improvement plans are reviewed regularly in the management teams and are often part of the Business review cycle (e.g. Business Balanced Scorecard).
	• Cross-functional teams are in place to work on organizational capability improvement plans.
	• Critical organizational capability development issues are identified and addressed ad hoc as barriers or levers for change towards future performance excellence.
	• Quantitative objectives for growth in people competencies are set, based on some strategic key performance indicators for organizational capability development.

7	• There is an integral approach how to form, shape and change the organization in such a way that business objectives are reached.
	• There is a structural process to identify, plan and implement the key findings from the reviews.
	• The organization has developed a clear vision on the future leadership needs.
	• The organization is capable of using diverse leadership styles and -structures. Its contribution is structurally measured and improved.
	• There are clear objectives for (future) development of company culture, which are deployed and structurally measured.
	• Tools are in place for structural measurement of the (company) culture and improvement programs are in place and structurally measured
	• Focused people development programs are in place as a lead indicator for organizational development.
	• Some (external) benchmarking takes place on organizational capability development.

8	• Strategic key performance indicators on organizational capability development are fully used and are the basis for action plans, which are systematically formulated and deployed.
	• Internal cross learning and external benchmarking with best in class practices is structurally organized.

9	• Scenario planning based upon external development is regularly done.
	• Cross functional management teams including HR, create in a systematic way an understanding of the key HR drivers for future success, measurement of gaps between these and current capability and execute action plans on these.
	• Current status with respect to leadership, division of responsibilities, competencies, culture, (etc.) is regularly measured and benchmarked.
	• HR is fully involved through aligned, innovative and coherent policies and results on key drivers for organizational development (leadership, design of organization, processes, culture).

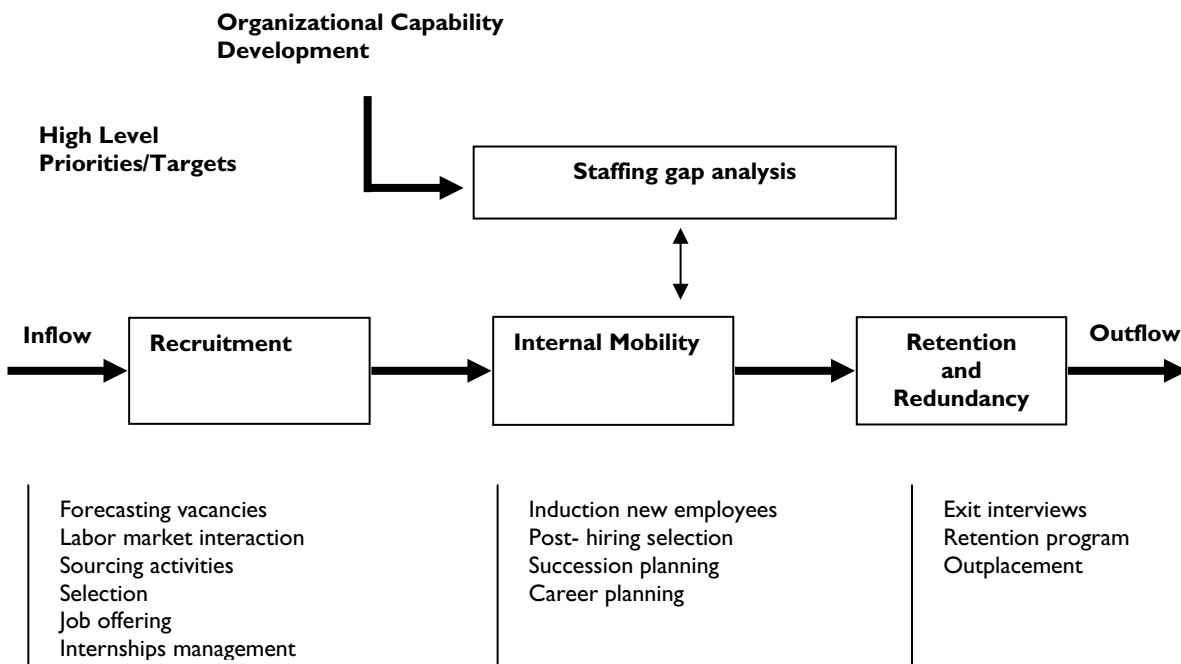| 10	• The organization has achieved a clear track record with all stakeholders in organizational excellence as the recognized foundation for business excellence and breakthrough results.
	• Positioning the organization clearly as a self-propelling, learning organization.
	• Policy and approach on organizational capability development are seen as the benchmark in the industry.

Element 3: Staffing

Description
The Staffing process includes 4 sub processes. First, to define the strategic targets and priorities for staffing. This is an outcome of HR Strategy Process and Organization Capability Development. Gaps between the strategic future targets and priorities and the current staffing plan will be identified in more detail in the gap analysis.

The gap analysis will include a detailed forecast for additional hires coming from the external- and/or internal labor market. Actions required to support internal mobility and retention and/or redundancy will also be defined.

Key aspects of the staffing process are:
- Develop staffing policy and tools
- Organization charts / job profiling and required competencies for job holders
- Development of long-term staffing plans (Quantitative and qualitative resource planning)
- Development of detailed work force plans (short-term e.g. in factory)
- Forecast planning process and translation into recruitment needs
- Succession planning / career planning / promotion planning
- Retention and redundancy
- Process monitoring and improvement planning

Organizational Capability Development

High Level Priorities/Targets

Staffing gap analysis

Inflow → Recruitment → Internal Mobility → Retention and Redundancy → Outflow

Recruitment	Internal Mobility	Retention and Redundancy
Forecasting vacancies	Induction new employees	Exit interviews
Labor market interaction	Post- hiring selection	Retention program
Sourcing activities	Succession planning	Outplacement
Selection	Career planning	
Job offering		
Internships management		

Element 3: Staffing

0	• Little evidence of established staffing policies and processes.

1	• Management and HR are involved in staffing decisions. • Basic data requirements on employees to support staffing decisions are in place. • Recruitment, internal mobility and/or retention actions are taken on an ad-hoc need. • Management and HR define the ad-hoc activities to be taken for recruitment and/or retention.

2	• Basic organizational charts for department and job descriptions for job families are available including the required experience. Recruitment processes are described and applied on an ad-hoc base with some evidence of measurement. • Internal mobility is dealt with on a case-by-case base. • In some parts of the organization post hiring is managed via interviews. • Retention is dealt in a reactive way and individual manner. • Redundancy is managed as an one-time event and not a process. • Exit interviews are handled in an ad-hoc way.

3	• Insight in organization, jobs, experience profiles is easy accessible for all relevant parties. • A short-term workforce planning (e.g. in factories) is in place. • Staffing needs will be filled by a recruitment process and by training and/or promotion of internal candidates. • A structural way of working is in place for sourcing of internal candidates. • Succession is dealt with in an ad-hoc way. • External candidates will be sourced using various means as appropriate. • Other resources / tools are used as recruiting tools e.g. internships / apprenticeships. Basic outplacement support is used as tool for managing outflow.

4	• Basic Staffing policy is defined. • Basic tools are in place. The minimum requirement is job posting, interview guidelines and forms. • Basic process is in place covering future staffing needs including a basic gap analysis between current and future staffing needs. • Sourcing activities are established using agreed timelines and way of working. • Job offer is based on an agreed and standardized procedure. • A review process is defined and deployed in the organization to check the quality of recently hired people. • A basic new hire induction program is available. • For the described processes Key Performance Indicators are defined. • A succession planning process is defined and applied. • Exit interviews are used in a structural manner to improve HR policies. • Retention measurement is in place and a corrective action plan is described. • In case of collective redundancy a basic plan is in place covering actions, timelines and required social and legal issues.

5	- A professional selection / interview process is established with managers trained in methodology and tools. - The Recruitment function uses best practices and agreed KPI's to improve the overall recruitment results. - Recruitment actions towards the Labor Market are based on *the company* employer-branding guidelines. - Efficient and effective use is made of e-based systems to reach potential candidates inside and outside the company. - Review of the Recruitment process is an integral part of the staffing approach. - There is a long-term quantitative staffing plan deployed. - Management is taking concrete actions based on long term staffing plan and the gap analysis. - A basic MD program for key position holders is in place including succession planning. - Redundancy and retention policies are defined and timely actions are taken to all relevant stakeholders in a planned manner. - Redundancy and retention programs are in place, using a variety of tools. - Effectiveness measurement and corrective actions are an integral part of staffing approach.

6	- The organization is continuously identifying best staffing practices and adapting them for its own purposes. These practices are common throughout the organization. - Key performance indicators are used for planning improvement actions. - Regular Labor Market communication is dealt with by using a defined policy, employer branding guidelines and an implementation plan. - Competency profiles for job families are in place. Managers are trained in competency based interviewing. - Retention policy is defined and deployed and corrective actions are managed. - Exit interview data is used on a continuous basis to improve HR policies.

| 7	- The Staffing policy is clearly defined, agreed by management and deployed and is fully aligned with the (future) business needs. - The Staffing planning process and actions are competency based and deployed across the relevant parties. - Recruitment reporting is used for establishing recruitment trends and sourcing decisions are based on quantitative and qualitative labor market knowledge. - An agreed Labor Market Communication year plan is in place, including employer branding, image building, sourcing interactions and measurement of effectiveness. - Succession and Career planning is an integral part of the staffing process. - Redundancy management supported by proactive outplacement support is a continuous process to manage quality of staff and shifts in capacity requirements. - Continues KPI measurement and Stakeholder perception data is available and showing a positive trend. It is used to plan the improvement of the Staffing process. - External benchmark data is available for improving the staffing process.

8	• Teams composed of people with required skills are identified and supported by management to further improve the staffing process.
	• The organization is perceived internally and externally as a high performing organization with respect to staffing.
	• Management of the staffing process is optimized with e-based self-service tools.
	• A process to monitor and improve employee engagement is in place.
	• Company is recognized as employer of choice in external surveys for the addressed disciplines.

9	• There is a continuous organizational emphasis on improving capabilities and promoting innovation to optimize the staffing process.
	• Mentors guide both individuals and teams to disseminate learning on staffing across the organizations.
	• Internal and external stakeholders perceive the staffing process and all its elements to be highly professional and contributing significantly to the realization of the business short- and longer-term objectives.
	• Internal and external data supports effectiveness of process and quality of staffing.

10	• A Culture of excellence has been created in which the staffing capability is continuously improving as individuals and teams are perpetually improving their staffing practices. Improvement occurs through both advancement in existing staffing practices and innovative methods with a measured impact based on benchmark data and stakeholder satisfaction reviews.
	• The Staffing process is being continuously improved with internal and external sources resulting in a highly flexible management of capacity and excellent quality of staff for now and in the future.

Element 4:   Employee development

Description
Employee Development includes learning, development planning, execution of development plans and improvement planning.
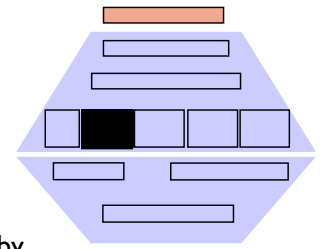
The process should link personal growth to the strategic direction of the business by using the output of the organizational capability development and other HR processes. Secondly, personal growth should aim at closing the gap between demonstrated and required competencies by using the output of the performance management process.

Introduction
Employee development requires that management and employee take ownership for this process. Managers take ownership because they recognize the process as a vital tool for building required capability and implementing required change. The employee takes ownership because it contributes to his/her own personal development and growth.

Key aspects of the employee development process are:
- Develop and deploy Employee Development Policy and tools
- Systematic analysis of required competencies
- Define curricula for Employee Learning
- Systematic Employee Induction
- Development planning on individual, team and organizational level
- Employee Development effectiveness management
- Process monitoring and improvement planning

Element 4:   Employee development

0	• Little visible attention for employee development.

1	• Employee development is done on an incidental basis and focuses mainly on technical competencies or specific know-how. • Most of the employees receive only basic training.

2	• Limited training is available and this tends to be generic, rather than targeted at the particular needs of the business or required core organizational competencies. • There is training in place for technical competencies / specific know-how for some of the employees.

3	• A basic policy with regard to training is in place, but not deployed structurally. • Employee development is an item on the performance review for most of the employees, but follow-up is hardly consistent.

4	• Basic policy for employee development is in place. • Regular and systematic analysis of technical, functional and leadership competencies for relevant job positions is in place. • Normative competency levels and profiles are defined for the majority of jobs. • Development needs are being defined in the performance management dialogue between manager and employee. • Core curricula with training courses are being offered. • Tools and databases are available for handling administrative processes (e.g. training registration, applications, evaluation of training activities). • Training and (if applicable) development records are kept for each employee. • Management discusses and agrees on training nominations. • Some KPI's are defined and measured to improve the employee development effort.

5	• Defined normative competency profiles are actively used and updated. • Evaluation of the satisfaction of participants of training is a regular practice, although there is little evidence of corrective actions taken as a result. • Development is actively discussed during the Performance- or Development Review and follow-up is given in relation to individual and/or team requirements. • Development starts to be defined as learning instead of purely training e.g., project assignment. • Systematic employee induction is in place for new employees. • Management participates actively as trainers.

| 6	• Employee development is handled as a complete package of learning on the job: coaching, mentoring, special assignments, training and other learning interventions. • Management actively discusses Individual Development Plans and stimulates cross-learning situations; encourage coaching and transfer of learning. • Development also focuses on long-term competencies requirements and employability. • Company wide core curricula are available and deployed throughout the organization. • Competency levels are systematically identified for key individuals, both demonstrated as required levels. • Outcomes of the evaluation of satisfaction of trainings lead to improvement actions. • Management takes active ownership on coaching. • KPI's on learning and development are regular reviewed and corrective actions are in place. • Most training courses of the core curriculum have been analyzed to review alignment with the strategic direction of the organization.

7	• The policy on Employee Development is defined, agreed with management and aligned with the business needs.
	• The development needs are defined in relation to organizational current and future requirements.
	• Individual Development plans and deployment are a regular practice, especially for talent groups.
	• The evaluation of the process measures quality and effectiveness of development activities applying KPI's. There is evidence of corrective actions taken as a result of the evaluation.
	• Career planning is linked with development planning.
	• Coaching/ Mentoring Programs are regular practices.
	• Blended learning solutions are actively used as a tool for training.
	• Learning and development activities are systematically assessed on effectiveness and quality, applying KPI's systematically in an active dialogue between suppliers-customers.
	• Evaluation regarding learning policy and quality of the offering are available and showing a positive trend.

8	• Progress on development plans is measured systematically and corrective actions are taken.
	• Future employability is actively managed.
	• For employee development, programs of the generic and functional core curricula are implemented and applied.

9	• The individual and the organization are both drivers of the development process.
	• Evidence is consistently found in 'learning contracts' with a continuous focus on improvement and development.

10	• A Culture of excellence has been created in which the employee development capability is continuously improving as individuals and teams are perpetually improving their employee development practices. Improvement occurs through both advancement in existing practices and innovative methods with a measured impact based *on benchmark data and stakeholder satisfaction reviews*.
	• The Employee development process is being continuously developed based on internal and external improvements resulting in a highly flexible and excellent quality of employees for now and in the future.

Element 5:   Talent management

Description
The Talent Management process is a specific form of employee development for identified target groups that are critical for realizing present and future organizational objectives.
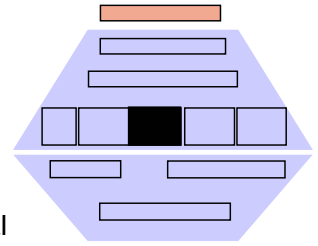
The process of talent management is key for attracting, recruiting, selecting, retaining and developing talent for (future) leaders.

Key aspects of the Talent Management process are:
- Talent Management policy and tools
- Talent Recruitment
- Talent identification process: detection, nomination, development center / assessment, confirmation by top management
- Talent development deployment
- Career-scenario planning
- Process monitoring and improvement planning

Element 5:   Talent management

0	• Little attention to talent management.

1	• Identification of managerial potential is coincidental, based on current needs for a successor (vacancy driven). • Little attention to career planning and development needs.

2	• There is some attention to talent identification (e.g. putting high-performers on a list) and some initiatives to define high and top potential profiles. • Some training programs are available, but without prior analysis of individual needs before enrolment in training. • There is no systematic career planning.

3	• A competency profile is in place, which forms the "intuitive" base for talent identification and recruitment. • Some initiatives are taken to develop standardized instruments to implement and make the competency profile applicable. • Career and development planning process is not systematically linked to a competency model. • Obvious individual development needs are addressed by individual advice and actions.

4	• A basic documented policy and process for talent review discussion and identification is in place. • Basic tools are in place e.g. Management development discussion, assessment and development centers.. • Talent pool membership is a regular issue during top management meetings. • Development needs for specific target groups are analyzed on an individual basis, but limited to current jobs, not future needs. • Coaching is provided, incidentally or on request. • The talent pool will be discussed in the annual Management Development discussion. • Management discusses with identified talent their development plans and acts on their development accordingly. • Number of KPI's are defined and measured to improve the Talent management process.

5	• Key performance indicators are defined and data is collected and analyzed as part of this process. • An appropriate plan for Talent recruitment is defined. • Members of the Talent pool will participate in assessment and Development Centers. • A substantial part of the key positions are staffed with members of a talent pool. • Appropriate plan for Talent Recruitment is defined to fill the Talent pipeline. • Business management calibrates talent pool membership. • Management creates possibilities to meet talent. • Development and career planning are applied for all pool members; these are systematically reviewed and discussed between the individual and manager involved. • Generic competency profile and functional competency profiles are formulated.

6	• Future needs for functional and general management key positions are analyzed both quantitatively and qualitatively and corrective actions are put in place, including external talent recruitment. • Adaptable career scenarios for the talent pool are in place and specific attention is paid to plan next assignments to get the experience required. • Key performance indicators are defined and deployed. Data is collected and analyzed as part of this process. • Regularly target group members are asked to give feedback on the process, as input for corrective and improvement action planning. • Management takes active ownership of coaching. • There is a pro-active process in place for interaction between management and talent. • Development plans which outline competency gaps and ways to address this making use of available development opportunities such as next assignments, curriculum and other learning programs are in place. • Required competencies are formulated and implemented. • A recruitment approach is defined and deployed, focused to fill the talent pipeline based on a Talent pipeline gap analysis. • The Talent recruitment approach is regularly evaluated. Corrective actions are in place.

7	• A formal documented policy and process for talent review discussion and identification is in place, endorsed by management and aligned with the business needs. • Talent development is a key priority. Leaders as well as individuals share responsibility for talent development and career planning. • Coaching for talent pool members is structurally organized and performed. • Management as part of the quality improvement approach reviews the process annually. Improvement plans are implemented and reviewed. • Continues KPI measurement and Stakeholder perception data is available and showing a positive trend. It is used to plan the improvement of the Talent Management process. • External benchmark data is available for improving the Talent Management process. • Progress on individual development actions is measured systematically and corrective actions are taken.

8	• Instruments and opportunities for dynamic career planning are provided and used; effectiveness is measured as input for improvement planning. • Career planning is linked with development planning and processed in an interactive way between individual and organization. • A substantial part of the key positions are staffed with members of a talent pool. This is measured via KPI's and they are in place and deployed.

9	• Future organizational needs are translated into competency profiles and implemented. • All core competencies are addressed by a range of development programs and instruments (e.g. training, career assignments and coaching). • A substantial part of the key positions are staffed with members of a talent pool and KPI's for this are in place and deployed. Corrective actions are in place and regularly updated.

10	• Talent management practices are reviewed on a continuous basis to determine the effect on organizational performance and core competencies. This review is the foundation for a culture of excellence throughout the whole organization. • Leaders deliver leader-led programs and establish and achieve targets for the amount of time they devote to development and coaching of others. • The organization is known for excellent talent management practices and confirmed by excellent stakeholder perception data.

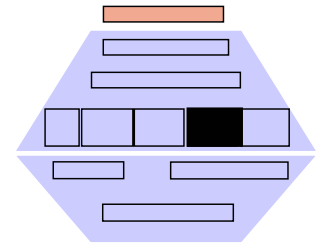# Element 6: Performance management

Description

Performance management is the process that translates business objectives into individual targets for the coming defined period and evaluates the person's performance over the previous period. The process includes:

- Evaluating contributions against business objectives and demonstrated values over the previous period
- Differentiating in performance through calibrated ratings
- Aligning personal objectives with business objectives for the coming period
- Assessing required competencies and values
- Identifying opportunities for people development

The performance management process results in redefined key areas of responsibilities, SMART-individual targets and development needs.

Key aspects of the Performance Management process are:
- Performance Management policy and tools
- Setting and evaluating individual targets
- Evaluating demonstrated and required competencies and values
- Defining development needs
- Calibration process
- Process monitoring and improvement planning

Element 6:   Performance management

0	• Little evidence of a performance management policy or process that supports management and employees to improve individual and business performance.

1	• Managers are provided with elementary tools (at least a form) to review the performance of employees. • The performance management process is partly linked with business objectives.

2	• Performance review is on an ad hoc basis. • Personal development issues may be part of the discussion. • Mainly a paper process and it is linked to some of the business objectives.

3	• Managers have yearly performance appraisal meeting with their staff. Usage is measured, but not enforced. • Guidelines and formal appraisal forms are available. Basic training is made available to support management to execute the process. • Managers are encouraged to link the outcome of the performance review to differentiate in reward & recognition using some basic rules and regulations.

4	• A basic policy on Performance Management is available. • A yearly performance appraisal process and tools are implemented throughout the organization. • Individual- and team target setting and performance reviews are connected to business objectives or to key business performance indicators (like Business Balanced Scorecard) that are relevant for realizing long term and short term objectives. • Performance measurement process is applied to differentiate between different performance levels. • Performance management process focuses on personal development. At least annually actions and targets for self-development are agreed. • Usage of the performance appraisal process is measured and relevant key performance indicators are in place.

5	• The performance review is used to formulate specific evaluation statements, identifying development opportunities. • Targets are formulated SMART (specific, measurable, ambitious, realistic, time-bound). • Management calibrates performance in accordance with the policy and takes appropriate actions based on performance scores. • There is a formal reward and recognition process in place and this is closely related to the performance management process. • The linkage between performance management and reward is defined.

| 6	• Performance management is systematically deployed and monitored at all organizational levels. • The effectiveness of the process is evaluated annually and improvement actions are taken accordingly. • Higher-level management drives (at least once a year) the review of the appraisal process, checking key process indicators and formulating areas for improvement. • Annual feedback (superior/peers/subordinates) is actively used as input in the review process. • The linkage between performance management and reward is defined and deployed. • Performance management is efficient and effective supported by systems (e.g. e-based) to create transparency and ease of use.

7	• A documented policy and process for Performance Management is in place, agreed by management and aligned with the business needs. • Performance Management process is directly aligned with business targets (like Business Balanced Scorecard). • The linkage between performance management and incentive is defined and deployed and corrective actions are in place. • Continuous KPI measurement and Stakeholder perception data is available and showing a positive trend. • It is used to plan the improvement of the Performance Management process. • External benchmark data is available for improving the Performance Management process.

8	• Challenging development opportunities and stretched targets are set to ensure consistent high performers. There is a close link with the talent management process. • Relation between performance management process and reward process is formalized and implementation is reviewed. • Performance process improvement actions are planned based on input from internal and external benchmarking, employee survey, customer surveys, employee councils, etc.

9	• The performance management process is designed to cover all relevant aspects, at least:
	  • To meet the Business objectives and results,
	  • To meet Development of organizational capability and key processes,
	  • Personal development based on competency models and values.
	• These three aspects of performance management are reviewed by management throughout the year and form the basic elements of a well-balanced performance management process with a strong relation to reward & recognition.
	• Effectiveness of the process is reviewed and is subject to yearly quality reviews.

10	• Performance Management is embedded in the organizational culture, owned by management and used as an essential management process, driving improvement on all relevant levels (organization, team and individual). • The organization is known for excellent Performance Management practices and confirmed by excellent external benchmark and stakeholder perception data.

Element 7:   Reward & Recognition

Description
The Reward & Recognition process contributes to attracting, retaining, motivating and rewarding people. The process rewards employees based on their contribution and added value to the company. Reward & Recognition includes financial and non-financial elements.
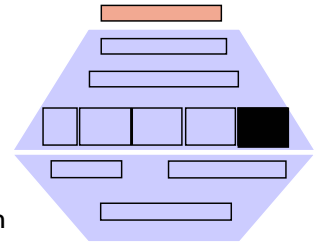
Objectives of the Reward policy are:
1. Provide performance-based rewards:
   − Creates a strong performance ethic
   − Motivates top performance
   − Aligns the interests of shareholders and people

2. Provide competitive total compensation:
   − Helps to attract and retain (top) talent
   − Targeted to provide:
     o Competitive pay for good performance
     o Outstanding pay for top performance

3. Establish Reward & Recognition Framework:
   − Facilitates mobility
   − Reinforces the company identity; creates transparency
   − Ensures fairness in reward decisions

Introduction
The implementation of the Reward & Recognition policy can be adapted to and may differ between locations or businesses, to fit local market or segment requirements. Shared terminology and methodology will provide transparency. It enables comparison and therefore enhances cross learning and improvement.

Reward is mainly expressed in financial means whereas Recognition is mainly a non-financial mean.

Key aspects of the Reward and Recognition process are:
- Develop Reward and Recognition policy and tools
- Salary review process
- Incentive design and targets
- Benefits
- Promotion
- Job grading and evaluation
- Non-financial programs
- Process monitoring and improvement planning

Element 7: Reward & Recognition

0	• Little evidence of a Reward and Recognition policy and processes.

1	• The Reward practice is scattered; non-harmonized policies and practices within different parts of the organization. Practice is mainly case and negotiation driven.
	• Salary reviews are done on ad hoc basis.
	• Incentives for employees are managed on an ad hoc basis.
	• Some benefits are in place.

2	• A basic Reward policy is available.
	• Additional recognition for individuals is used on an ad hoc basis.
	• A basic policy for incentives is available.
	• For a number of functions the key areas of responsibility are defined.
	• Practices are monitored at random to review application of the policy.

3	• A basic Reward policy is described and deployed.
	• There is an expatriation policy for international assignments in place.
	• A pre-defined process is used for salary reviews.
	• There is a basic program in place for non-financial recognition.
	• The target setting process for incentives is defined and deployed.
	• A normative grading system is available as well as a basic grid of reference jobs. This system is at least partly integrated with a Reward policy and process.
	• The annual planning process for Reward is in place.

4	• A basic Reward and Recognition policy and processes is described and deployed.
	• Team recognition is a part of the Reward and Recognition policy.
	• A yearly salary review policy is defined and deployed; the management of the unit is taking ownership of the process.
	• SMART measures and targets for incentives are defined and deployed.
	• The process for job grading for specific units is applied and results in job grades for relevant functions.
	• Reward and Recognition practices are regular monitored on basis of basic predefined KPI's.
	• Cost of reward is explicitly managed.
	• Data of the external labor market is used on a regular basis to benchmark the Reward policy, including incentive plans and fringe benefits resulting in corrective actions when necessary.

5	• The Reward and Recognition policy and process is described, deployed, derived from business requirements, and aligned with performance management process.
	• Reward policy includes individual and team performance process as appropriate to the business needs.
	• Non-financial recognition programs for teams and individuals are applied as an important tool for employee motivation.
	• The measures and targets for incentives are fully aligned with business objectives.
	• Salary review for performance increases is aligned with the outcome of the performance management process.
	• The policy and processes are reviewed on regular basis by business management and corrective actions are in place.

6	• The Reward and Recognition policy, process and application are transparent for all employees and are aligned with business objectives. • Consistent non-financial and financial recognition programs on individual and team level across all level of the organization are applied. • Efficient and effective use is made of (e-based) systems to ensure transparent and easy to use Reward and Recognition processes. • An explicit design for incentives, e.g. pay mix, target performance range measures, etc., for specific target groups is defined and deployed. • Benefits are an integral part of the Reward policy and are market competitive and cost effective. • The job grading system is aligned with the Reward policy. • Promotions and job evaluations have been discussed and calibrated by senior management and are in line with the job evaluation policy. • Regular employee surveys give evidence for effectiveness of the Reward and Recognition policy and motivation of employees.

7	• The Reward and Recognition policy and program are market competitive and allow flexibility for individual and business needs. The policy is regularly benchmarked, internally and externally. • Management of the organization takes full ownership of all elements of the Reward and Recognition process. • Employee and team recognition is perceived and used by management as a major tool for achieving business goals and to motivate employees. • Job grading is a continuous process that is in place to ensure updated job evaluations and full alignment with Reward policy. • Continues KPI measurement and Stakeholder perception data is available and showing a positive trend. It is used to plan the improvement of the Reward and Recognition process.

8	• Reward and Recognition policy and process execution and improvement of plans are checked and balanced systematically throughout the company. Best practices are shared and implemented. • The Reward and Recognition processes effectively meet all present and future organizational and business requirements. • The Reward and Recognition program and policy are assessed against multiple sources to identify corrective actions, such as Employee Satisfaction measures. • The Employee surveys give evidence for effectiveness of policy and motivation of employees.

9	• Effectiveness of Reward and Recognition policy and practice is measured and results prove optimum contribution to business objectives. • Performance, company results and people's behavior are checked with the standards and values of the Company in defining their remuneration. Moreover competencies, initiative, innovation, flexibility and vision are taken into account in rewarding and recognizing the employees.

10	• Reward and Recognition policy continuously supports and challenges employees to achieve business excellence. Evidence shows that employees are motivated by it and it contributes to the companies' strong image in the labor market. • Retention and other ratios prove the success of the companies Reward and Recognition structure. • The Reward and Recognition policy and deployment is the standard and reference in its industry and provides the business with a competitive advantage.

Element 8:   Health & Safety

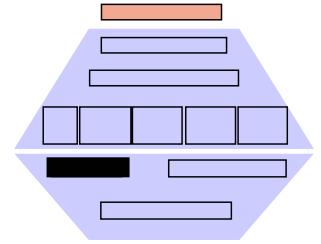**Description**
Health and Safety includes working conditions in a broader sense. The process focuses on managing and improving health and safety procedures, prevention of absenteeism and improvement of working environment.

Introduction
Government regulations regarding health and safety differ per country. Also the perception of the employees differs. Nevertheless a well managed process influences the perception of the company in any country. It contributes to the company becoming an employer of choice.

The elements are described in such a way that not only the content of the procedures is the subject of evaluation, but also the way health and safety procedures are managed, measured and improved.

Element 8: Health & Safety

0	• Little policy or attention for health and safety issues other than based on severe incidents. • Little evidence of compliance with legal requirements.

1	• Basic data and statistics on health and safety incidents are available. • Actions only based on preventing repetition of severe incidents or undesirable situations. • Implementations of national laws and regulations etc. are complied with.

2	• A basic policy on health and safety is available. • A committee with members from management and personnel representatives regular considers health and safety issues. • Minimum once a year Health and Safety internal audit is held. • Employees who work in the manufacturing production line have been trained on health and safety concerns and emergency handling.

3	• Proof is available that all workers have been informed regularly about mandatory health and safety regulation concerning their own jobs. • Health and Safety training is mandatory for relevant staff on a site to ensure awareness and compliance.

4	• Health, safety and labor circumstances in a broader sense, as well as the perception of these by employees (via e.g. an Employee Survey), are regularly reviewed. • Trends are analyzed and compared across the organizations; corrective actions are planned. • Effective actions are taken to prevent high absenteeism due to sickness levels (e.g. Cost of lost working hours). • System (e.g. Web-based) assures that all employees have full access to the latest versions of health and safety procedures. • Training efficiency is measured by improved health, safety and labor environment.

5	• Detailed Health and Safety data is available, this data gathered is analyzed for trends; actions are occasionally defined to improve undesirable results. • A procedure is used to collect data on how employees perceive the effectiveness of health and safety regulations and procedures. A Safety Risk Analysis at the high-risk areas is made annually. • Continuous improvement actions are identified and driven by top / down communication tools.

6	• Active discussions on HR issues in a Sustainability Report System take place. • Deployment and cross learning in the organization on how to improve the health, safety and well being of employees effectively and efficiently is organized in a structured way. • Audits are conducted to ensure employees are acquainted with latest health and safety procedures. • A certified system (e.g. ISO 14001) is used. • Health and Safety procedures and practices are in place; output is regularly shared with management and used as management information. The organization provides facilities or organizes activities for the employees.

7	- Pro-actively management defines a policy on health and safety in broader perspective that may include programs to improve health or well-being. - Health and safety is part of the Business Excellence / Quality Improvement program; key data is analyzed; improvement actions are planned, implemented and reviewed. - Checks are in place to ensure people understand and effectively use health and safety regulations. - HR Health & Safety procedures and practices are in place, output is regularly shared with management and used as management information; corrective actions are in place.

8	- Policy, procedures and practices are benchmarked regularly with comparable organizations and industries. - Health and Safety procedures and practices show continuous improvement. - Regular follow up and discussions with management on corrective actions.

9	Policy and practices are proven to provide a competitive advantage (e.g. Productivity improvement or attractive employer).

| 10	- Health and Safety practice, including employee's perception of their working environment and employer, are a benchmark in industry and are proven to have a positive effect on becoming and staying an "employer of choice". - Absenteeism percentage and number of accidents are at best in class level.

Element 9:   Internal and External relations

Description
This process describes the way HR manages internal and external relations, as well as the awareness of the impact the organization has on the local society and environment.
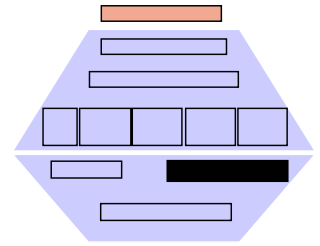
Internal relationships are managed with e.g. employees, works councils, and (other) formal representatives of employees. Some of these internal relationships will be formalized in clear agreements between parties.

Managing external relationships can be toward labor unions, (other) formal representatives of employees or other industrial parties, and employers associations. Some of these external networks will be formalized in contracts or agreements.

Introduction
The objective of this element is to describe the relationship towards internal- and external parties in terms of process and communication. It creates common understanding and shared interest for the future success of the organization.

It may well be that cultural differences or specific circumstances lead to a different strategy on managing internal- and external relationships. Adjustments toward these local differences create an optimal result for the organization and its future.

Element 9: Internal and External relations

0	• There is little policy or practice regarding internal- external relations in place.
	• There is little communication with internal- external relations in place.

1	• Some policy or structured practice regarding internal- external relations is in place.
	• Communication is subject driven to internal- external relations.
	• A few communication means are in place (personalized / non-personalized and face-to-face/electronic/print).

2	• There are some established practices on the internal- external relationships.
	• Regular contacts both internally- and externally create a basic shared understanding.
	• Basic information on company policy is being exchanged.
	• Communication is foremost along formal lines only for the legal required relations.
	• Management shows awareness of employee rights and complies with legislation with its legal internal- external relations.

3	• Management shows awareness and understands importance of well-managed relationships to internal- and external relations.
	• There is evidence of open formal and informal dialogue between parties.
	• The employer / employee relationship changes from a confrontational to a pro-active sharing mode.
	• Communication is on a regular basis with the most important internal- external relations.

4	• A yearly policy on industrial relations with internal as well as external relations is defined and deployed. The process is structured and administered.
	• A policy is available regarding communication on a structured basis with internal-external relations, describing the division of roles and responsibilities.
	• An organizational communication plan and process is implemented that provides employees with timely information.
	• Some key performance indicators are formulated. Data gathering is based on key performance indicators.

5	• HR organization is managing internal- and external relations in an (pro-) active way.
	• The relationship between internal- and external partners is formalized in a defined process that is in place. The process is deployed in the organization and deliverables are defined.
	• Surveys are regularly held and an integral part of managing the internal- and external relations.
	• Policies and strategies are widely communicated throughout the organization, including relevant key stakeholders.
	• Communication is regular, systematic and frequent, and the target groups are aware of when to expect what.

| 6	• HR organization active participates in relevant networks and adapts best practices of other companies.
	• Surveys are regularly held and are an integral part of managing the internal- and external relations. Corrective actions based on regular analyses of the survey outcomes are in place.
	• The relationship between internal- and external relations is formalized in a defined process. The process is deployed effectively with clearly defined deliverables. Corrective actions are taken, based on regular analyses of the survey outcome.
	• Changes in society / social relations in the country / region are included in the discussions with social partners.
	• Management anticipates potential issues and modifies their approach to prevent disruptions.
	• A wide variety of communication means are in place (personalized / non-personalized and face-to-face / electronic / print), to cover various objectives and target groups.

7	• HR pro-actively involves responsible management in policy making and action planning on Internal- and External Relationships.
	• The process of internal- and external relations is part of Quality improvement / Business Excellence program; improvements are agreed, implemented, measured and reviewed yearly.
	• Dialogue (feedback) is encouraged with the defined target groups in a variety of situations.
	• An open atmosphere, enabling communication with employees regarding long-term vision and requirements of the organization, characterizes communication in the organization.
	• HR is involved in or owner of Behavioral Codes for e.g. organizational behavior and conduct.
	• HR delivers input to yearly Social- and Environmental reports.
	• There is management ownership for internal communication as a process.

8	• Active external benchmarking takes place to find and adopt best practices.
	• Co-operation of various parties is mutually beneficial with all parties respecting each other interest.
	• HR publishes on its best practices, setting an example/standard for other companies.
	• The HR organization is active in its role towards society and understands the impact of the company towards local environment.

9	• The organization is active towards its internal- and external relations as good corporate citizen and evidence is published.
	• Evidence is in place that conflicts of interest are openly discussed and solved before becoming disruptive.
	• A defined coverage of the dialogue with the defined target groups is strived for, whereby visible and timely reaction of management on the feedback is secured.

10	• The internal- and external relation process is regarded as best in class in the industry, confirmed by external benchmark.
	• Management supports and inspires employees in the vision and values of the company and informs personnel of any important message in advance of communicating it externally.
	• Communication is regular, systematic and timely, and the target groups recognize and appreciate this.

Element 10: Data management and HR systems

Description

Data management and HR systems includes procedures and systems for gathering, maintaining, processing and analyzing HR-data to support all relevant HR-processes.
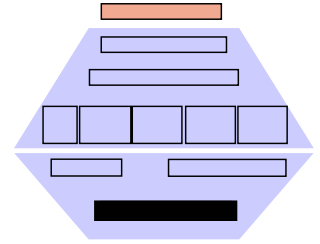
The data management and HR systems process contains:

- Employee related data and the accessibility
- Employee and Manager Self Service
- HR systems and data availability on corporate level including extracting data on the performance of the processes

E-based tools are used to increase efficiency and effectiveness of HR processes, eliminating inefficient HR handling and improving speed. E-based solutions support training and deployment of processes into the organization.

Element 10: Data management and HR systems

0	• Little evidence of HR Data Management or use of HR tools and systems.

1	• Static information is available containing generic information on HR with emphasis on individual employee related information. • Basic policy on what data should be collected is not structured; some data collection on HR aspects takes place.

2	• Basic HR Data on the individual employee is available in a local information system. • Employee data gathering is structured and well defined including the input in a local HR information system; but is not standardized or periodically updated.

3	• Historic data of the individual employees are available in a HR Information system and well accessible within the own organization. • Data on employees is available • The process of gathering the individual employee data is well defined, standardized and periodically updated to conform to the defined procedure. • Reporting on historic employee data is available and analyzed for trends. • Based on the analysis some actions are defined to improve the HR Operation.

4	• HR procedures and guidelines are made available via Intranet. • Career development data of the individual employees are available in a HR Information system and accessible. • Reliable and validated data on employees is available. • The process of gathering performance and development data of the employee is well defined, standardized and periodically updated to conform to the defined procedure. • HR collects strategic data and shares these with senior management. • Part of the formal business process is that related key performance indicators are defined and being used to define improvement actions.

5	• For some HR functional processes (global) e-tools and information systems are available (e.g. travel, learning, recruitment, performance management, surveys), but are independent from each other. • Employee or Manager Self Service is not available and (global) tools have a separate entrance on the web. • Global HR information is placed on and fully accessible via Intranet and frequently maintained. The deployment and distribution of new information takes place (almost) only via Intranet.

6	• Organization has first basics of an integrated (Global) HR Information System in place. Other databases are not yet linked to this (Global) HRIS. • Employee and Manager Self Service are at least available for some functional areas. • Interactive web based training is used as an important part of way of learning, to introduce new tools and to bring (professional) knowledge into the organization. • Internet provides an open platform for all who are interested in career development (vacancies and opportunities); the employer can search in the database for applicants to fit job profiles.

7	• A 5Global° HRIS supports all 5global° functional HR processes (e.g. performance management, expatriation, recruitment, reward, travel, expense systems, etc.). • HR collects global strategic data on the functional processes and shares these with senior management. Corrective actions based on regular analyses are in place. • 5Global° Processes are accessed via Employee and Manager Self Service. • Target groups (e.g. representatives of management, employees) are regularly invited to give their feedback on organization and HR issues via questionnaires using e-based tools; summary reports are automatically generated.

8	• A 5Global° HRIS supports all relevant HR processes as well as 5the global and° the country specific processes (e.g. performance management, expatriation, recruitment, reward, travel and expense systems, etc.). • All HR processes and systems for data collection are linked, regularly evaluated and improvements planned, implemented and reviewed based on fit for use and efficiency. • As a part of a planned and structured business process HR collects frequent 5global° strategic data and share these with senior management. Corrective actions are in place and discussed. Corrective actions are reviewed and adjusted and linked with the quality system ("PDCA"). • HR Employee and Manager Self Service for major processes are available and seen as an effective and efficient way of working.

9	• Interactive, e-supported tools are available for e.g. career and personal development advice, including HR expert systems for employees to consult. • Databases are optimally linked to enable efficient use of information, including data from outside (demographics, trends, etc.) and inside the organization.

10	• Innovation of tools, systems and processing key-data on performance are recognized as key and actively used to drive efficiency and effectiveness and enable improvement planning. • HR systems and tools are a recognized benchmark for other companies.

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