



Finmeccanica: Industrial giant relies on SAS® Human Capital Management in strategy to gain global edge in aerospace, defense, security industries

Industry

Manufacturing

Business Issue

Gain a greater position in global defense, aerospace and security industries by acquiring, retaining, placing and aligning executives with the decision-making skills required to advance the industrial giant's global strategies.

Solution

SAS® Human Capital Management

Benefits

Increase in managerial mobility and decreased turnover, especially among those managers whose abilities are in great demand at competing companies.

Technology, innovation, research: These strategic principles have guided Finmeccanica's growth and success throughout its history. This strategy not only established Finmeccanica as a leader of Italian industrial development in the postwar reconstruction period but also allowed the company to expand internationally at the start of the new millennium with a mergers and acquisitions policy driven by the company's upper management. Today Finmeccanica, with more than 100 companies and 70,000 employees worldwide and revenues in excess of EUR 13 billion, is a world-class player and leader in cutting-edge fields from aeronautics to helicopters, from defense electronics to satellite and space services, and with productive assets and solid expertise in the energy and transportation industry.

Acquiring, retaining strategic resources

Within this framework, knowledge and selective enhancement of the Group's human resources is crucial. As Roberto Maglione, General Manager of Human Resources for the Finmeccanica Group, points out, "As part of current efforts to restructure the company and expand internationally, the definition of compensation policies that are both fair and competitive with reference markets is fundamental to the acquisition and retention of high-profile managerial skills. Optimization of the management review process has been and continues to be key to differentiating investments in relation to resource value and planning professional development activities that complement career paths. The application of analytic BI methodologies to our understanding of the Group's human capital, starting with the company's

strategic resources, is thus, in many ways, a necessary procedure."

"Our basic need," states Paola Porro, Manager of Finmeccanica Group's Executive Management Department, "was to obtain a unified representation of the strategic resources; that is, Finmeccanica's upper management as well as the CEOs and general managers of the operating companies, while integrating all information available in various formats and from a variety of sources, from Excel spreadsheets to paper documents and résumés in Word."



Integrating data to support the corporate model

As Jacopo Cuscianna, Manager of Compensation and Group Mobility Systems, pointed out, "Furthermore, we need to support the development of the governance model in Finmeccanica's dealings with the operating companies. Beginning in early 2000, the new managerial team greatly encouraged the integration of the operating companies, and the central human resource function was called on to perform new and more complex tasks. Thus the need arose for a better-coordinated computerized tool that could streamline analyses and generate results. In short, the integrated management of information pertaining to upper-level executives was of primary importance at a time when Finmeccanica was boosting its operational integration processes with

the goal of becoming a world-class player in the aerospace, defense and security industries.”

Comprehensive outlooks and detailed analyses

To fulfill these requirements, the solution, implemented in collaboration with SAS and centering on SAS Human Capital Management, is structured on two levels. The first is the integration of data coming from heterogeneous sources, including the Group’s ERP and management systems, and the enhancement of this data using information from outside sources, such as Hay scores and compensation markets.

The second level is the analysis of this data in a work environment that, structured as a management dashboard, offers complete visibility of the best-qualified managerial profiles, through actual individual dossiers containing job descriptions, assessments of potential compensation policies and evaluations performed during management review. This way, upper management has immediate access to summarized and constantly updated information, with the possibility, if necessary, of performing detailed analyses using drill-down methods.

Career planning and quality assurance

The development of compensation and incentive policies, although still a basic goal of the solution, is not the only objective. “We are trying,” adds Cuscianna, “to further strengthen centralized monitoring of management operations and development, focusing especially on career planning and succession from an intercompany standpoint.

“In order to increase the mobility of qualified personnel on the group level, it is indispensable to have a complete

and reliable management intelligence tool that is able to generate qualified, user-friendly analyses. The flexibility and robustness of the SAS solution will make it easier to fully achieve this goal.

“Compared to other tools considered in the past, SAS stood out for two reasons: first, its ability to consolidate large volumes of information from many sources and management databases; and secondly, its usability. Analytical and reporting functions allow upper management to obtain detailed intelligence in a simple, intuitive and eye-catching manner.”

“Also,” Porro adds, “the data quality functions filter any errors found in the sources and make it possible to detect any discrepancies and deviations. Thus, the SAS solution also performs a quality assurance role vis-à-vis existing management systems.”

A high-profile intelligence tool

The creation of a common knowledge base, made possible through an integrated platform, benefited corporate strategy in many ways. According to Porro, “The possibility of performing sophisticated compensation analyses using integrated, constantly updated and user-friendly information helped us tremendously in terms of the management of strategic resources. The tool was especially helpful at the evolutionary phase in which Finmeccanica most needed to regain its competitiveness in terms of its compensation policies and practices for upper-level positions.

The solution allows us, in general, to quickly respond to requests from the operating companies regarding the compensation of broader managerial levels; these requests, as in the case of the annual salary review, are subject to corporate approval.”

As Cuscianna explains, “The Finmeccanica Group combines very different entities with diverse backgrounds and practices: A BI tool that speaks a single language for the entire Group serves to drive the integration process that we are committed to.”

A constantly evolving project

Initially intended for the Strategic Resources team, the solution gradually expanded its scope to include all managers (approximately 1,600) within the Finmeccanica Group and, in the future, will also include personnel who are not directly managerial; for instance, middle managers and professionals with high potential.

In parallel, the extension of the solution to the operating companies is also under consideration. These companies would be able to access, in addition to the necessary qualification profiling functions, a common business and intelligence tool standardized across the Group’s entire professional HR family. Its results, in terms of ROI, are encouraging.

“It is always difficult to measure the impact of an HR solution using strictly quantitative parameters,” points out Cuscianna. “Certainly, the advantages of the tool are evidenced by the significant increase in managerial mobility within the Group; by turnover levels confirmed as very low, even among personnel at the highest managerial levels who are most desirable in the external market; as well as by the very limited recourse to external channels to fill vacancies even for very complex positions.

“In qualitative terms, this solution has definitely increased the fluidity of major decision-making processes within HR, and it has significantly impacted the quality, reliability and timeliness of information and analyses.”



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