IBM Talent & Transformation Future of Global HR Organizations.

IBM **Consulting**. Let's create.

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New organization

Evolution of the HR Operating Model

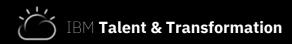
Global talent practices

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Hello



New organization. Trends.





A fundamental change.

- Designed to operative by the old rules of management. First Industry Revolution. Mechanistic. Uniformity. Bureaucracy. Control.
- O-Chart mindset.
- Information Revolution.



Four macro-trends are unwinding the old rules of management.



Interconectivity

Disruptive innovation.

Speed.

Disruptors in all industries.

Automation

Technology at scale and low cost.



Efficiency

Cost pressures.

Digital revenue vs. Legacy structures.

<u>Simplification</u> as a north start.



Socials

Gen Z+ new behaviours and expectations.

Skill gaps.



The COVID-19 pandemic is pushing transformation.

- Remote working to hybrid models.
- Accelerates areas of value creation: e-commerce and logistics.
- Internal agility.



The future is hybrid. (somehow) But this is more challenging that (pure) remote.

- Work from everywhere. Rural-Living / Remote Living / Countries' war for talent.
- Asynchronous work.
- New skill-sets.
- Output focus.
- Massive increase on part-time / Freelance work.
- Work re-construction.
- Office's new role.
- Health and wellness.
- EX at work vs EX at Life.

Even so, management theories has remained largely intact.

- Optimization for efficiency and productivity.
- Risk Management Frameworks.
- Stability and predictability. No surprises.
- Command and control.



Trends are about organization design centred around models that facilitated fitter, flatter, and faster operations and decision making, fast-tracked by the COVID-19 pandemic.

- Simplification (organization and governance).
- Flatting structures.
- HQ role review.
- Operating Model review.
- Experiments in new organization models for speed. Agileinspired.
- Full accountability of business units



N26 Smart

The bank account that gives you more control

Spend and save with confidence, and discover a better way to manage your money—right from your smartphone.

Join the waiting list



5M clients 1.500 employees One of the best banking experience in the industry.

Simplification is on the rise.

DEPTH / Average reduction of organizational levels.

20%-25%

Increased span of control.

7-10

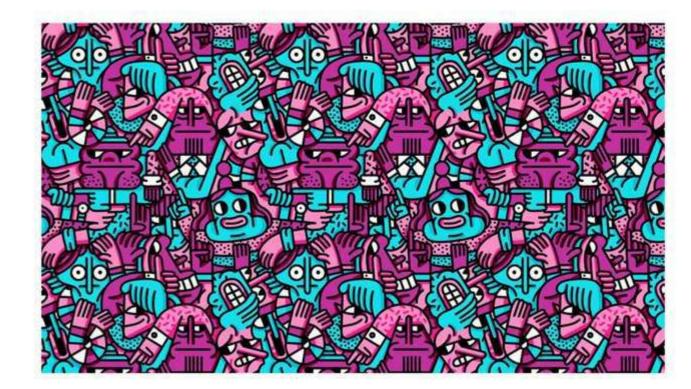
In the USA the experience of the vanguard suggests it should be possible to double the average ratio of employees to managers **from 4.7:1 to 10:1.**



Excess Management Is Costing the U.S. \$3 Trillion Per Year

by Gary Hamel and Michele Zanini

September 05, 2016



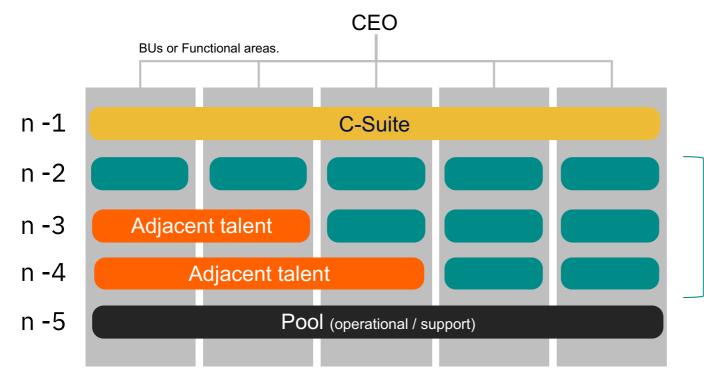
How flat is flat?



The case of Svenska Handelsbanken is illustrative. Its return on equity has surpassed that of its European peers every year since 1971. In the organization of 12,000 associates, there are only three levels. Operating decisions are almost entirely decentralized. Each branch makes its own loan decisions, sets its own pricing on loans and deposits, controls its own marketing budget, runs its own website (on a shared platform), and serves all customer segments – from individuals to multinationals – within its catchment area. Nearly all of these practices run counter to conventional banking wisdom, which holds that to be efficient a bank must consolidate operational activities and centralize decision making on matters like pricing and lending. Svenska Handelsbanken has consistently posted industry-beating cost-to-income and loan-loss ratios.

The average span of control in these and other vanguard organizations is more than double the U.S. average. GE's Durham plant, to take a dramatic example, employ: more than 300 technicians and a single supervisor: the plant manager. The facility is more than twice as productive as its sister plants in GE Aviation.

The labour market is following the trend.



- Market makes a differentiation based on experience, specific knowledge & skills.
- Companies segment training & development investments for this levels (specialization).
- Adjacent talent allows very agile internal deployments
 & redeployments. Other internal movements are possible but with some specific requirements.

The future of work take us from a single hierarchy, managing a fixed teams of your own to orchestrate adhoc teams of resources sourced on demand via a variety of on-line labour markets.

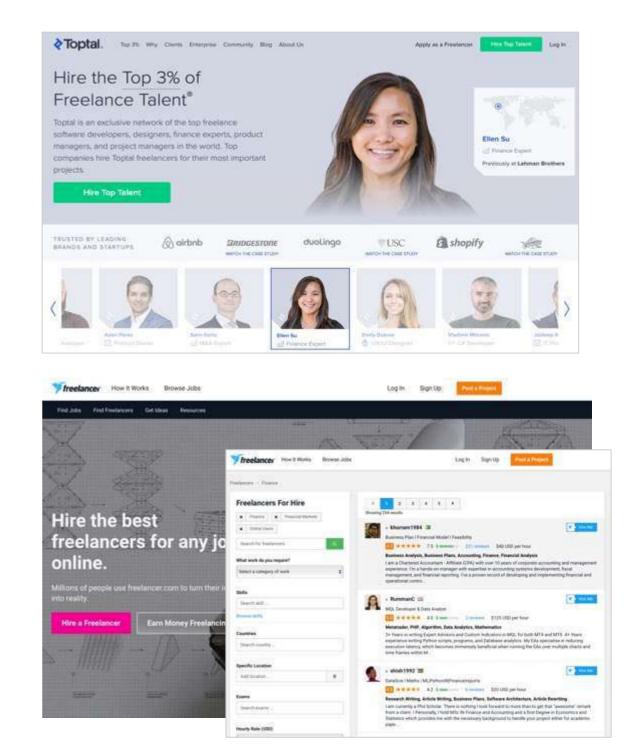
- Hot roles & skills.
- Open internal talent market.
- Different talent sources.

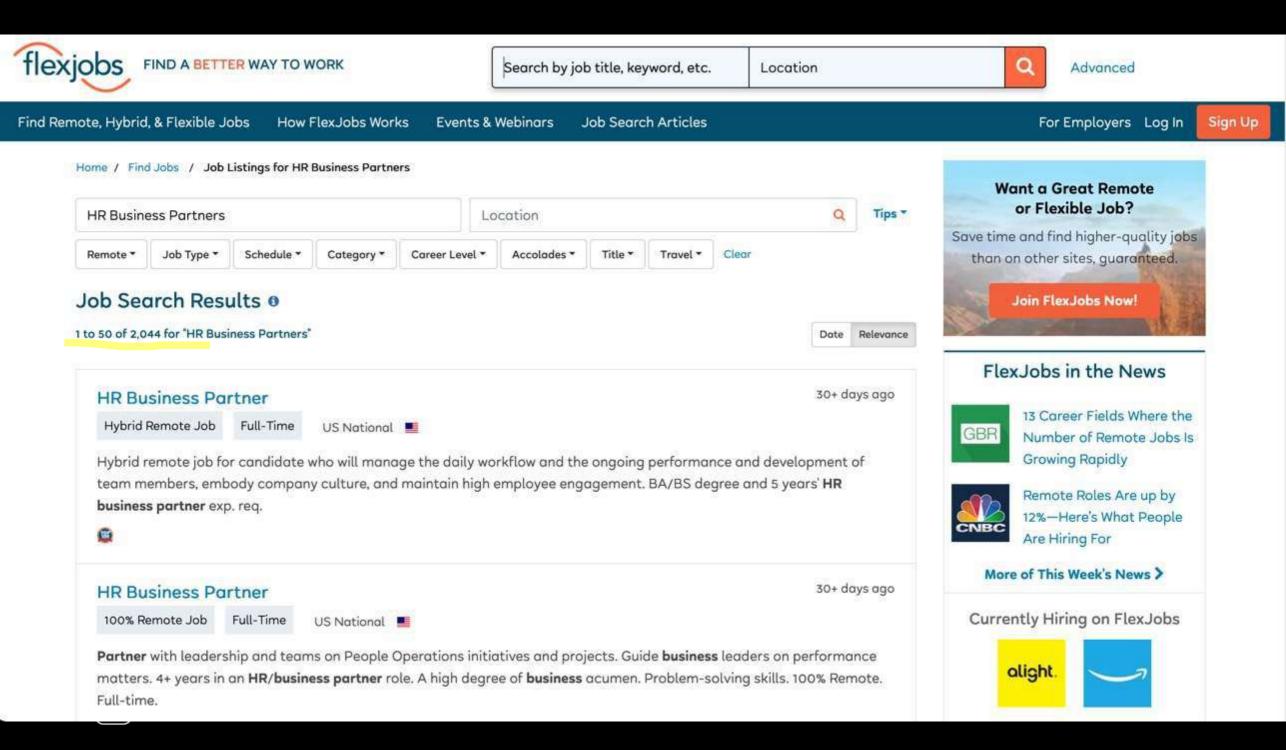
Digital enablers: Talent on demand platforms:

- Projects (skill based).
- Part-time roles.
- Peak workloads.

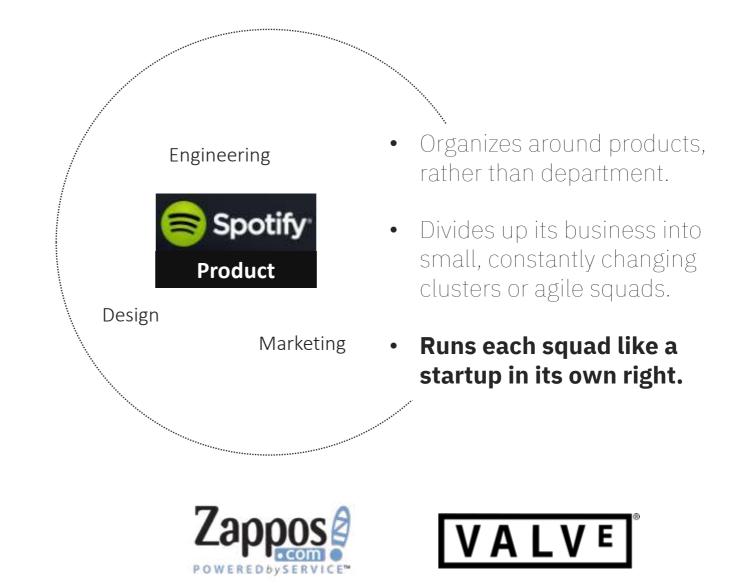
It's estimated that by 2023, <u>52% of the U.S.</u> workforce will either be gig economy workers or have worked independently at some point in their career. What's more, 48% of millennials use gig job platforms to find work or engage in business with clients.





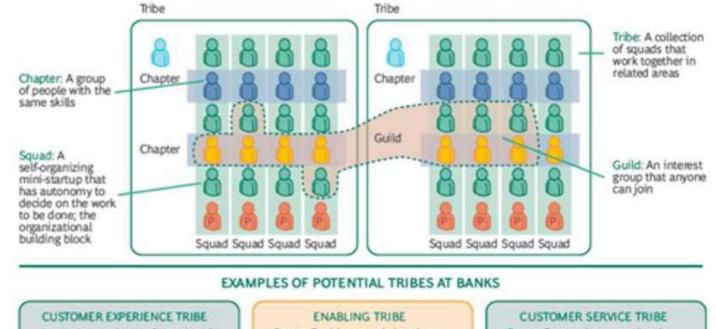


There is no school solution... but good experiences to reflect on.





ING, agile transformation from the within.



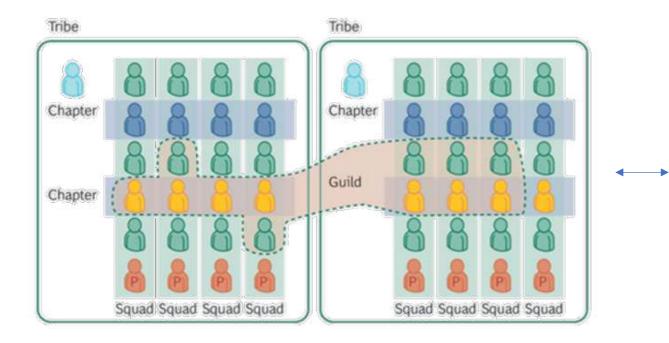
- Scope: Starts with the first point of contact with a potential customer until a product is chosen
- Typical staff composition: one-third technology, two-thirds business
- Example: Omnichannel marketing
- Scope: Enables squads in other tribes to work independently by providing systems, applications, and architecture
- Typical staff composition: Heavily weighted toward technology
- Example: Building an omnichannel technology infrastructure
- Scope: Starts when a product is chosen and extends through fulfillment and management
- Typical staff composition: Two-thirds technology, one-third business
- · Example: Mortgages

Source: Spotify.

Note: P = product owners, who lead product development sprints.



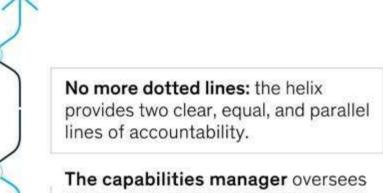
Beyond the matrix.



Helix organization

Capabilities management: how work gets done
 Value-creation management: what work gets done

.



the employee's long-term career path, has the power to hire or fire, and drives performance evaluations with input from value-creation managers.

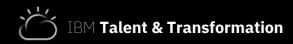
The value-creation manager sets priorities, provides day-to-day oversight, and ensures that the employee meets business objectives.

Better balance. Complexity reduction. Embracing agility.

- Eliminate duplications.
- (Hot) Talent management optimization.
 - Talent market-place & Staffing model.
 - Must be a true market.
 - Clear accountability.
 - Revamp performance management.

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Evolution of HR Target Operating Model





More than 20 years of Ulrich.

FROM

Ulrich as the only model.

HR internal focus.

Varied capability.

Complicated processes.

Rules and compliance.

Employees as cost.





Agile **alternative** models.

Joined up, focus on business / Demand driven HR.

Less HR people, higher impact / **New HR skills.**

Simple employee experience.

Enabling the business.



Future-proof HR TOM.

Traditional HR Operating Model

Tiered support dependent on the complexity of query.

Cognitive HR

Operating Model

Cognitive platform delivering expert support.





- Design Thinking &
- Service Design.
- Agile.
- Business Transformation / Change Management.
- Culture & Behavioural Change.
- People Analytics.

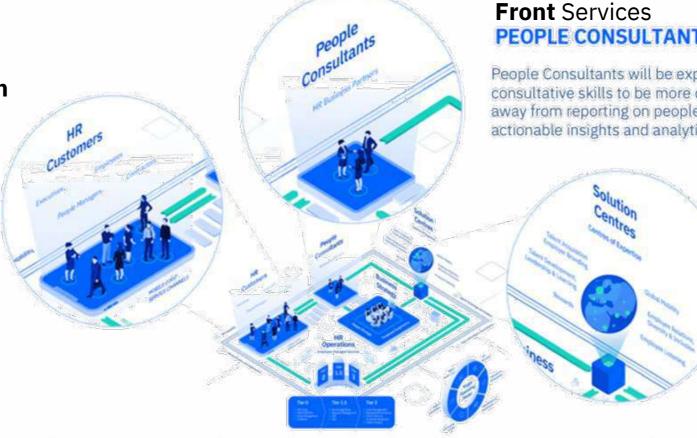
Some impacts:

	Shared Services	COEs	HR Business Partner
Less	Monotonous basic tasks Voice + email queries	Siloed Isolated from back office Cycle driven	Transaction support Chasing & policing
More	Automation Data insights Chatbots Content management	Centered on moments of impact Accountable for total experience (NPS)	Work flow design Coaching Talent Management Accountable for business outcomes

Looks like:

Business **Execution** HR OPERATIONS

Think more Manager and Employee self= service and expect fewer resources needed in HR Operations. Highvolume transactional capabilities can be delivered through automation and augmented intelligence. Cognitive solutions are shaping HR Operations with intelligent workflows.



PEOPLE CONSULTANTS

People Consultants will be expected to develop consultative skills to be more data savvy. They move away from reporting on people trends to providing actionable insights and analytics.

> Disciplines / Solution Development SOLUTION **CENTRES** (COEs)

COEs will shift from being deep subject matter experts to agile, multi-disciplinary consultants who design policy, process and programmes around improving employee experience and championing the businesses direction.

We have the CORE technology...

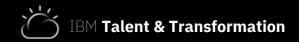
SAP SuccessFactors 🚫





ORACLE

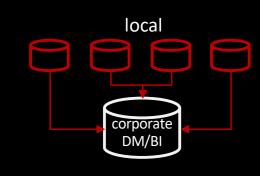
- Career marketplace.
- Workforce planning.
- Global succession planning
- Potential management.
- Talent search.
- Skill taxonomies.
- Global compensation frameworks.
- •



...flexible deployment approaches:

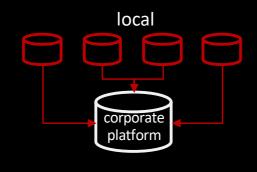
DATA PULL

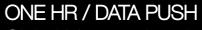
LOCAL > Corporate para control / auditoria / reporte.



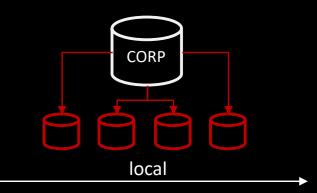
DATA PULL

LOCAL > Corporate (Procesos / Key Corporate Talent Segments)





Global Master > Local





...and the business case:

- "Single source of truth".
- A "global talent pool" for talent brokerage purposes.
- One "world-class" employee experience for all.
- HR IT operating costs and landscape optimization.

Then, what is the problem? Why is so difficult?



HQ's identity crisis.

The role of corporate headquarters may sometimes appear to be engraved in stone, but <u>there are actually many reasons to</u> <u>rethink the role of the Corporate Centre in a</u> <u>business organization</u>, in line with internal strategic decisions or external pressures.

• Added complexity.

- Local markets business conditions.
- Increased regulation.
- New balance: control and risks vs. local autonomy needs.
- Organizational structures and corporate governance.

It is all about your current corporate strategic intent.

	FINANCIAL HOLDING	STRATEGIC ARCHITECT	INTEGRATOR/ CONTROLLER CORPORATE CENTER	OPERATIONAL CORPORATE CENTER
 PHILOSOPHY Where the value is created Role of HQ Who are we? 	 Creates value through individual companies close to their customers Creates and requires compliance with a decentralized management model Is an investment company 	 Creates value through individual companies close to their customers Contributes value by linking business units Is the strategic leader to a set of business units 	 Creates value through individual companies by relying on Corporate Center expertise for key decisions Contributes expertise to facilitate decisions Is the strategic leader and advisor to a set of business units 	 Creates value through the Corporate Center expertise and control of the business units Makes business unit decisions Composed of key busines unit leaders
 CHARACTERISTICS Expected performance Delegation Planning and supervisory principles 	 Corporate Center sets <u>financial targets</u> for the business units, which are then accountable for their performance Large delegation The business units commit to multi-year strategic plans; so long as targets are attained, no systematic annual review 	 Corporate Center sets financial, operational and qualitative objectives. The business units are accountable for their performance Large delegation capped by thresholds to limit the corresponding risks The business units commit to multi-year strategic plans; Corporate Center ensures strategic consistency, cross-BU links and holds annual reviews 	 Corporate Center and the business units share responsibility for attaining a wide range of financial and operational objectives Moderate delegation Corporate Center is highly involved in frequent review and in realizing strategic and operational plans as well as in the budget of the BUs 	 Corporate Center is responsible for financial and operational performance Limited strategic delegation and units
MAIN HQ FUNCTIONS	Finance	 Finance/Strategic planning 	 Finance/Strategic planning 	All functions



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LOCAL Business

- Responsibility for free cash flow.
- Organic growth.
- Local regulation.
- Resources optimization.
- CORE Group policies (full adherence).

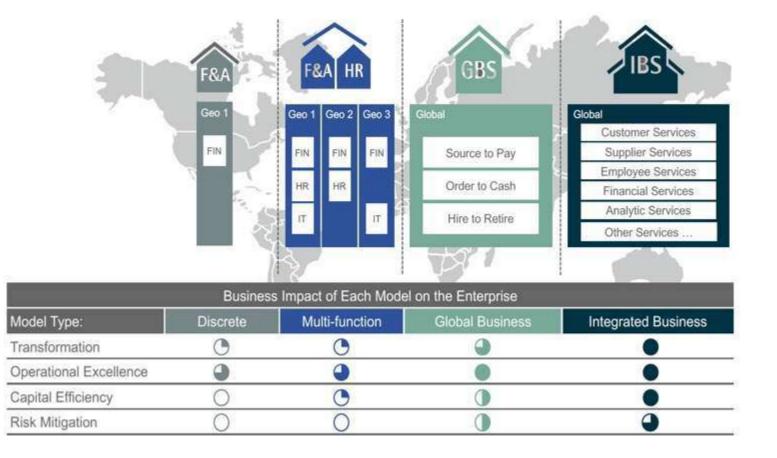
HQ / Corporate

- Group strategies and CORE policies.
- Inorganic development.
- Group's economic performance and investors relationship management.
- Corporate resources optimization.
- Singular programs.

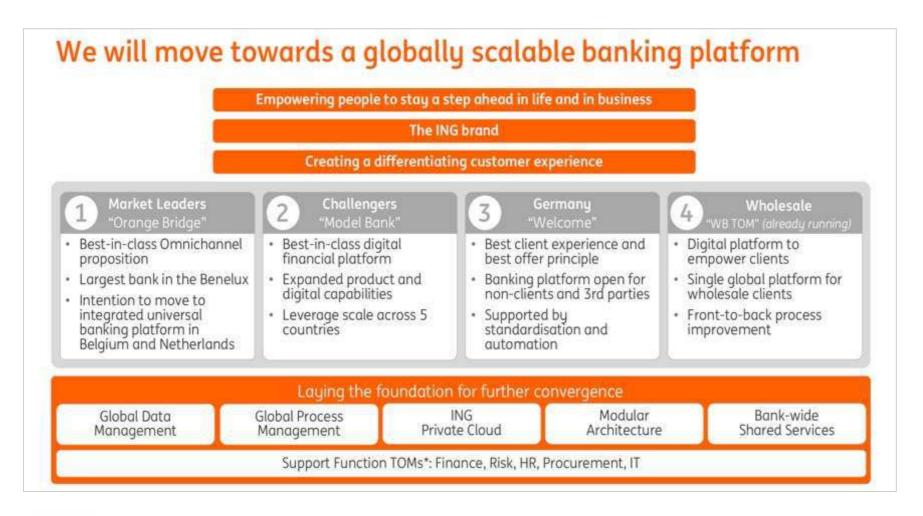
But, nevertheless, in big to medium global organizations corporate functions shared services are long standing solutions for efficiency and support business development strategy.

- 80% of global companies.
- 75% are multi-tower.
- 33% reports up to 10% cost YoY savings.

Leading companies pursue the Integrated Business Services model as a means to support and enable the corporate strategy while continuing to improve efficiency and reduce costs.



ING. Transforming the corporate from the operations.



- <u>Four</u> local or regional business models.
- Supported by local core banking platforms.
- But <u>one operating</u> model for data and <u>back-office</u>

Some ideas for organizational design.

- 100% centralized models. Difficult to implant and sustain. Culture. The "one size fits all" does not work.
- What can be centralized / common in HR?
 - → Senior management talent management. Leadership and succession planning.
 - → Global key talent programs.
 - → "Iconic" transformational programs / Common platform.
- Shared Services Centres. Digital BPO.
 Flexibility business case country by country: core vs. non core.
- Global vs Regional Hubs.
- Strategic flexibility: invest vs. des-investment.

A global mindset.

- Know and stay close. Listen, understand... be there.
- Corporate \neq Corporate location. Let's locals to lead.
- Pragmatic and effective solutions.
- Business case.
- Common language. In both sides.
- Realistic. Fit to local needs. Flexibility.

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Global talent practices





Lack of critical skills is fostering collaboration.

Re-skilling / Replacing + 50%.

Unprepared to address the skill gaps + 33%.

47% of S&P 100 job postings in 2017 were for the same 37 roles, and 90% of S&P 100 companies recruited for those same roles.



Global talent pools. Reducing operating costs.

59%

concerned about rising employee benefits costs



Who is doing interesting things?

- Career and development global development programs a all levels.
- International mobility as key development and career practice.
- Corporate learning.
- Global recruiting for specific critical talent segments.
- Global talent pipeline.



- Global culture (and tradition).
- Shared Services Model in place.



ONE Recruiting Process.





LinkedIN.

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Facebook.







Role descriptions.

IBM Talent & Transformation



Santander Scouts Community - Welcome Event



17 recomendaciones - 2 comentarios



Jorge Cotes, from Banco Santander Chile enjoyed spending three months at the corporate headquarters in Spain through the Mundo Santander program, a great way to learn new skills and cultures.



An incredible experience "I got the opportunity to spend three months in our HQ which opened my eyes to new cultures

and ideas

...





- Mundo Santander.
- Santander Scouts.

392 recomendaciones - 11 comentarios



- **1.** Global Career Marketplace: transparency, effective.
- 2. International mobility reinvention. Innovate: talent swaps / short-term / virtual teams.
- 3. Talent Mapping & Strategic Workforce Planning. Global / Skill focused.
- 4. Mobile readiness. Continues checking.
- 5. Dual Career Models.

Let's create.



ANTE LA DIVISIÓN DE GENERAL ELECTRIC

El ocaso de los grandes conglomerados industriales acecha también a España

La decisión de General Electric de dividir en tres empresas su negocio evidencia la tendencia hacia la creación de grupos más simplificados que también tiene reflejo en el mercado español



El logo de General Electric junto al nombre de sus tres grandes divisiones. (Reuters/Dado Ruvic)

(...) En los últimos años, sin embargo, parece haber calado en los mercados una **idea mucho menos favorable a las estructuras de 'holding'** o conglomerado. En esencia, se considera que los grandes grupos que construyen un ecosistema de empresas muy diversas caen con demasiada frecuencia en un **exceso de burocracia**, que ralentiza la toma de

decisiones y dificulta una correcta asignación de capital entre los distintos negocios.



Naturgy lanza el 'proyecto Géminis' y se divide en dos empresas cotizadas: una de redes y otra de generación

ENERGÍA

El consejo de administración de la energética ha anunciado que habrá dos compañías con la misma estructura accionarial. Una se centrará en generación y comercialización.

Los dos perfiles de negocio permitirán, entre otras cosas, **simplificar y focalizar la gestión de cada uno de estos grupos para acelerar el Plan Estratégico**, potenciando el crecimiento y su contribución a la transición energética, adecuándolos a la realidad del sector.