McKinsey&Company

McKinsey Capability Building

Building capabilities for performance

Introduction to our services

What is McKinsey Capability Building and why is it important?

What is McKinsey Capability Building?

McKinsey Capability Building is a highly scalable approach that enables organizations to rapidly identify, build, and sustain the targeted capabilities needed to continuously improve performance and deliver impact. McKinsey Capability Building enhances employees' skills, mindsets, and behaviors. Drawing on adult learning principles it utilizes experiential learning theory, by shaping capability development around real work within an organization. Concurrently, it establishes the institutional processes and systems needed to sustain those capabilities.

Why is it important?

Many CEOs recognize a significant capability gap in their organizations and know that they need to address this to succeed globally. Half of the executives surveyed by McKinsey & Company in May 2014 rank capability building as a top-three priority. Done well, capability building translates directly into performance improvements, on the individual as well as organizational level. The majority of organizations today link capability building with performance, although many still struggle with credible metrics to measure that impact.

McKinsey Capability Building helps assess and close the capability gap, and ultimately increases and sustains the impact of capability building programs – which are clearly aligned with the overall business strategy to deliver larger and more lasting impact.

50%
of CXOs rank capability building among the top-three priorities in their organizations

56%
link learning to individual performance... with leadership capabilities (35%) and functional capabilities (31%) ranked as the top contributors to business performance

How does it work?

We base our capability building work on five core principles that link to the drivers of value and impact.

1 Focuses on capabilities and behaviors linked to value drivers of the business

2 Addresses organizational and individual capability building needs

3 Tailors program to organization's unique starting point and specific requirements

4 Leverages real work and is complemented with experiential and other learning

5 Scales and institutionalizes capabilities through processes, tools, and people

What that means in practice	What our clients say
We do not build capabilities for capabilities sake. All targeted interventions to build capabilities are directly linked to improving the performance of our clients	*"McKinsey helped us save $300M during this capability building program, but more importantly they enabled us to save $1B on our own over the next 2 years"*
We employ hard diagnostics to benchmark both individuals and organizations/ institutions, and then work with our clients towards a solution that integrates their individual and organizational needs with optimization of the value creation process	*"McKinsey not only enhanced my team's skillset but also helped me introduce performance management tools and streamline our decision making process, generating a truly holistic impact"*
Our content is adjusted based on the results of our diagnostics to leverage the best learning journeys and client service models for a given situation (e.g., from broad-based capability building programs to targeted boot camps)	*"We had various gaps across the company and McKinsey adapted to meet our requirements coupling traditional transformations with targeted interventions"*
We use adult learning principles in a combination of real work settings (field) and in settings outside of a given job (forum) as a foundation for all of our programs	*"McKinsey provided both hands-on training and classroom sessions to hone our skills and help us deliver on an important company initiative"*
We foster a level of client ownership that sustains and expands the impact in ways the original project team may not even predict	*"McKinsey helped us create Centers of Excellence and a professional network that were instrumental to the success and sustainability of our global manufacturing capability program"*

A blend of learning approaches

Capability building programs are designed to address learning in the three primary domains identified by researchers.

1 Learning in the **cognitive domain** revolves around knowledge acquisition, comprehension, and critical thinking. It employs discussion and explanation.

2 Learning in the **behavioral domain** focuses on the actual performance of procedures, operations, methods, and techniques. It employs practice and coaching.

3 Learning in the **affective domain** includes fostering of attitudes, feelings, and preferences. Techniques employed include self-discovery and the influencing model is applied.

CASE STUDY 1:
A packaging and paper company with 25,000 employees was challenged by slow revenue growth and declining margins. A McKinsey team was deployed over 30 months, with the performance objective to improve marketing and sales performance and develop the capabilities to sustain that improvement.

CASE STUDY 2:
A video and telecommunications provider was challenged by increasing competition and a dearth of new product offerings. A McKinsey team of 12 was deployed with the performance objective to build a sales force capability improvement program to drive growth.

CASE STUDY 3:
An infrastructure conglomerate with 54,000 employees was challenged with a leadership pool that was struggling to keep up with the company's success. It was also facing the imminent retirement of many senior leaders. A McKinsey team was deployed with the objective to develop 500 leaders over a six to eight year period.

Key approaches to success:
- A Sales Excellence Academy was created that institutionalized knowledge and best practices, using the McKinsey Capability Center as a model
- More than 400 sales representatives and managers participated in the academy
- An accreditation offered in the academy increased the attractiveness of training to employee participants

Key approaches to success:
- A coaching mindset was adopted company-wide and employees learned how to identify coaching opportunities
- Sales leaders and supervisors conducted daily group huddles and extensive one-on-one coaching
- Supervisors in each region were able to lean in and coach other teams as needed

Key approaches to success:
- A leadership engine was established by developing a pipeline of emerging leaders, creating a cadre of entrepreneurial leaders, and strengthening overall leadership systems
- Large group meetings were interspersed with fieldwork and coaching by McKinsey experts and internal mentors
- The team created a mentor/role model culture to make leadership development a way of life

What is the impact?

McKinsey's approach consistently delivers bottom line impact, across multiple industries and contexts.

$600M — Operations transformation
- Increased plant reliability and product yields, reduced energy consumption
- 60 full-time change agents and 2,500 frontline personnel trained
- Centralized Operations Excellence function created

$500M — Capital productivity and project delivery
- 250 employees certified
- 25 core processes codified

$400M — Procurement
- Case-based experiential program for 400 person sourcing group, learn-as-you-do team approach, with coaching
- Internal team drove roll-out with advanced program participants leading

$400M — Sales force effectiveness
- Trained SWAT team of supervisors in technical and leadership skills to scale up change program across centers
- 3,000 representatives, 250 managers, and 40 centers were impacted

$300M — Leadership and talent
- Developed institutional capabilities in a three-stage process: In-line academies, Center of Excellence, and formal mechanisms
- Impacted 100 managers, 60 change leaders, and 2,500 frontline staff

$180M — Manufacturing transformation
- "Do-coach-leave" model built cadre of change agents with skills to drive transformation at site level
- Created Centers of Innovation and Excellence to enable cross-unit functional quality

$130M — Retail pricing
- Created a certification process to guide the learning journey through a multi-touch, adaptive, blended learning program
- Established a 12-member pricing expert team to develop and evolve organization-wide pricing skills

$32M — Healthcare
- Created a forum and one-on-one coaching program across many hospitals
- Opportunity to collaborate with like-minded colleagues across region, including on-line forum to create impact

* All amounts stated in table are USD

We have built up assets and intellectual property to deliver capability building

Library of 600 interactive in-person and 50 eLearning modules

- A repository of training materials that are tailored for each specific client program

- Includes modules on functional and industry topics, as well as leadership and management skills

Coaching networks to build business management skills

- Coaches available to work with your teams throughout the transformation

- Global coaching network and implementation experts to train your employees in ongoing coaching skills

### Global capability centers and model factories

- Global network of facilities and resources provide experiential learning opportunities for clients to build functional and leadership skills

- Programs range from brief workshops to multi-day learning events and many of the McKinsey Capability Center experiences can be mobile

- See more at www.capability-center.mckinsey.com

Individual assessments for diagnostics and benchmarking

- Allows McKinsey to assess team's talent in a truly objective way

- Enables quick assessment of skills and identification of focus areas for capability building program

- Provides an accurate point of view for CXO to determine team's progress before, during, and after capability building program

Objective standards for corporate certification programs

- Programs designed to assist our clients in ongoing performance management
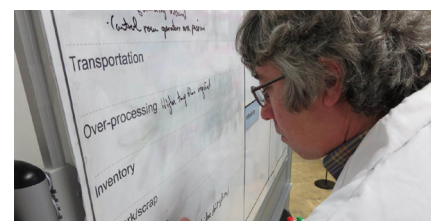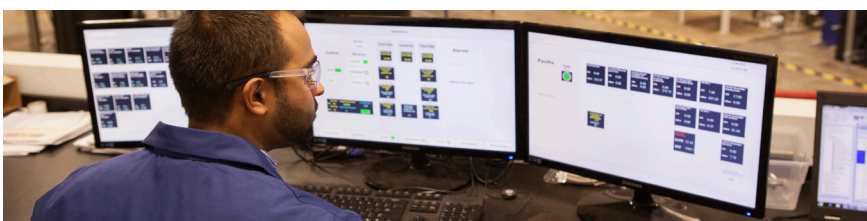
McKinsey's Capability Center Network serves our clients world wide

1 Design to Value Lab Silicon Valley

2 Design to Value Lab Chicago

3 McKinsey Capability Center Atlanta

4 Brazil Model Factory Salvador

5 Lean Education and Research Network Amsterdam

6 Capability Center Lyon

7 Capability Center Karlsruhe

8 Center for Industrial Productivity Darmstadt

9 McKinsey Capability Center Munich

10 Model Factory for Energy Productivity Garching

11 Lean Experience Factory Venice

12 Model Factory Yekaterinburg

13 McKinsey Capability Center Gurgaon

14 Green Campus Singapore

15 McKinsey China Leadership Institute Beijing

16 China Center for Operations Excellence Beijing

17 Design to Value Lab Taipei

Contacts

mckinsey_capability_building@mckinsey.com

Claus Benkert

Director, Munich

- Co-leader McKinsey Capability Building EMEA
- Extensive experience leading industrial electronics, semiconductor, and telecommunications transformations

Richard Benson-Armer

Director, Stamford

- Co-leader McKinsey Capability Building Americas
- Extensive experience leading commercial transformations across consumer and media sectors

Tomas Koch

Director, Seoul

- Co-leader McKinsey Capability Building Asia
- Extensive experience leading oil and gas operations transformations