

February 2021 | Interview

## ‘Our people are our destiny’: Capability building at Volvo Cars

Björn Annwall, leader of Volvo Cars in the EMEA region, believes business leaders should be deliberate and hands-on when it comes to developing their people.



Björn Annwall

**Cars today** can do things that they couldn't do even just a few years ago. Technology is changing automobiles—and the processes by which they're made, bought, and sold—in dramatic ways. That means the skills and capabilities that made automotive companies successful in the past are no guarantee of future success. Björn Annwall knows this firsthand, having joined Volvo Cars as a member of its executive management team in 2015. He now leads Volvo's business in Europe, the Middle East, and Africa (EMEA).

Annwall recently shared his perspectives on the future of capability building with McKinsey's Mikael Robertson and Monica Toriello. The following are edited excerpts of their conversation.

**McKinsey:** The COVID-19 pandemic has made many companies reevaluate their skills and capabilities. Would you say that's been the case at Volvo?

**Björn Annwall:** We were already taking a close look at our capabilities even before the pandemic. One thing that I believe many organizations should think harder about is, "What are the core competencies that we will need in five to ten years? And how do we start 'planting the seeds' for those competencies today?" The more you think about that, the more you realize that the capabilities you'll need in the future are quite different from what you have today. At Volvo, we've done a lot of work in the past few years to identify what the competency areas of the future will be.

Big shifts are happening in the automotive industry. If you think about what a car is, what's in it, how it runs—all of those things are changing. There's now much more software than hardware in a car, cars are getting electrified, and so on. And the whole way of buying and selling cars is changing: people are buying online or using a mix of both online and offline. All these shifts were already underway prior to the COVID-19 crisis. The pandemic has simply accelerated these transitions. That means we and others in our industry must acquire a new set of complementary competencies, including software and digital competencies, which are important for building cars, for selling cars, and for optimizing many of our internal processes.

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On top of that, certain leadership capabilities are becoming even more important in these transitional periods. I think we need to become much better at driving change and transformation. We need leaders who can work much more cross-functionally—who can get different domains and competency areas to work effectively together toward the same goal.

**McKinsey:** How is Volvo building these capabilities?

**Björn Annwall:** We're learning more and more that the only way to truly build strong capabilities is by doing the hard work. You build capabilities while building the future. You don't do it in a classroom on the side. You do it by orchestrating the company's transformation journey in a conscious and deliberate way so that you get the right people together, and they build their capabilities by doing the work.

Take a recent example: many of our auto retailers in Europe were subject to lockdowns during this pandemic. The only way they could sell was online. At Volvo, we used that opportunity to get our Stay Home Store—our online platform—up and running. We put together a lot of things we've been working on for many years, including how to drive effective performance marketing, how to transact online, how to handle sales leads, how to handle the contacts, and how to work together with the retailers. We'd put that full chain in place over several years, but we'd never had a fire drill where that entire chain became the number-one priority for everyone at the same time. The COVID-19 lockdowns made our Stay Home Store an absolute priority. And we've learned a lot; we've built a lot of capabilities.

To me, capability building is about orchestrating those types of experiences—where we actually do the work, with full focus—and, through that, learning what works and what doesn't work. We can learn what we're really good at, and we can identify the capability gaps. Then, we will build the required capabilities by addressing the problems and fixing what doesn't work. That's our number-one approach to capability building: learning by doing.

**McKinsey:** What does that mean for Volvo's capability-building organization and structures? Have you had to make any structural changes to make capability building more effective?

**Björn Annwall:** At Volvo, historically, competency development has been quite fragmented: we have one setup for general leadership and management, a separate setup for training technicians, yet another setup for training salespeople, and so forth. We also outsourced much of it.

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# Björn Annwall biography

## **Vital statistics**

Born in 1975 in Sweden  
Married, with 3 children

## **Education**

Holds an MBA in strategy and entrepreneurship from the University of British Columbia and a master's degree in business and economics from the Stockholm School of Economics

## **Career highlights**

Volvo Cars  
(2019–present)  
Head of EMEA region

(2015–19)  
Senior vice president and head of global consumer experience

**McKinsey & Company**  
(2000–15)  
Partner

## **Fast facts**

Was named one of “The 50 most innovative chief marketing officers in the world” by *Business Insider* in 2016

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Given the increasing need for ongoing capability building—and we can't afford to build up fantastic e-learning infrastructures in many different places—we're shifting toward concentrating those resources. We're now taking a much firmer grip on it. The core of capability building is something we should control ourselves; we can't live by outsourced resources. Our people are our destiny. If we don't control their competency development ourselves, we are going to have problems over the long term.

**McKinsey:** How do you imagine capability building will change between now and 2030?

**Björn Annwall:** By 2030, there will be less classroom training in isolation from practical work—that's for sure. And, of course, technology will be used more heavily. We're already looking into technological solutions such as augmented reality [AR], which can help make technical training much more efficient. To get trained in car-repair techniques, for example, a technician could just put on a pair of AR glasses, and he or she will be able to see the parts that need to be unscrewed or changed or whatever. So, technology can be very helpful—and not just in training, by the way, but in doing the technical work itself.

But I believe our best opportunity to truly make an impact in building people's capabilities isn't in our use of technology; it's in orchestrating long-term competency journeys. We need to institutionalize learning-by-doing programs and emphasize individual career pathing. I have a hard time separating a good capability-building program from a well-orchestrated career. To me, those are the same things. Companies need to think through career planning and career pathing: How can employees at every level get exposure to different areas of the business? That's what I see as the future of competency development.

I think that's also what the younger generations want. They don't want to just climb the corporate ladder over a span of 30 years; they want opportunities to learn and have an impact quite early on, and they expect companies to provide those opportunities. We need to orchestrate those opportunities, so that young talent can develop the skills and capabilities that will help our company succeed in the future.

**McKinsey:** In addition to developing skills among your current workforce, Volvo will also need to attract new types of talent, right? How do you think Volvo can compete when practically every company—not just car manufacturers—will be competing for the same kind of talent?

**Björn Annwall:** Many of the foundational capabilities we have within our company and within our retailers are key elements for building the future. That said, it's crystal clear that, yes, we will also need to acquire new competencies and new talent. It's the mix—the combination of those two together—that's going to be the real dynamite here.

As for how we will attract people to Volvo, a lot of that has to do with making sure we are a company that embodies the values that are attractive to the talents of tomorrow. Volvo is already such a company; it has been a purpose-based organization from day one. A lot of people want to work for a company that doesn't only talk about purpose but actually has purpose at its core.

This interview was conducted by **Mikael Robertson**, a senior partner in McKinsey's Stockholm office, and **Monica Toriello**, an executive editor in the New York office.

[For more from Björn Annwall, see the videos accompanying this article on McKinsey.com.](#)

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