Building the workforce of tomorrow, today

Software giant SAP is helping its workforce keep pace with technological change and new strategic thrusts.

Finding and training the talent that companies will need if they are to thrive in the future has become a defining issue for business leaders in our era of advanced technologies. While hiring and contracting are options for individual companies, across the corporate landscape as a whole, retraining—or "reskilling"—is inescapable. So far, only a few companies have embarked on large-scale programs to upgrade the skills of their workforce. SAP, a global software company based in Walldorf, Germany, is one of them.

The company's digital-business-services (DBS) division, one of the main divisions in the company, with around 20,000 employees, began implementing a comprehensive workforce skills upgrade in 2017, to support shifts in its product portfolio toward more digital innovation and cloud products. The upgrade is a multiyear "learning strategy," which includes a sequence of learning journeys featuring boot camps, shadowing senior colleagues, peer coaching, and digital learning. Many roles are changing, including those of engineers, who are moving from purely technical roles to providing advice to customers.

The company took a strategic planning approach to the task. It started by mapping the skills of all employees today and comparing that map with estimated future requirements and business plans. One year into the program, 4,700 employees have engaged globally in the transformational learning framework. A strategic hiring plan for priority roles and capabilities has also been initiated.

What are the lessons from the experience, and how relevant could they be for other companies? Here, some of the main architects and implementers of the program discuss the experience. They are Michael Kleinemeier, member of the SAP executive board and head of digital business services; Stefan Ries, member of the SAP executive board and chief human-resources officer (CHRO); Tom Janoshalmi, head of digital business services strategy and portfolio; Heike Laube, chief learning officer for digital business services; and Jochen Keller, head of HR for digital business services. McKinsey's Peter Gumbel and Angelika Reich, who conducted the interviews, also sought the views of Walter Kern, who serves on the company's works council and headed negotiations on the reskilling program. The council represents employees and, under German law, has a say in people-management issues (see sidebar, "The employees' perspective").

The *Quarterly*: *What sparked the decision to launch this program?*

Michael Kleinemeier (DBS head): We are the service arm of a software company. As we moved into the cloud, with more industrialization of services— a massive change of the service portfolio—it was very important to say, "What is your strategy? What is the answer from the portfolio point of view?" And then the next, logical step is to say, "OK, fine. What does that mean from a skill-set point of view? What kind of skill sets do we need?" We needed a totally different approach.

Stefan Ries (CHRO): We saw the first signals in the market that if we don't change we will be successful maybe for the next two or three years, but then there will be a cliff, and at that point it will be too late. We had to act now, as one simply can't build a bridge to the other side of the ocean.

The *Quarterly*: *This initiative required a significant increase in the budget for training, 2.6 times the previous amount. How did you win board support for that?*

Michael Kleinemeier (DBS head): I had to build a sense of urgency. Sometimes you look too much at your short-term numbers and cut back on education or training investment. But this is a fatal error. The numbers were too good. The temptation was to say, "please do it in the next quarter." I said no—I will not lead an organization without the right investment to do this reskilling.

The *Quarterly*: *You are calling this skills program a "transformation." Can you give some detail about its transformational nature? To what extent does the program go beyond providing incremental skills?*

Tom Janoshalmi (head of strategy and portfolio, DBS): What made this approach transformative was the role of end-to-end "learning journeys": guided sequences of learning experiences that helped employees learn and mature into new roles or target skill areas over time. The journeys included face-to-face boot camps with participants, as well as opportunities to apply new knowledge on the job and to exchange experiences in communities of learners and practitioners.

Learning journeys went beyond "function and feature" learning. For example, embedding design-thinking elements into the IoT [Internet of Things] learning journey helped to change the mind-set and skills toward a service-led innovation discussion with our customers. We invited our participants to join an internal IoT challenge that offered them the opportunity to apply their newly acquired skills in teams around the globe, competing for the best ideas and ultimately presenting their ideas to executive management.

The *Quarterly*: *Once the initiative was approved, what were key elements of the implementation?*

Heike Laube (chief learning officer, DBS): The success of a skills transformation in the current environment is to make people understand that changes are required. It's the customer that asked for it—but none of what you did in the past is, per se, wrong. People also need to see and touch the investment: "Is there a learning framework? Are there opportunities for me? Where can I grow?"

Tom Janoshalmi (head of strategy and portfolio, DBS): We intentionally didn't call it a restructuring. It was a transformational program for growth. The key was to emphasize "growth" by sketching out future tasks, responsibilities, and personas for changing roles. For example, in order to build up future architects it was not only important for us to equip them with a good under-standing of their future role, the required methodologies, and market standards for architecture, but also to help them evolve their soft skills, through improved communication skills or via peer-coaching concepts.

Jochen Keller (HR head, DBS): Trust is essential in any transformation effort. Trust and employee engagement have long been focus topics at SAP. At the beginning of this initiative, there were many questions. In such a situation, it is key that you fortify people's trust that SAP management is doing the right thing for the company and for its people. And you need to reassure them that we count on their strengths and to convey to them a clear prospect of professional growth, an explicit career philosophy.

This is particularly important as roles and responsibilities are changing and acquiring new skills is on the agenda. When people go through that, they will ask, "What is in it for me?" and we need to answer them explicitly. Feedback mechanisms were important, too. We conducted surveys and sounding-board meetings. These confirmed to us that we were on the right path.

Stefan Ries (CHRO): Two words best describe this: intuitive learning. You hardly recognize that you're learning while doing it. I think that's the magic key for the future. Through intuitive learning, employees don't just take massive classroom trainings or attend online courses—it's embedded in their daily employee experience. Employees learn because it's fun and we can play with it. Intuitive learning is this constant willingness to learn more about very sophisticated programs or tools. Why? Because I'm eager to learn and don't want to be outdated.

THE EMPLOYEES' PERSPECTIVE

Employees in German companies have a voice in major decisions, including training. At SAP, management had to negotiate the retraining program with the company's works council, which ended up agreeing to support it after several months of negotiations. Walter Kern, a 27-year veteran at SAP, co-led the works council team.

We had no doubt about the necessity of the transformation. The whole environment changed, the demand changed, and the technology changed. As a result, we as a company needed to change. We are together in one boat. As the works council, we are just as interested as management is in the success of the company. Upskilling and reskilling ensures the employability of everyone.

What was new was that we made a move from "the skills we have" to "the skills we need." In the past, there was no database with profiles of every employee. This time we knew the base and thus had a better idea of what needed to change—which doesn't happen overnight. People are creatures of habit, and to acquire new habits takes time.

Making this skills transformation a journey was the right way to do it. Nietzsche said that whoever has a life purpose can bear any pain. You need to communicate the "why." If employees understand what the "why" is and why it is important, then they will be more understanding when something doesn't go exactly according to plan. It was always clear that there were people responsible for individual aspects, and someone with overall responsibility: the chief transformation officer. That was very helpful, and it gave us the possibility to address issues that came up immediately.

The *Quarterly*: *You placed a lot of emphasis on communication. Tell us about that.*

Heike Laube (chief learning officer, DBS): One of the key success elements was the repetitive momentum. There was not a single speech of our executive board where the skills transformation was not mentioned. That was seconded by another message by the executive-leadership team, one by one. And then reinforced by all managers' calls, where the skills team was always present to explain, "How does the framework look? How does the entire process work? How can you be nominated?" So we always made the full 360 degrees from strategy into full execution. People have a solid memory. They come back to you after three months. They come back, again, after six months, and ask: "Is this still going?" And whenever the team then says, "Yeah, we are still there. Look, this is the new schedule. This is how many people already participated. This is where the content is evolving," that's when you're in a winning team.

The *Quarterly*: *So where do you go from here?*

Michael Kleinemeier (DBS head): It's very important that this is not a one-time effort. It has to be permanent. If you look at the technological changes that will happen in the next five years, they will be greater than what has happened over the past 20 and maybe even 30 years. The question, "What is the skill set of tomorrow?" becomes a permanent one.

This is a lifelong journey. The world is changing so fast. Lifelong learning is a critical success factor—I would say the number-one critical success factor for companies in the future. If you are not able to reinvent yourself and build up a sense of urgency, you can't move an organization with tens of thousands of people. ⓠ