IBM LeadershipConnect

Driving Transformation for Greater Value

Create a Smarter Workforce: *Strategic Overview*

Carla Grant Pickens
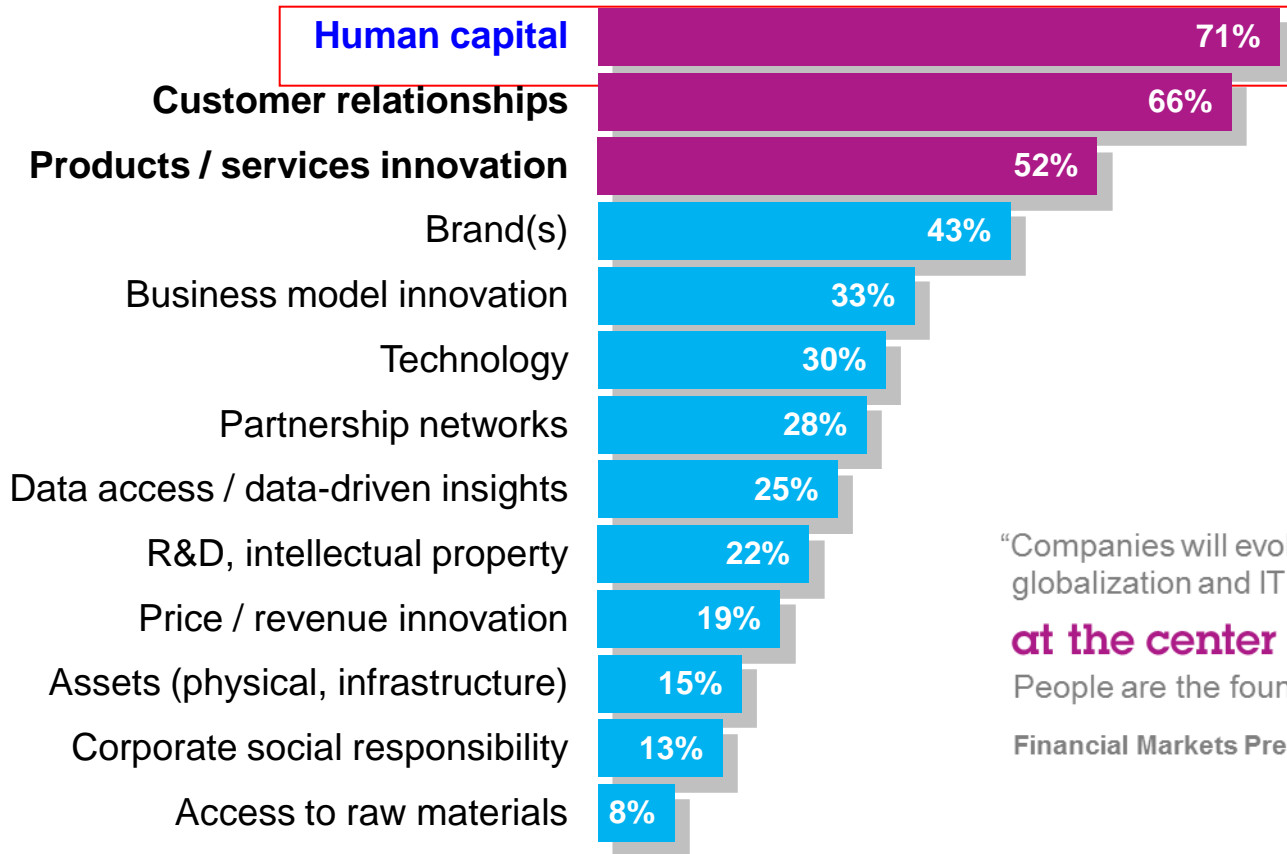*Talent Partner*
Philippines & Asean Delivery Centers

Agenda

- **CEO/CHRO Study**

- **Future of Talent**

- **Creating a Smarter Workforce**

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What's on the boss's mind?

Key sources of sustained economic value

Category	Percentage
Human capital	71%
Customer relationships	66%
Products / services innovation	52%
Brand(s)	43%
Business model innovation	33%
Technology	30%
Partnership networks	28%
Data access / data-driven insights	25%
R&D, intellectual property	22%
Price / revenue innovation	19%
Assets (physical, infrastructure)	15%
Corporate social responsibility	13%
Access to raw materials	8%

"Companies will evolve through globalization and IT adoption, but always -

at the center – are people.

People are the foundation."

Financial Markets President, Japan

Source: Q24 "What do you see as the key sources of sustained economic value in your organization?"

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What are some key challenges and paradigms in Talent?

The **global mobile worker** population will **increase to 1.3 billion in 2015.** [1]

28% of organizations identified **retention as the top pressure** facing employee engagement. [6]

65% of global companies are having **problems finding employees with the skills they need.** [2]

41% of GenY say **social media is important to them in the workplace.** [5]

66% of **online adults use social media platforms** such as Facebook, Twitter, MySpace or LinkedIn [3]

"**People-focused businesses** generated 26% more revenue per employee, had 40% lower turnover rates." [7]

Total **costs of replacement** can reach **200%** of an employee's annual salary.[2]

Human capital is the leading cited **source of economic value** by CEOs.[4]

Collaborative, communicative, and creative are the top 3 employee traits. [4]

CHRO Key findings

2005
The Capability Within

Key Themes

- The menace of maturity
- The quest for talent
- Retaining key people
- Measuring performance

320 HR executive interviews

2008
Adaptable Workforce

Key Themes

- Developing an adaptable workforce
- Closing the leadership gap
- Cracking the code for talent
- Driving growth through workforce analytics
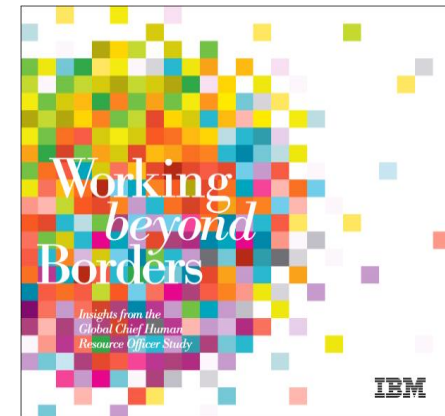
404 HR executive interviews

2010
Working beyond Borders

Key Themes

- **Cultivating creative leaders**
- **Mobilizing for speed and flexibility**
- **Capitalizing on collective intelligence**
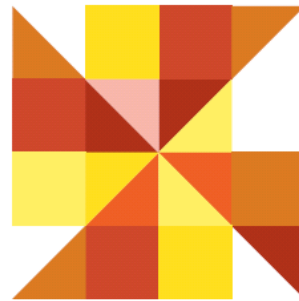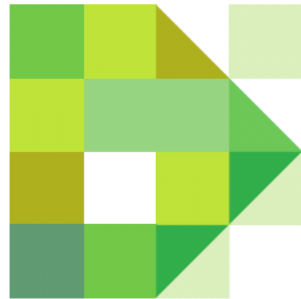
707 HR executive interviews

Build Talent now and for the future

3 key capabilities to enable organizations to create a Smarter Workforce

Cultivating creative leaders

Developing the next generation to lead a more global, flexible and diverse workforce

Mobilizing for speed and flexibility

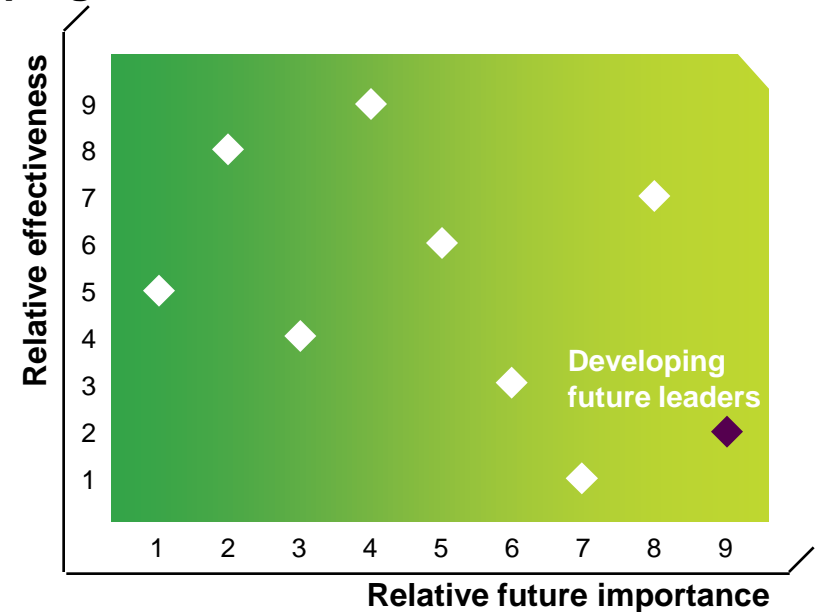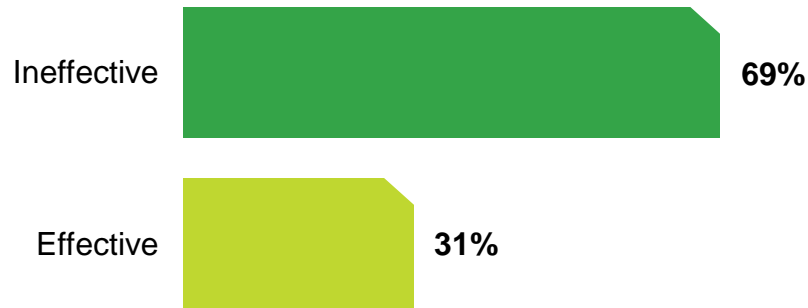*Rapidly develop and deploy workforce skills and capabilities to match emerging opportunities*

Capitalizing on collective intelligence

Fostering collaboration and knowledge sharing to drive efficiency and foster innovation

Less than one-third of companies say they are effective at building the next generation of leadership capabilities

Effectiveness at developing future leaders

Ineffective — **69%**

Effective — **31%**

Relative effectiveness (y-axis: 1–9)

Relative future importance (x-axis: 1–9)

Developing future leaders

"We have hired and trained people to work in silos. We need to identify future leaders who can operate in a globally integrated company, and train them to think and work globally."

Patti Stumpp,
SVP HR, Invacare Corporation

Cultivating creative leaders
Developing the next generation to lead a more global, flexible and diverse workforce


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Source: Q2 (How important is it for your organization to address the following workforce challenges in the next 3 years? Select THREE)
Q3 (How effective is your organization in addressing the following workforce challenges today: Developing future leaders? Effective = 4 and 5)

While companies are looking to become more flexible, they are still challenged in building and allocating talent

Effectiveness ratings
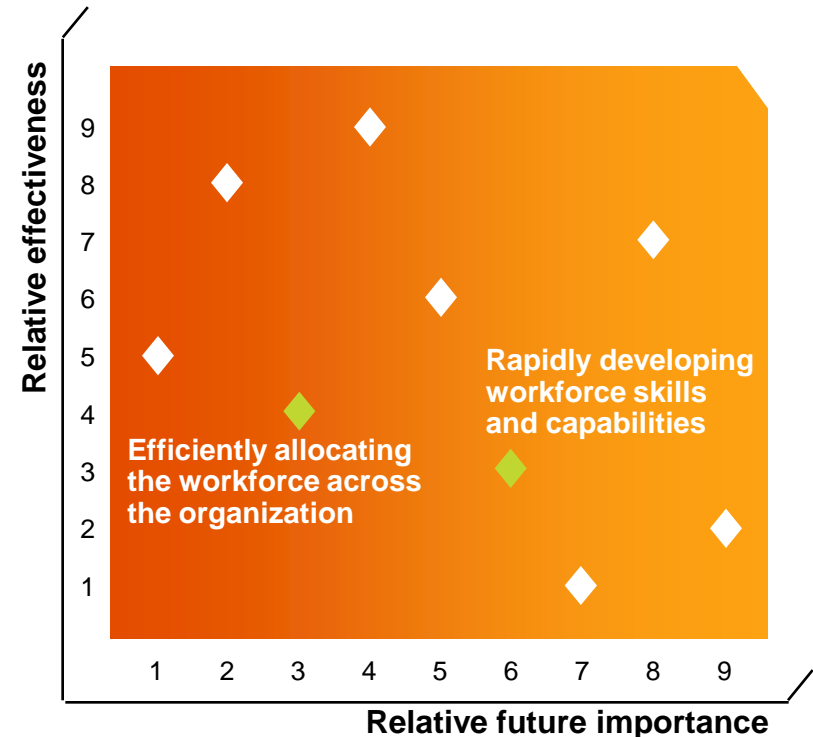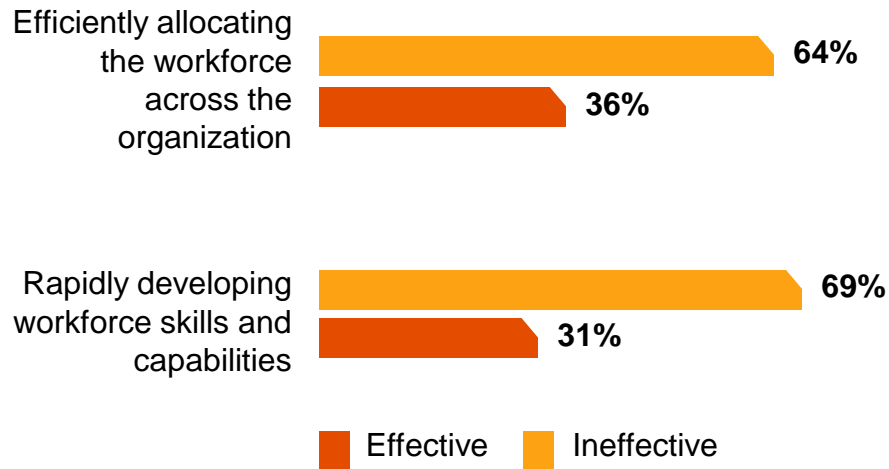
Efficiently allocating the workforce across the organization
- Ineffective: 64%
- Effective: 36%

Rapidly developing workforce skills and capabilities
- Ineffective: 69%
- Effective: 31%

Legend:
- Effective
- Ineffective

Relative effectiveness (y-axis, 1–9)

Rapidly developing workforce skills and capabilities

Efficiently allocating the workforce across the organization

Relative future importance (x-axis, 1–9)

Organizations struggle to connect their workforces

Effectiveness at fostering collaboration and knowledge sharing

Ineffective **78%**

Effective **22%**

Relative Effectiveness

Fostering collaboration and knowledge sharing

Relative future importance
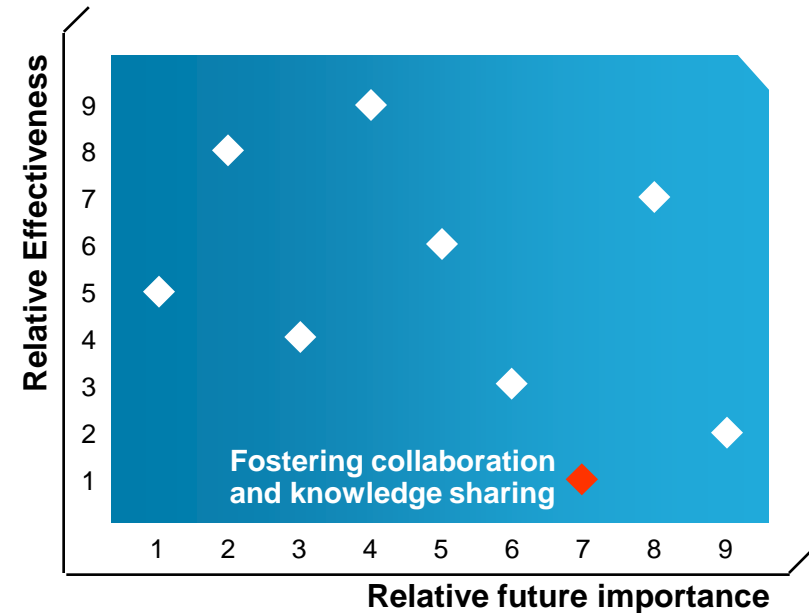
"We don't share intellectual assets fully, even though we have the IT infrastructure to do so."
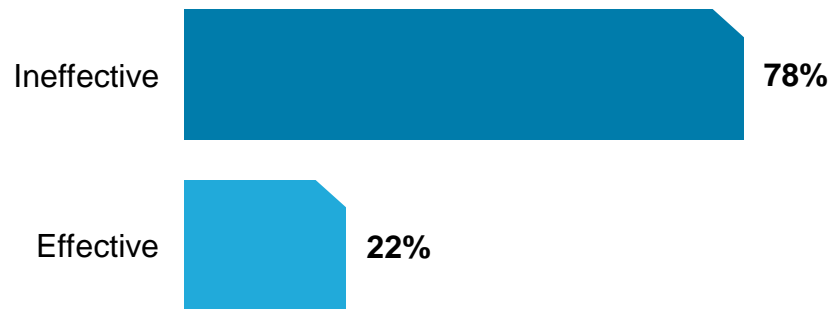
HR Executive, Industrial Sector, Japan

Source: Q2 (How important is it for your organization to address the following workforce challenges in the next 3 years? Select THREE)
Q3 (How effective is your organization in addressing the following workforce challenges today: Fostering collaboration and social networking? Effective = 4 or 5)

How should we leverage and manage future Talent?

Business is facing increasing pressure on **Talent**

- **Talent Source:** Global talent pools and shortage of skills require an integrated Talent approach

- **Talent Interaction:** New generation entering the workforce expect HR technologies to mirror consumer technologies
    - Mobile, Social, Informal Learning

- **Talent Outcomes:** Decisions should be based on Data and Business Analytics to influence business outcomes

Sources: 2010 IBM Global Chief Human Resources Officer Study; 2012 IBM Global Chief Executive Study

A Smarter Workforce:

*Allows executives to easily **identify, attract and retain** the best people, **develop** their skills, **cultivate new leaders, and capitalize on their collective intelligence** by applying behavioral best practices, **social tools and analytics** to transform the way they work.*

25% productivity increase
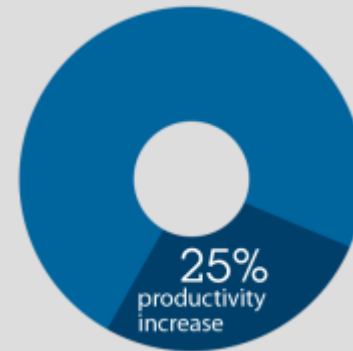
60% margin increase

Up to 25% increase in the **productivity of knowledge workers**[1]

Up to 60% increase margins industries such as consumer packaged goods[1]

Business leaders want to:

1) Attract and retain the very best talent
2) Drive productivity with the right tools and systems
3) Motivate active engagement across the organization
4) Optimize performance and simplify processes for measurable business results

Employees want to:

1) Work in a culture that fits their personality
2) Be recognized for contribution and aligned to business objectives
3) Use consumer friendly tools that will help them do their job
4) Be part of a mission they believe in and trust in the organization
5) Grow and develop their skills and careers

1 Source: 2012 McKinsey Global Institute: The social economy: Unlocking value and productivity through social technologies

Leverage social business technology to delight customers, create a Smarter Workforce

From WHAT...

Customer Insights

Activate the Workforce

Create a
Smarter Workforce

- Cultivating creative leaders
- Mobilizing for speed and flexibility
- Capitalizing on collective intelligence

To HOW...

Customer Delights

Develop Workforce Solutions

Create a
Smarter Workforce Roadmap