Unlocking the DNA of the Adaptable Workforce - The Global Human Capital Study 2008
Moderator: Eric Lesser
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Eric Lesser: Good day everyone, and welcome to our podcast entitled, "Unlocking the DNA of the Adaptable Workforce: The IBM Global Human Capital Study 2008.

My name is Eric Lesser and I'm an associate partner with IBM’s Institute for Business Value. With me today to discuss this study is Tim Ringo, the global leader for IBM's Human Capital Management Practice.

Tim, welcome and thanks for taking time to talk about the study.

Tim Ringo: Thanks, Eric. Glad to be here.

Eric Lesser: Tim, why did IBM decide to undertake a global human capital study?

Tim Ringo: More than ever, today's global organizations are focusing their time and attention on maximizing the value of their workforces. As corporations, nonprofits and government entities are beginning to work more globally, and as traditional geographic and competitive boundaries disappear, the need to identify, develop and connect talent has never been more critical.

For the last several months, we've been working with senior HR executives from around the world to better understand the challenges companies encounter, as they work more effectively to attract, allocate and invest in their human capital.

Eric Lesser: Tim, how did IBM go about conducting this study?

Tim Ringo: The study is based upon primary research recently conducted by IBM's Global Business Services Human Capital Management Practice and the IBM Institute for Business Value, with assistance from the Economists’ Intelligence Unit. More than 400 human resources executives from 40 countries participated in structured interviews designed to capture insights on the subject.

Eric Lesser: Tim the study identifies four issues that corporations need to address in order to improve their overall workforce effectiveness. Can you provide an overview of these?

Tim Ringo: Sure. Our analysis identified four important themes that require the attention and focus of senior executives across the organization, including those responsible for the HR function and these are the following. Developing an adaptable workforce, which was a
critical capability. Two, revealing leadership gap, future growth at risk. Three, cracking the code for talent. And fourth, driving growth through workforce analytics.

**Eric Lesser:** Looking at the first theme, how can an organization develop a more adaptable workforce?

**Tim Ringo:** Well, there can be no doubt that winning in competitive and quickly shifting global markets requires responsive organizations. However, for many companies, workforce adaptability has been very elusive. Among our study participants we found only 14 percent of respondents believe their workforces are very capable of adapting to change.

What do these leading organization do that others don’t? Our findings suggest that there’s three key capabilities that influence the workforce’s ability to adapt to change. First of all, organizations must be capable of predicting their future skill requirements, as this will enable them to make more strategic decisions regarding developing, buying or sourcing these skills.

Secondly, they need to effectively identify and locate experts. We believe companies should attack this need on two fronts. First of all, through developing a formal skills management process, it allows organizations to easily track the quantity and location of individuals with important capabilities and certifications.

Secondly, implement expertise location techniques that are based on social networking and other Web 2.0 technologies, which should more easily unlock the hidden talent within the organization. And lastly, they must be able to collaborate across their organization, connecting individuals and groups that are separated by organizational boundaries, time zones and cultures. We find there are a number of initiatives that can jump start collaboration across traditional lines of business, including the use of communities of practice, the incorporation of performance measures that reflect collaborative behaviors and the embedding of collaborative tools in the day-to-day work activities.

**Eric Lesser:** Tim, the second issue that’s addressed in the study focuses on leadership development, which is a topic that has been around for many, many years. It has been written about for a number of different years. Why has this all of a sudden become such an important issue for organizations?

**Tim Ringo:** No complex organization can transform itself without great leaders. Those who can deliver today’s business results while guiding the organization through ongoing turbulence and uncertainty is really a key capability. Companies in our studies expressed their deep concern over the current and projected shortage of such individuals with over 75 percent citing their inability to develop future leaders as a critical issue. Given the explosive growth in emerging markets, and the retirement of experienced personnel and more mature economies, our data suggests companies are placing their futures at risk if they cannot identify, develop and empower the next generation of leaders.

While many companies have invested in a range of leadership development and successful planning activities, we often see these efforts conducted on a regional basis, which does not allow an organization to take the global view of its leadership portfolio. This enables companies to make more educated decisions regarding the types of leadership development programs required, the speed with which these programs need to
be implemented, and the business risks associated with not having enough of the right type of leadership talent.

The changing nature of work is also impacting the skills leaders need to be successful. Today’s managers are being asked to provide guidance and direction to teams working around the world and across time zones. Effective leadership development programs take into consideration these realities, and build in experiences that help develop the new competencies needed to succeed in a globally integrated environment. Also, as highlighted by our participants, action learning programs, mentoring and job rotation can all play a valuable role in providing individuals with new experiences, creating effective networks, and passing along critical and experiential learning and knowledge.

**Eric Lesser:** The third theme Tim talks about cracking the code for talent, what are some of the challenges companies are facing and how should they begin to address them?

**Tim Ringo:** Respondents from our study are clearly focused on overcoming their inability to rapidly develop employee skills and align those skills to future business needs. Given the increasing pace of change, this is not very surprising. However, what is surprising is their relative lack of focus on attracting individuals from outside and retaining existing employees, both of which rank low on the priority scale.

Even more interesting, is that almost 60 percent of the companies in the study believe that they do a better job of attracting and retaining talent than their competitors. Given these findings, is it really safe to assume that companies have cracked the code for managing talent?

Our experience suggests otherwise. Given the changes in employee demographics, the ease and speed of switching employers and the differing expectations of the Generation Y workforce, we believe that companies will have to become more rather than less innovative in the ways they attract, motivate and develop employees.

Given how quickly new skills need to be acquired, companies relying on resource-intensive learning strategies such as classroom instruction and on the job training, find themselves struggling to keep up with demand. Blended learning programs that balance the strengths of distributed learning technologies with opportunities for face-to-face engagement will play an increasingly important role in building the workforce of the future.

However, despite the respondents emphasis in this area, simply focusing on employee development may not be sufficient enough to address today’s changing labor markets. From our experience with our clients, and also within IBM, we see a number of leading practices in attracting candidates. One comes from the world of customer relationship management that includes developing a detailed understanding of the wants and needs of various segments of the labor pool ergo Generation Y workers versus retirees. Capturing information about potential candidates, focusing recruiting efforts on high value segments and tracking and measuring results.

Another strategy we see organizations using is to attract individuals from non traditional labor pools. As competition intensifies, for existing talent, companies are starting to look for alternative labor sources, such as retired workers and corporate alumni, women
reentering the workforce after having children and disabled individuals seeking a workplace environment that's attuned to their needs.

**Eric Lesser:** Lastly, Tim, just sort of jumping to the fourth theme, why should organizations be concerned about their ability to use workforce analytics?

**Tim Ringo:** From our study we see that organizations are significantly hampered in their ability to have strategic conversations around the workforce because of a lack of analytics needed to develop insights and formulate business cases for investment. Our research clearly highlights a lack of systems integration and a dearth of clearly defined metrics. Not only are organizations finding it difficult to link human capital information together with data from sales, finance and other related departments, they are often unable to share information across applications used within HR itself. Without consolidated information, executives find themselves unable to identify their rising stars, reward solid performers for their contributions and retain desired employees. No matter how much respect the C-suite may have for the CHRO, until the HR organization has access to workforce data and information with the same level of timeliness, consistency and validity as a financial or operational data available to the CFO or COO, its insights are not going to hold the same sort of weight.

**Eric Lesser:** Thanks, Tim. If someone is interested in learning more about the study, how can they get a copy of it?

**Tim Ringo:** A copy of the study can be downloaded from the IBM Web site at www.ibm.com/gbs/humancapital.

Thanks, Tim. And thank you for tuning in to IBM’s podcast on Unlocking the DNA of the Adaptable Workforce, the IBM Global Human Capital Study 2008.