



▶ The CHRO Agenda

How HR directors are shaping
the future

INSIGHTS

//01

The growing importance of people analytics is fueling a rise in data-supported HR decisions


//02

Suitable reskilling and upskilling strategies are making companies more competitive in dynamic environments

//03

Companies with strong people-first cultures will shape work environments of the future

CHRO-Agenda: Focus on three HR imperatives



Transformation is undergoing everywhere. This is clearly evident in consultancy sessions with HR decision makers. Or as Volkswagen's Board Member for Human Resources Gunnar Kilian put it in an interview with the *Personalführung* journal about the intensity of the change and the role of HR: "We, as HR departments, want to drive the transformation behind the greatest change in automotive history."¹

Transformation often displays a nearly exponential character. Its three driving forces are demography, diversity, and digitalization.² In Germany, the demographic shift will reduce the size of the labor force from more than 50 million in 2018 to approximately 45 million in 2039. The war for talent was already won years ago by talented job seekers. Although diversity clearly needs to be understood in multidimensional ways, the diversity among four generations alone—and their very different conceptions of how lives are to be lived—implies even greater challenges for the future. As for digitalization, it is both an enabler and a driver of transformation. While modern communication technologies facilitate flexible models of work in the first place, the associated developments in mobile high-speed Internet connections, artificial intelligence, big-data analyses, and cloud technologies require enormous advances in skills and expertise.³

From the perspective of transformation, the Covid-19 pandemic has brought not only crises but also opportunities. It has functioned as a catalyst for HR-related issues and given or secured many chief human resources officers (CHRO) a major role in crisis management committees and other contexts where crucial decisions have to be made. In the interest of consolidating and advancing this position, the relevant question is how to select the key challenges for the CHRO agenda in a dynamic, complex, and constantly changing work environment.

To select these challenges accordingly, two factors are crucial: iterative trend-scanning and systematic translation of megatrends into HR imperatives. Together, they form a proven systematic approach to HR strategy projects that ensures orientation and transparency for the transformation underway in the field of human resources.



In Germany, the demographic shift will reduce the size of the labor force from more than 50 million in 2018 to approximately 45 million in 2039

Trend-scanning

Trend-scanning is the seismograph that enables future developments to be incorporated into HR work at an early point in time. Megatrends can be derived from research conducted by general and HR futurologists as well as from developments in HR tech start-up environments. Screening and interpreting these trends then lay the necessary groundwork for anticipating megatrends and deriving operational fields of action.

Based on people-strategy projects and expert assessments, a total of 13 megatrends were distilled to four trends that will have an especially strong impact on HR work (Fig. 1):

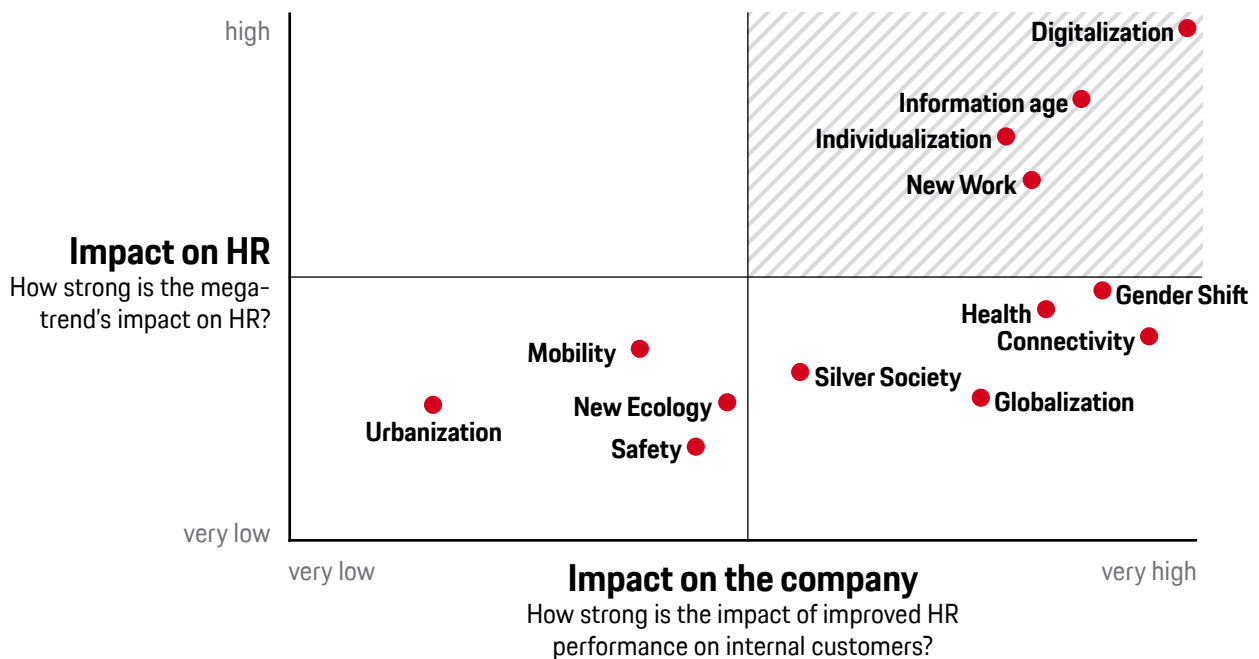
The digitalization megatrend covers the radical changes that digital technologies have brought to work environments. Domains such as augmented learning, blockchains, artificial intelligence, learning analytics, etc. have made this megatrend an omnipresent part of HR work.⁴

The "information age" megatrend has to do with the way companies handle information and what value it will have in the future. Domains like augmented reality, co-working, digital creatives, digital literacy, edutainment, and lifelong learning underscore its relevance for HR work.⁴

The individualization megatrend describes the freedom of choice that has arisen as a central cultural principle, particularly in more affluent countries. Mindfulness, diversity, quality of life, heterogeneous biographies, and "we-centric" cultures are domains with especially strong repercussions for HR contexts.⁴

The New Work megatrend is invariably a topic at HR panel discussions. New Work raises questions of purpose—both of the work conducted and of the company itself. Coopetition, collaboration, service economies, and social business are just some of its facets that HR will be addressing more intensively in the future. This topic is the subject of the paper entitled Strategic Change Management and will therefore not be examined in greater detail here.

Porsche Consulting led a project to distill industry-specific trends (e.g. automotive) from these megatrends in order to assess their impact on the HR departments of individual companies. This process involves not only HR experts but also representatives of the specialized departments to ensure a sound business perspective. Diverse teams incorporating a range of views and experiences linked to different genders, generations, capacities, ethnic and social origins, etc. enrich the process and enhance its output.



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Fig. 1. Four megatrends are already having a very strong impact on HR work

HR imperatives

For many HR departments, the dynamic transformation in work environments is generating additional project work and core operational tasks. To maintain the big picture while also taking limited resources into account, this paper focuses on the trends that have the greatest impact on HR departments and also exert a strong influence on HR customers.

The megatrend of digitalization is the catalyst for optimizing and automating HR processes. As digitalization advances in HR departments, so does the availability of HR data. HR decisions in the future will be made on the basis of data and evidence. In other words, digitalization will support people in making good decisions.

In an age of information, the value of learning is undergoing profound change. The abilities to learn and to adapt to new challenges are crucial for success in uncertain, dynamic, and

complex work environments. HR departments are guiding this transformation with the help of systematic reskilling and upskilling programs.

The meaning of "I" is being redefined: individualization, self-determination, and freedom of choice are playing a central role in professional lives. At the same time, employees view themselves as important elements of a collaborative "we-centric" culture.⁵ HR departments are therefore also involved when it comes to questions of purpose and culture—under the guiding principle of "people first."

The following chapters will now sketch the ambition, challenges, and possible solutions for each of these imperatives—and provide practical ideas from interviews with experts.

This paper will prioritize three HR imperatives that are shaping the content of the CHRO agenda:

01

Digitalization

Good decisions benefit from digitalization

02

Information Age

Systematic reskilling and upskilling are vital to competitive success

03

Individualization

"People-first" culture: Valuation is the new currency

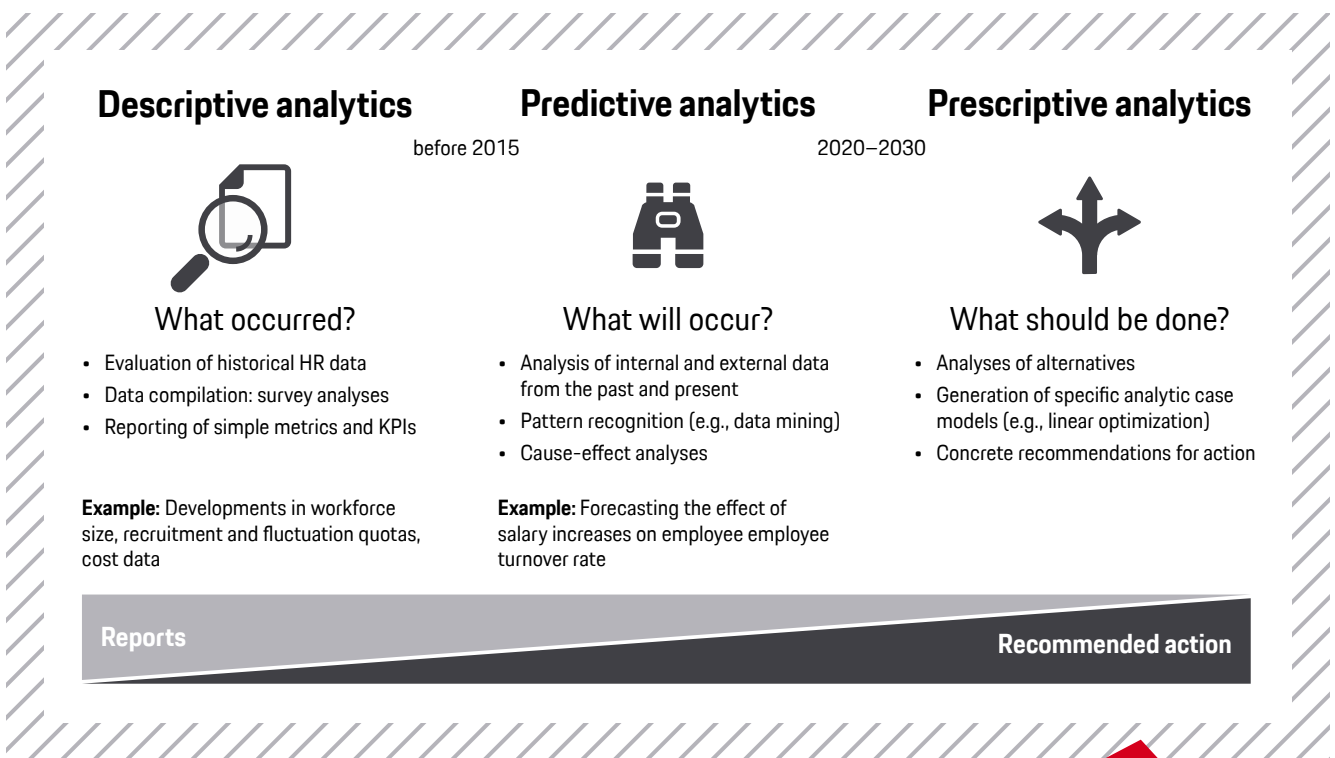
01

Human decisions benefit from artificial intelligence



Companies have a great amount of data at their disposal in 2021. This is the underlying context for the statement that data are "the oil of the digital era."⁶ A nuanced take, however, shows that data without knowledge are essentially meaningless. This in turn leads to a sharper view of the future: from data to information, and from information to knowledge. HR decisions are no longer a product of gut feelings, but instead based on data and evidence. Prescriptive analytics are used to generate forecasts and simulate different scenarios (Fig. 2). Employees are given pre-evaluated recommendations for ac-

tion, make the respective decisions, and are responsible for putting them into practice. The interplay between people and analytics will intensify in the future. People analytics will be used on a widespread basis to perform tasks such as planning personnel needs within complex scenarios, identifying and utilizing employee potential more effectively, forecasting and managing individual resignation risks, and reducing bias-based errors of judgment.



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Fig. 2. The level of people analytics will increase and enable assessment of alternative scenarios and concrete recommendations for action

The increasing degree of HR digitalization has now made sufficient data available to utilize people analytics. However, a recent study shows there is still considerable ground to be covered before achieving target levels. Only around 11 percent of companies use the full scope of people analytics, although 75 percent of those surveyed view it as highly relevant.⁷ Many HR departments are currently making the transition from a past-oriented approach (descriptive) to recognizing the patterns and chains of cause and effect needed to make predictions (prescriptive).

How can this transformation be accelerated?
 To successfully achieve the transition from reporting past events to recommending future actions, three key factors need to be taken into account: a conceptual framework, the technology and data sources, and the skill levels of users at HR departments.

Conceptual framework: The LAMP model

People analytics is often associated with accurate data and analyses. Equally crucial, however, is the ability to embed these data in a logical framework that makes relevant content accessible to decision makers in understandable ways. The LAMP model guides users through this process of "data storytelling" (Fig. 3). The LAMP acronym stands for the four dimensions of logic, analytics, measures, and process.

01 Logic

Evidence-based HR work starts with a logical connection to the business processes. It can infer links between data points, insights, and results.

Example: Relations between talent and strategic success can be formulated and developed.

03 Measures

Selecting the right measures ensures that insights into specific business requirements are usable and meaningful. Erroneous data or fuzzy measures will compromise the results of high-level analytics.

02 Analytics

Use of suitable analytics is the prerequisite for converting data into relevant knowledge. Strong expertise in statistics, informatics, and mathematics is crucial to success.

Example: In order to understand whether employee commitment leads to higher performance, analytical processes are needed that extend beyond correlations.

04 Process

The process includes selecting the right communication channels, ensuring good timing, and motivating decision makers to respond to relevant insights. The process for sustainably implementing the measures derived is also involved.

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Fig. 3. The LAMP model for evidence-based HR work is a framework to guide the introduction of people analytics

Technology and data

Companies can use dedicated software to advance their people analytics. In fact, without this type of technology the desired effects will not be achieved and the relevant efforts should be reconsidered.⁸ Especially in the preparation and start-up stages for people analytics, HR departments should consult with their companies' departments that are already experienced in working with complex sources of data.

The market for people-analytics software is complex, and can be divided into three main categories: 1) all-in-one HR cloud providers (e.g., Workday, SAP SuccessFactors); 2) BI and data analytics (Power BI, Tableau, etc.); and 3) specialized HR providers (e.g., Crunchhr and Talentsoft). Software should be selected mainly on the basis of the overarching goals, existing IT infrastructure, scope of future decisions, and sources of data.

HR departments' networks with other departments are important not only for selecting the software but also for using the data. Fed by existing HR tools, their data pools cover the entire employee journey from HR marketing, recruitment, and development to performance, as well as talent management, employee surveys, and exit interviews. These HR-specific sources of data are supplemented with internal finance and production data in addition to external information from LinkedIn and similar sites.

This broad range of data and the use of different sources lead to better and unbiased decisions.⁹ For instance, affinity bias and the resulting preference for members of one's own in-group in HR decisions can undermine diver-

sity. Analyses of applicant data or promotion patterns can reveal affinity biases, raise awareness, and prompt solution-oriented dialogue. In parallel to this, diversity goals can be formulated and data can be compared on a continuous basis to monitor progress toward less biased decisions in the future.

Competencies

The road from descriptive to prescriptive analytics requires the development of new skills. A good people-analytics team brings different roles and viewpoints together. HR business partners, data analysts, engineers, scientists, and UI designers combine HR skills with technical and user expertise. The 2020 report entitled *Achieving HR Excellence in the Age of Digital Disruption* shows the need to make up ground in terms of technological experience (87 percent), data experience (84 percent), and service design (80 percent).¹⁰ Similarly to how they approach new technology and data, HR departments can benefit from consulting with their companies' IT departments in the early stages of people-analytics work in order to put their projects into action.

Along with the relevant skills, the right mindset plays an essential role. Dr. Daniel Mühlbauer has described five dimensions of a people-analytics mindset.¹¹ In addition to a business focus, the dimensions of curiosity and creativity underscore the importance of team diversity in order to integrate customer perspectives and innovative approaches.



The following case study highlights innovative people-analytics applications in the fields of employee loyalty and selection that are commonly encountered in practice.

Case Study



Safeguarding talent: Reducing employee fluctuation at Experian¹²

When the Experian information services company observed in 2016 that its employee turnover rate was 4 percent above the industry benchmark, it decided to introduce a people-analytics platform. Olly Britnell, Global Head of Workforce Analytics and HR Strategy, worked with Wendy Cunningham from the global HR team to launch the project and provide it with a clear business case. The aim was to analyze multidimensional employee data to identify the main drivers of low employee commitment and the associated fluctuation patterns. The project enabled the company to reduce its employee turnover rate by 4 percent to the industry benchmark within two years, and thereby save USD 14 million.

In addition to the job-related characteristics, the analytics platform compiles more than 200 different attributes for each employee. The data points are used to make targeted predictions. A "risk score" based on 15 to 20 attributes can predict the probability of resignation on an individual basis. The platform also enables scenario-based optimization of HR initiatives, for example in regions with greatly varying requirements. Members of the global HR team were involved in developing the platform in order to ensure an intuitive interface and clear visualization for non-technical users.

Three factors were essential for the successful introduction of people analytics at Experian:

//01

A convincing "safeguarding talent" narrative plus the conceptual framework of an analyzed business case

//02

Broad use of data from a range of different sources

//03

User involvement and consideration of their skills

Robert Martin on the future of people analytics

Robert Martin and Porsche Consulting have a shared interest in the HR tech start-up scene. Martin works for APX, an early-stage investor for Axel Springer and Porsche in Berlin, where he spots trends, selects start-ups, and supervises pre-seed stages. One example is Sharpist, which entered the APX portfolio as a start-up in 2018 and has since become a trendsetter in the learning and development sector with its customized coaching solutions on a digital learning platform.

What trends and developments are you seeing in the start-up scene?

R.M.: Our portfolio has undergone extraordinary changes over the recent years. With 70 investments in more than 20 industries, we currently have 10 investment projects in HR tech—forming its own subset of our portfolio. Personio, a Munich-based start-up specializing in HR software with a people-analytics component, is another example of an HR-related start-up. Personio has even achieved unicorn status in 2021 with a market valuation of 1.7 billion dollars.

What technologies will be supporting decision makers with people analytics?

R.M.: As far as technological developments go, we've already gone through a "first wave" of disruption in how we collaborate and communicate. Collaboration tools like Slack, Asana, Jira, and Confluence are making high levels of data available to companies, enriched by external platforms like LinkedIn, Xing, and so on. The "second wave" reflects a rising interest by HR departments in the fields of physical and mental fitness as well as purpose. The highest level will be reached when we deliberately and systematically apply new technologies to innovative data streams. Mood recognition and virtual or augmented realities are examples appearing on the horizon.

What are some concrete use cases for people analytics?

R.M.: I'd like to say from the start that we don't view people analytics as an end in itself but only as downstream support in addressing critical social questions such as:

- What profiles and skills will become more important in the future?
- How can we build smart networks?
- What are the characteristics of successful leaders?
- How do we ensure diversity in our teams?

Recruiting is a very relevant area of application. With the technologies now available, I don't see any need to invite "old school" applications anymore, especially for jobs with high numbers of applicants. By that, I don't mean that AI should make the hiring decisions, but rather that data affinity can

help HR specialists make better decisions. That's true for both the pre-selection process and actual offers of employment contracts. The point here is that decisions benefit from being based on data.

Using people analytics to measure performance is more difficult. We currently don't have the transparency and evidence as to which analytics are effective in highly dynamic and changing environments. The question here is are we sure which KPIs can be used to model future performance?



Robert Martin

Master of Advisors APX & Investment
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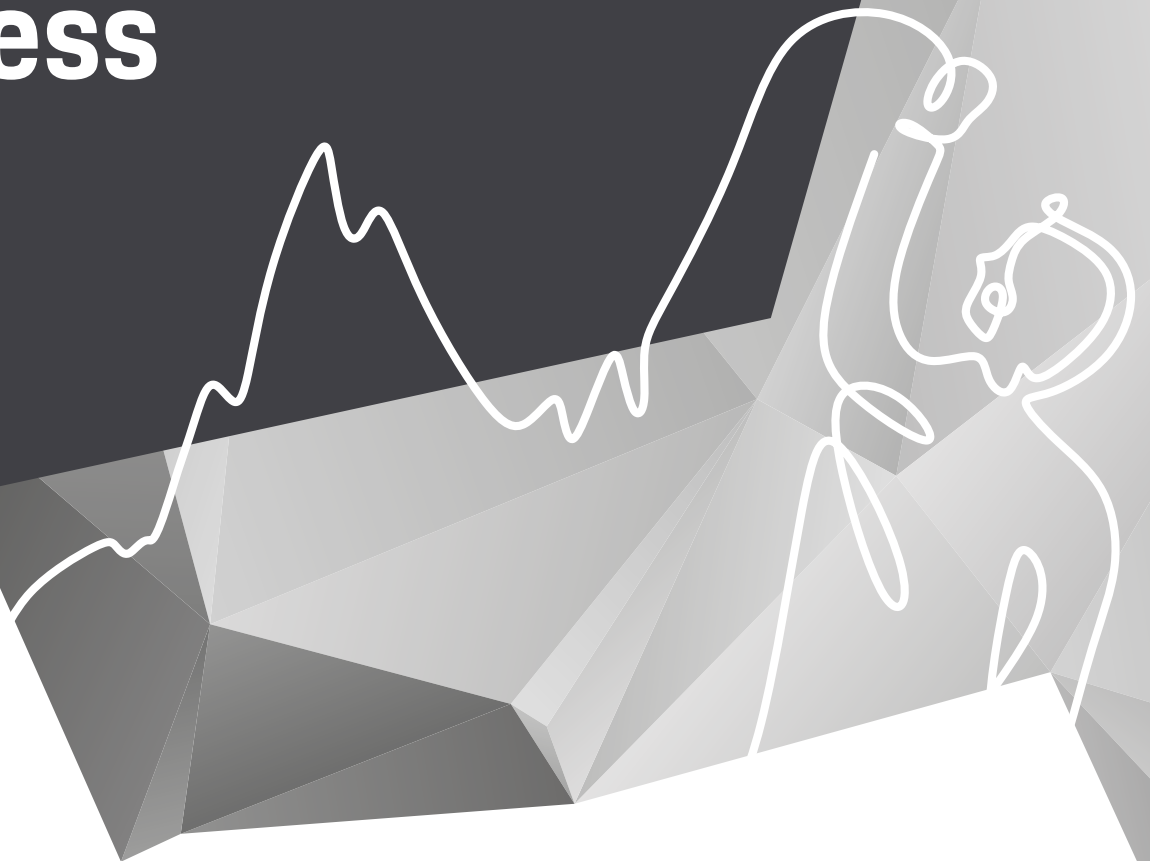
Tell us three ideas you'd like to share with HR heads about people analytics

R.M.: Generally speaking, we're watching HR departments undergo a high degree of dynamic change, and also seek close ties with IT departments, build networks with HR tech start-ups, and promote people with technological expertise and the right mindsets and/or skill sets. We expect these developments to continue. In my opinion the following three principles would then apply:

- ▶ Cultivate an open mindset: Experiment regularly in small teams, based on the idea of "start small, but start."
- ▶ The user is key: Always think from the perspective of the user, the talented recruit, or the alum to make stakeholders into allies, and increase the level of interaction and shared reflection.
- ▶ Iterations are allowed: Keep developing HR services on a continuous basis and respond to new challenges in flexible ways.

02

**Systematic reskilling
and upskilling are
vital to competitive
success**



The half-life of knowledge is decreasing all the time. New job profiles that appear almost exotic today will be needed in the future. Genetic diversity officers, VR immersion counselors, and human network analysts are just three examples with a view to 2030. The abilities needed for work environments are also undergoing change, with analytic thinking, innovation, and active learning topping the list for 2025. Skills like complex problem-solving, critical thinking, and creativity continue to greatly influence hiring decisions.¹³

In terms of technological skills, Germany will need more than 700,000 new employees over the next five years.¹⁴ AI-supported complex data analysis is the main type of expertise required. Moreover, a jobs report from the World Economic Forum expects 54 percent of the employees it covers to show a clear need for reskilling and upskilling by 2022 already.¹⁵

To address this degree of dynamic change, leading companies have already started identifying and managing the skills they will need with a three-pillared approach consisting of a skill radar chart, role-based skill profiles for key positions, and AI-based skill matching.

Skill radar chart

The overall company strategy is used to derive department-specific strategies. HR departments work with the specialized departments to develop qualitative skill requirements for the next five years. At annual planning rounds these are supplemented with quantitative parameters to generate numerical frameworks.

This systematic approach reveals a skill radar chart for each specialized department (Fig. 4). The juxtaposition of current skill levels with future skill needs yields an overall visual of the gaps that need to be filled in each specialized department.

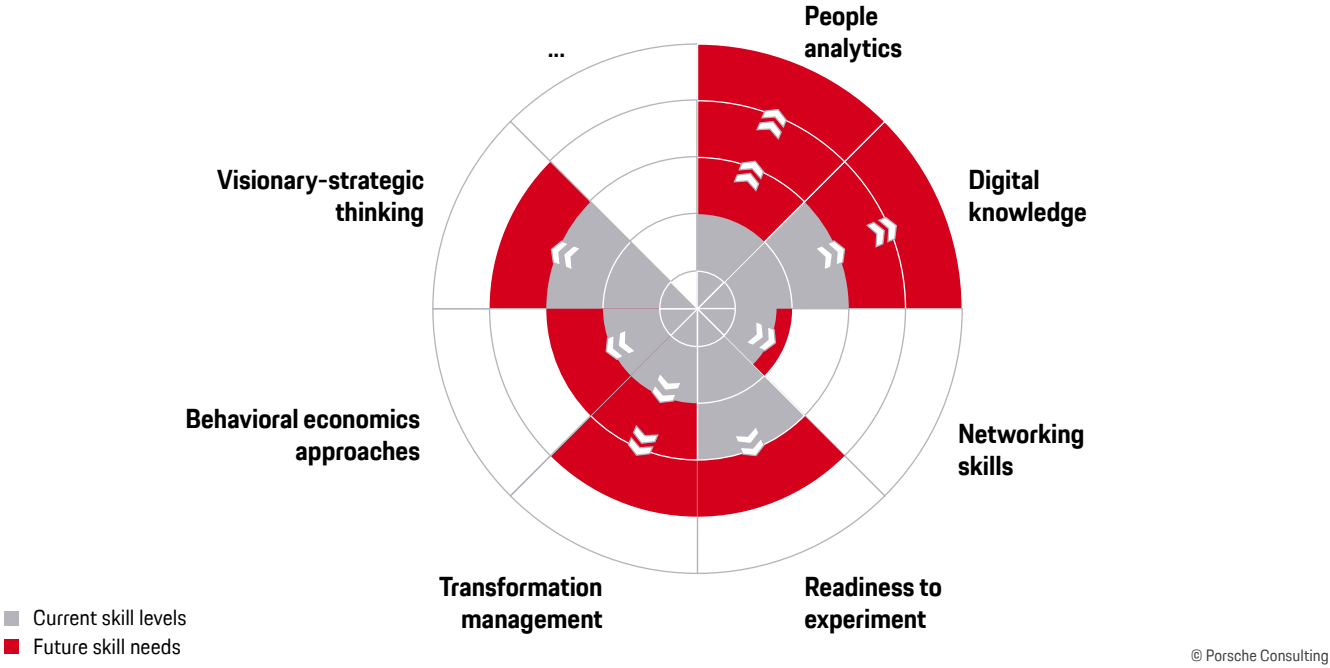
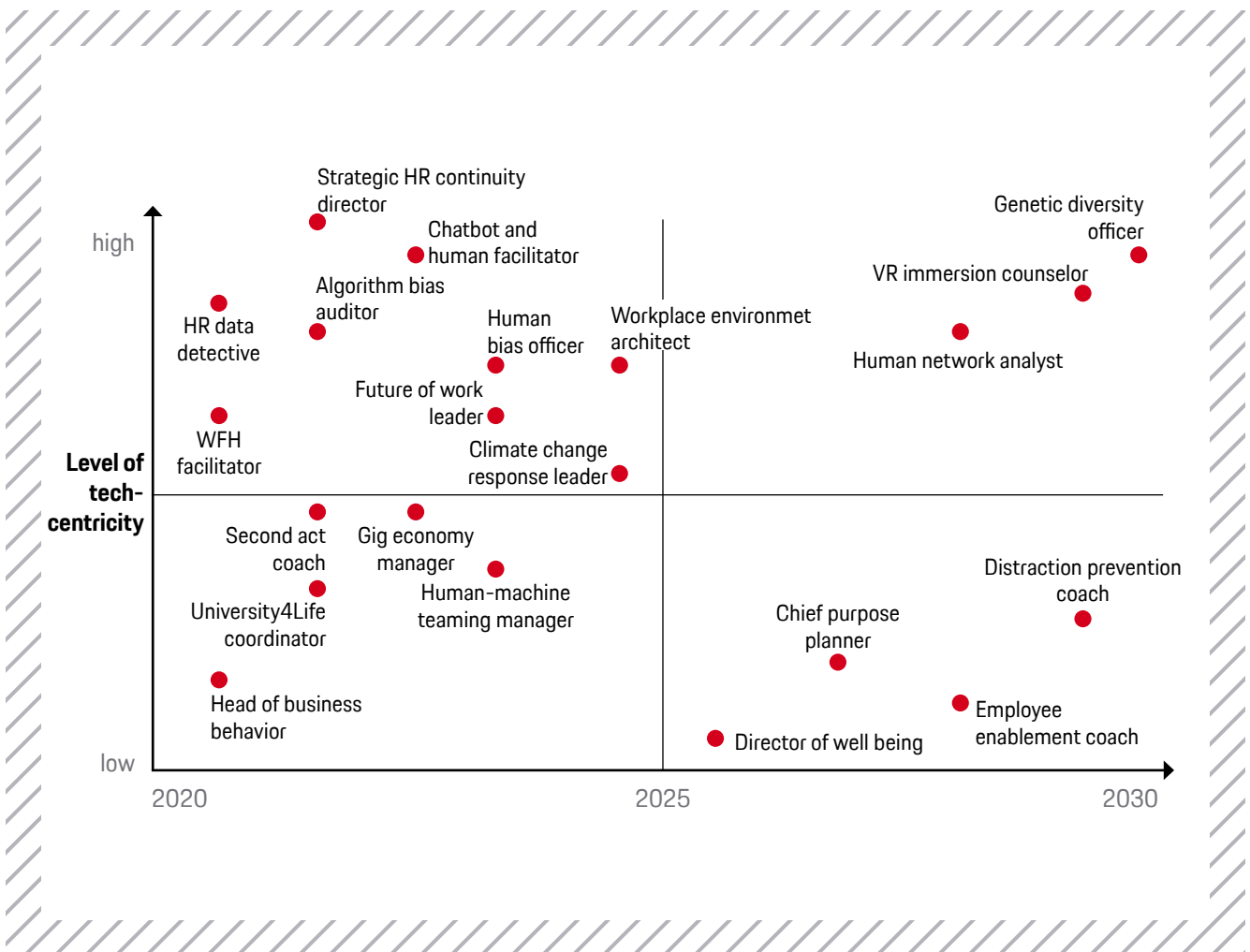


Fig. 4. Radar chart of skill development needs (example: HR department)

Role-based skill profiles for key positions

The next step is to evaluate the importance of these skills for the future. For example, analytics abilities will play a more central role in HR departments in 2025 than they do at present. Starting with these prioritized skills, the "persona" method is used to describe future HR job profiles. An article in Harvard Business Review reports how 100 HR experts looked ahead to 2030 and conceptualized more than 60 new HR jobs, based on economic, political, demographic, cultural, commercial, and technological trends.

An excerpt with 21 of these profiles having the greatest organizational influence is shown in Figure 5.¹⁶ The graphic itself shows 12 of the 21 future HR job profiles with high tech-centricity. At the same time, profiles and skills will also be needed that can address new forms of collaboration (e.g., gig economies) and focus on the purpose of work (chief purpose officer).

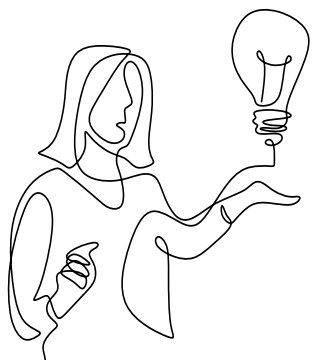


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Fig. 5. Jobs with medium to high tech-centricity will exceed 50% of the total by 2030

Skills needed in the future will be added to the roles in existence today. An HR controller, for example, will develop more in the direction of a data scientist by 2025. In their everyday work these individuals will make greater use of

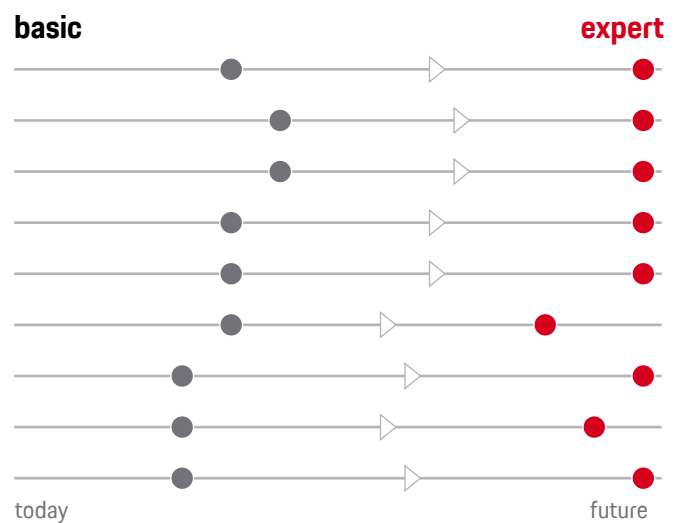
tools such as data sourcing and processing, spend more time developing and interpreting statistical models, and use more BI tools (Fig. 6).



Persona: Analyst | 32 | HR controlling | M.Sc. bus. admin

Skills

- Analytical thinking
- HR indices
- Targeted discussion
- Data visualization
- Coaching and mentoring
- Projekt management
- Data sourcing and processing
- Statistical modeling
- Digital technologies



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Fig. 6. The "HR controlling" profile shows a clear shift in skills by 2025

AI-supported skill matching

We have thus far been considering skills on the level of the company or the specialized department, meaning of a largely generic type. These compilations will be supplemented with current employees' individual abilities to determine the need for further training in reskilling and upskilling and/or the potential for additional responsibilities.

Skill-matching processes compare AI-supported job profiles with employees' skill levels. Based on information about actual activities, project experience, further training, and individual interests, they serve to identify possible future fields of work as well as needs for further development.

One example is the skill-matching¹⁷ software-as-a-service solution from MHP and Cobrainer, which ensures transparency in real time about skills needed from both companies' and employees' perspectives. Employees create online profiles that can be enriched by external sources of data such

as LinkedIn and Xing. The tool uses skill graphs and machine learning to find exact fits between job requirements and employee skills, and also shows needs for further development. The skill graph is the intelligent heart of the process, which consolidates more than a million different abilities, generates semantic relations among them, and is continuously expanded via public and internal sources.

Skill management plays a key role for Volkswagen Commercial Vehicles and has been anchored in its corporate strategy now for years. In the next section, Nassia Zdravkova and Professor Thomas Edig discuss the great importance of reskilling and upskilling projects and highlight key factors for their success in practice.

Nassia Zdravkova and Professor Thomas Edig discuss transformation and the growing importance of reskilling and upskilling at Volkswagen Commercial Vehicles

Volkswagen Commercial Vehicles and Porsche Consulting share many years of partnership in HR projects. Volkswagen Commercial Vehicles is concentrating on electrifying its portfolio. Digitalization is generating completely new business models as well as customer solutions. The HR department is taking the workforce along on this increasingly automated and connected journey.

The Volkswagen Commercial Vehicles brand has been engaged intensively in transformation for years. How have you been addressing this in organizational terms?

Prof. T.E.: Volkswagen Commercial Vehicles recognized the strategic significance of skill management early on and established a special HR organizational unit for this purpose in 2018 called "resource transformation." Despite being assigned to the HR department, resource transformation is not limited to HR specialists. We deliberately included internal customers on the team from the start. As part of a voluntary departmental transfer program for top-notch employees, we've put together an international team of people from all the divisions in addition to HR management.

Resource transformation is a strategically important topic for the future. What process has the Volkswagen Commercial Vehicles brand defined for it?

N.Z.: The 2025+ corporate strategy is always our point of reference. The resource transformation team then considers all the new roles, responsibilities, skills, and organizational forms that will



Nassia Zdravkova
Head of HR Germany Volkswagen Commercial Vehicles

be needed. Together with the specialized departments, we determine individual quantitative and qualitative HR needs, handle "make or buy" decisions, and discuss organizational requirements and solutions.

The "make" part is the main challenge for the HR department. What has the resource transformation unit come up with here?

N.Z.: Our combined efforts to determine qualification strategies have yielded two results. On the one hand, we've developed concepts for specialized areas such as software engi-

neering to meet our "from hardware to software" challenge, electronics engineering, and user skills for fields like production and logistics. At the same time we've established a number of trans-departmental formats to promote entrepreneurship and customer-insight skills and to dismantle silo structures. Examples here include group-based blended learning, reverse mentoring, and the "Move Wing" online rotation platform.

We're hearing a lot from companies about how they're developing specialized skills. It's interesting that you're

explicitly incorporating trans-departmental skills too. Could you briefly explain your "Move Wing" program?

N.Z.: "Move Wing" offers employees a chance to swap their work with a predetermined partner for a period of three years. We've developed an in-house online matching platform for this purpose.

You've described the essence of resource transformation as "co-creation" with the specialized departments. Who is ultimately responsible for putting these measures into practice?

Prof. T.E.: The actual transformation on the basis of jointly defined measures lies in the hands of the HR team. But what's crucial here is that the HR team and the specialized department jointly answer questions like "What exactly is needed in what form?" and "How can

we develop the knowledge required?" That is the heart of co-creation.

What major factors for success have you identified for resource transformation?

N.Z.: The key to success very clearly lies in integrating representatives from the specialized departments into the resource transformation unit. By contributing their perspectives, our internal customers strengthen the position of HR as a "people-centric" shaper of personnel processes. The representatives are also always connected to their respective departments, and the learning tandems they pursue with HR members enable a mutually beneficial transfer of knowledge.



Prof. Thomas Edig

Member of the Board of Volkswagen Commercial Vehicles with responsibility for Human Resources

This approach makes ideal use of a reskilling and upskilling program to promote the success of strategic transformation:

01

Consideration of trends and derivation from corporate strategy

02

Involvement of internal customers in the transformation team and in workshops

03

Transformation planning based on quantitative personnel needs

04

Development of measures beyond classic seminars (e.g., reverse mentoring, rotations)

05

Support for matching via a digital platform

03

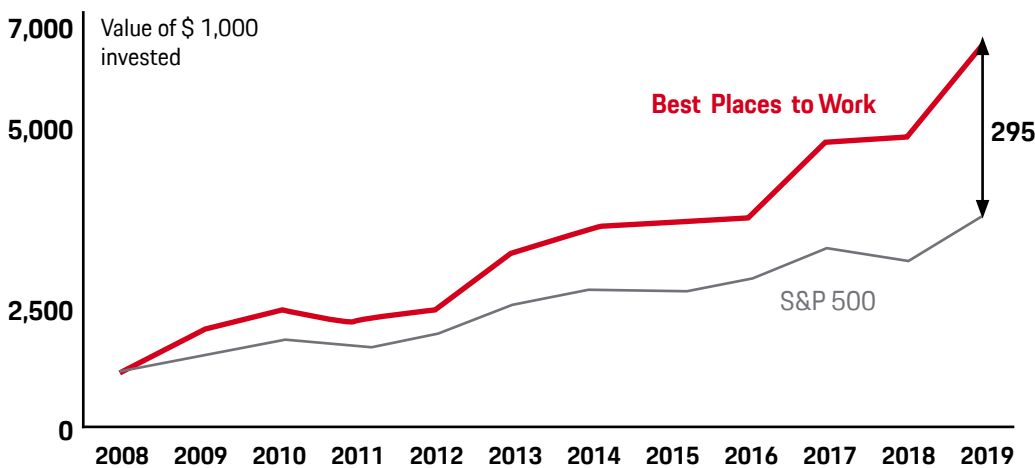
**People-first culture:
Valuation is the new
currency**



"A company's employees are its greatest asset and your people are your product." Richard Branson, founder of the Virgin Group, puts people first.

A people-first culture is more crucial than ever when it comes to finding and retaining talented employees. In 2025, generation Y will make up 75 percent of the workforce.¹⁸ They will favor companies that place a premium on purpose, self-actualization, and sustainability. The futurology institute has very aptly described the outlook of generation Y as "meaning is the new money."¹⁹ By 2019, the cumulative investment return for the Best Place to Work companies in Glassdoor ranking outperformed the S&P 500 by 295 percentage points.²⁰

How does a company focus consistently on its employees? Two different approaches to establishing a people-first culture are conceivable: a strategy-based program for cultural change; and a firm employee-centric mindset at HR departments that then also takes root in the specialized departments.



295pp.

A cumulative 295 percentage point investment return outperformance by a Best Places to Work portfolio compared to the S&P 500 index between 2009 and 2019

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Fig. 7. : Companies with a people-first culture show a 295-percentage point higher investment return

Cultural change: Catalyst for strategy

Cultural change is not an end in itself. Culture can be an effective catalyst for putting a strategy into practice if the two are mutually compatible. Developing or reworking a corporate strategy ideally leads directly to checking the culture. When selecting the instruments for assessing a culture, it is important to include dimensions that provide feedback on the form and extent of its people-first quality. Porsche Consulting uses the cultural assessment from Spencer Stuart, which places a special emphasis on interpreting the dimensions of purpose, caring, and enjoyment.²¹

Independently of how each company develops its own strategy, analyses of strategy work have shown that megatrends like "individualization" and the associated shifts in values have strong implications for HR activities at all companies. Generation Y's above-mentioned majority share of the workforce by 2025 will call existing values and guidelines into question. The logical consequence of this development is greater attention to a culture that puts people first.

Concentrating on these four factors lays the foundation for a successful change in culture (Fig. 8):

Cultural development

01 Action from the top

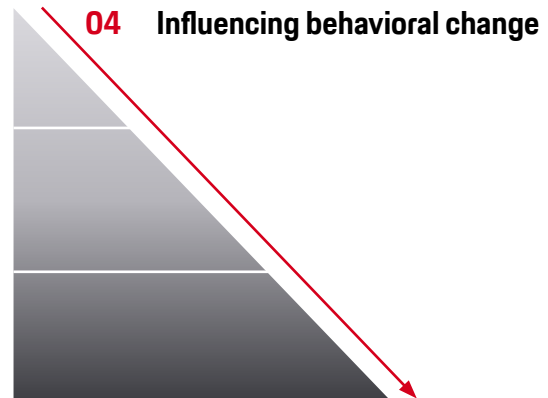
Telling "why" stories, setting the course, and building momentum

02 Context

Adapting framework conditions and removing structural hurdles

03 People

Directly influencing employee and leadership behavior



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Fig. 8. : The cultural development model covers four dimensions

"Action from the top" explains why a company is placing a stronger focus on people first. The CEO makes people-first statements like those of Richard Branson. It is important for the statements to be authentic and emotionally evocative. To follow these statements with actions, the company then checks and adapts contextual elements to foster a people-first culture.

As one example of the context factor, the Free Now mobility provider has announced 100 percent flexibility in work location for 2021 because numerous talks with employees and a subsequent survey showed remote work to be an important element in their satisfaction.

"I'm very proud of this decision," says Eckart Diepenhorst, Chief People & Communications Officer at Free Now. "We see a great opportunity to contribute to a better work-life balance by empowering them to decide individually where and how to work."²²

Free Now tests its HR instruments in its projects, and regularly identifies areas where its guiding principles need to be adjusted. Examples include addressing insufficient meaning or sustainability, conducting annual employee surveys, and reevaluating targets with unclear relevance for company success.

As the term suggests, the people factor plays the central role in achieving a culture that puts people first. Employees are involved in designing the culture and in associated activities by means of a co-creative process that uses both sprint workshops and digital platforms. Collaboration platforms such as Howspace highlight the benefits of ongoing participation, social interaction, scalable information exchange, and sentiment analyses to evaluate discussions in real time. People-oriented measures also include the use of leadership labs, cultural influencers, and "culture challenges."

A cultural assessment and its dimensions are used to gauge the influence of individual measures on behavioral change and to determine the extent to which a people-first culture has been achieved. Surveys on digital platforms ideally compare actual conditions with target situations on a regular basis.

Instead of a company-wide transformation program for cultural change, which can be very consuming and comprehensive, the HR department can opt for a "minimally invasive" approach that does not require adjusting the company's overarching principles or values. This idea will be examined in the following section.

Thinking from an employee perspective: First understand, then be understood

The extent to which a company embraces a people-first culture can only be assessed by the employees themselves. Employee experience (EX) is therefore the foundation for the minimally invasive road to a people-first culture. Analogously to customer experience (CX) and user experience (UX), the first priority of EX is to determine employee needs and expectations by means of interviews, focus group queries, and surveys. This information can be supplemented by data from internal collaboration tools and external social networks. Quantitative analyses form the basis for segmenting employee groups, which are then described in the form of personas. Awareness is sharpened for individual target groups by supplementing the fact-based personas with feeling-based empathy maps.

Employee experience can be visualized in terms of "moments that matter" along the employee journey (Fig. 9). In these moments, such as discussions about future possibilities, what counts is a personal touch. This in turn requires expertise, a focus on individual solutions, and empathy. It is the job of HR departments to recognize and orchestrate such moments. They prepare and enable the heads of specialized departments and their teams to ensure that employees have authentic instances of these "moments that matter" and people-first experiences on a regular basis.



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Fig. 9.: The employee journey makes "moments that matter" more transparent

Regular pulse checks and sentiment analyses can be used to monitor trends in employee perception. Building on this knowledge, HR conducts sprint workshop to develop new activities that modify employee journeys. Three consonant elements of the resulting measures—response speed, authenticity, and communication via testimonials from the respective departments—shape a positive course for employee experience. The annual employee survey—on its own—should therefore not be confused with a people-first approach.

In the following case study, LinkedIn shows how employee experience can be raised to a new level using data analytics. The approach was honored by the award of being one of the 15 companies to work for in 2020.

Case Study



Data-supported and embedded employee experience at LinkedIn²³

LinkedIn was one of the top 15 "companies to work for" in 2020. Its attractiveness as an employer is based on how it shapes its employee experience, which in turn is characterized by close company-employee ties and the use of data.

In shaping its employee experience, LinkedIn begins by using objective data from employee journeys to identify potential trends and problematic issues. Its EX team also uses an employee engagement survey to deepen its insights into causes of incipient problems and possible ways of solving them.

The EX team is supported by more than 350 voluntary cultural champions in different specialized departments worldwide. The champions have two main tasks: Providing the EX team with continuous feedback and new ideas for activities from local employees, and shaping the employee experience in connection with specific features of individual locations and departments. In addition to its cultural champions, the company also has a voluntary network of 500 employees who want to help shape the culture. Every year, 65 of these employees can take part in a training program that focuses on skills and tools to shape and further advance the culture at their locations.

Employee experience is not a buzzword at LinkedIn, but rather part of its corporate culture. The LinkedIn employee experience places a premium on people. Employees are encouraged to help each other—with personal as well as professional problems. Employee centricity is also evident in what are called "all-hands" meetings led personally by CEO Jeff Weiner. These meetings begin by introducing new hires worldwide. They also present the results of "Employee Voice" surveys and give everyone an opportunity to ask questions.

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The importance of "moments that matter" at Deutsche Telekom

Swantje Napp is squad lead and product owner of "Moments that Matter" (MtM) at Deutsche Telekom. Shaping individual key moments in professional careers is her primary responsibility and passion.



What do you and Deutsche Telekom mean by "moments that matter"? And could you give us a good example?

S.N.: They're moments that are very significant on a personal level and have a special emotional resonance for our employees. We began last year by focusing on classic moments in the employee journey like the first day at work, or the final stage of a professional career. While doing so, however, we realized that positive employee experiences shouldn't be limited to these special days. They should also occur in everyday work contexts. So, our second step was to incorporate what we're calling "DNA moments." They should be possible at all times if a company values its employees. Examples include the opportunity to work at home, or instances of thoughtful leadership in general.

How do "moments that matter" help foster a people-first culture?

S.N.: Moments that matter are always about employees and their needs. What we're trying to do is understand and experience where they're coming from, using both quantitative and qualitative data. We take a close look at their underlying needs for things like a sense of belonging, or security, or self-actualization, and then design a "wow" moment together with experts and internal customers. That's how we embrace a people-first culture and show that it cannot be a matter of "one size fits all."

What successful results from Telekom would you like to share with us?

S.N.: One highlight would be our anniversary. We succeeded in making this a special experience in the form of a bonus and an e-mail from our HR director. Another example was how we supported our employees during the Covid lockdown. We saw that home schooling was often an extremely difficult challenge. So, we engaged an online learning platform and offered annual licenses free of charge, which are still intensively used and greatly appreciated by several thousand of our colleagues.

What insights would you like to give other companies about "moments that matter" and a people-first culture?

S.N.: To achieve a people-first culture, I'd say it's really important to focus on what employees actually need and to rethink old practices. When employees went the extra mile in the past, for example, they were rewarded with high-profile board projects, greater visibility, or more responsibilities, although they might actually have preferred a day off or a paid further training opportunity. A people-first approach means setting your own needs aside and taking the time to focus on people, because most "wow" moments are based on a personal touch instead of a very high budget.

Conclusion

Transformation is becoming the new normal for companies—and especially for their HR departments. Driving forces like demographic change, the value of diversity, and the speed of digitalization will continue to influence the work of HR decision makers in the years to come. Whether HR departments simply react to new business requirements or proactively help to shape their companies' strategies will depend to a large degree on the CHRO agenda. The way to start defining this agenda is to monitor trends and systematically translate the driving forces into HR imperatives that serve as guiding lights.

Digitalization of HR processes and availability of data form the first HR imperative. People analytics support efficient, farsighted, and unbiased decisions. The CHRO creates the framework conditions for the skill sets and mindsets that allow people and machines to work together successfully.

Digitalization is both an enabler and driver of the second imperative. A transparent approach to gaps in strategic skill sets will be of crucial importance to all company departments. By using this information to derive the requisite reskilling and upskilling strategies, HR directors can strongly influence the crucial competitive factors of knowledge and innovation. Their work is based on AI-supported skill-matching tools.

The data thereby provided make skill development measures more transparent and precise, also in trans-departmental terms.

The first two HR imperatives focus on collaboration between people and machines. However, not all challenges can be mastered with technology and data alone. The third imperative highlights the human factor or people-first approach. Companies that rise above the competition here will be more successful in recruiting and retaining their employees.

In sum, HR departments can use digitalization to emphasize the human part of the equation in the future and ensure that the human element eclipses an outdated focus on resources.



Further reading



**Innovative
Working Atmosphere**



**Strategic Change
Management**

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Strategic Vision. Smart Implementation.

As a leading consultancy for putting strategies into practice, we have a clear mission: we generate competitive advantage on the basis of measurable results. We think strategically and act pragmatically. We always focus on people—out of principle. This is because success comes from working together with our clients and their employees. We can only reach our aim if we trigger enthusiasm for necessary changes in everyone involved.

Appendix

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