Detecon Management Report

Transformation & Peoplemanagement

Wanted: Digital Minds

Detecon is the home for consultants who think outside the box. Tunnel vision and professional egotism do not help to shape digital change on a global scale for all industrial and service sectors. Our culture gives people the freedom, possibilities, and time to fully express themselves and become real Detecon consultants. This applies just as much to the work carried out at each of the company’s offices around the world as it does to life at home. Curious? We look forward to receiving your application.

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Special

Interviews with

Thomas Sattelberger
We can be efficient, true, but not innovative

Prof. Thomas Edig, VW AG
HR is a strong partner

Dietmar Welslau, Deutsche Telekom AG
We have joint responsibility for Future Work

Thorsten Unger, GAME e.V.
The drive to play games motivates digital learning

Frank Kohl-Boas, Google
Data beats opinion

Uwe Tigges, RWE AG
Flexibly find ways to work with individual life concepts
Dear Readers,

We are living in exponential times. Brynjolfsson and McAfee, the authors of “The 2nd Machine Age”, use an analogy to the story about the inventor of the chessboard and call it “the second half of the chessboard”. The analogy illustrates the technological significance of Moore’s Law, according to which the computing power of a computer doubles every 18 months. This rapid development has reached a point where there are virtually no more products that do not contain a chip or modern ICT technology in some form – from the “analogous dollar” to the “digital penny”. At the same time, innovations and business models are conquering new markets at increasingly fast rates thanks to the network effects. Innovation capability or the ability to reinvent yourself continuously and to combine existing technologies intelligently to create new products – and to do so faster than anyone else – is becoming essential for survival. Here we go into the “winner-takes-it-all society”!

Companies need the most highly talented people and an environment designed for maximum speed – they will otherwise run the risk of becoming irrelevant. This may appear from the perspective of a startup to be a challenge that can be mastered. What, however, does this requirement mean for “the old tankers” and large corporations that operate on the basis of “legacy structures” and so do not appear to be at all innovative, trusting more, as in the past, in the uncompromising drive to increase efficiency? We are on the outlook for ways that will also enable these companies to take advantage of the creative potential of their own workforce on their competitive markets and examining the role that HR positions can and must play in this environment.

As is our usual procedure, we do not speak ex cathedra from our own position, but ask renowned experts and top managers to report on their experience and talk to them about questions such as these:

> Do we lack the capability to come up with basic innovation here in Germany, and will we be left behind in the middle term as a consequence?
> What are the ingredients for a successful and sustained innovation culture, and how do I achieve it?
> What does a suitable work environment look like – buzzword Future Work?
> How do I make use of gamification and serious gaming approaches so that I can finally meet the demand of “lifetime learning” satisfactorily?
> What leadership skills are required for sustained innovations, and what can we learn from the USA, for example?
> How should the HR department be structured in the future so that it supports strategy and innovation?

Join us as we head out on this fascinating journey of exploration on the subject of ICT, innovation and the importance of the “human factor”. We hope you enjoy reading these articles and find a lot of practical ideas for the digital transformation of your company.

Sincerely,

Marc Wagner
Partner
Global Head Transformation, Peoplemanagement & HR
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Innovativeness can start anywhere within a company. Out of the box thinking, a vision of the future and boldness combined with a huge amount of cash is the recipe to change entire industries.
In Germany we are very careful about releasing things that we think are not “quite there yet”. In times where start-ups not only compete with long-established corporations but change entire markets, innovation is the only way to sustainable success. We need process innovations just as much as service or product innovations and above all we need innovation when it comes to leadership and corporate culture.

Somehow failure is perceived as the opposite of success. It might be your high school teachers fault but it is also lived in most companies that way. Instead, as we have learned from many examples – amongst them very prominently from the development of the post-it – failure is just a step on the way to success. Google even goes one step further claiming that if they have a failure rate that gets too low they are not innovative and creative enough. Certainly it is not failure itself which is so important but it indicates the willingness to try new things. And without trying there is no innovation – it is that simple.

It seems to be a well-known secret that large corporations are having a harder time to be innovative when compared to start-ups and smaller firms. Obviously, administrative processes and hierarchy can be in the way of rapid decisions and the possibility to just try something for a couple of weeks. On the other hand, the corporate has the stability to balance out failures and the resources to actually develop an innovation much more easily than a start-up does. So while focusing on those cash cows (exploit) is certainly important for the big enterprise – but they should dedicate more resources for exploration and separate those two units. Because the explorers might just ending up developing the cash cow of the future.
6. DON’T KILL THE INNOVATIVE SPIRIT

A lot of people coming from college or who are just starting with their professional career have lots of ideas and want to do meaningful work. They have the energy and wish to change something and like to focus on their jobs. That spirit often diminishes in the first year when they encounter strict hierarchy, command and control and get overlooked as potential innovators. Instead of ruining talent, disappointing young employees in your company, allow them to grow and take them seriously. It is not much that they need. No Stanford MBA or expensive company car – just a platform to be creative and the feeling that they are taken seriously. It is really not that hard.

5. CHANGE THE WORLD

Lots of entrepreneurs in the Silicon Valley are “good-will CEOs” who think big and don’t focus on a specific product as such but see it as one step towards achieving the bigger picture. Examples certainly are Elon Musk with his dreams to electrify mobility (Tesla), Mark Zuckerberg and his vision towards a connected world and internet for everyone (internet.org) or many more working not only on a product per se but on world-changing ideas. Having a vision which is greater than the respective product or service allows you to think beyond the production of a car for instance and reframe whatever mobility in the future might mean. By thinking big we allow ourselves to move into unknown territories and out of our comfort zone and consequently more into the area of innovation.

7. THE THING ABOUT HIERARCHY

You know when hierarchical control in corporate governance was a good idea? In the industrial age! Since that ended however, the ability of markets to surprise us, increased significantly. Securing market-fit products and services as well as knowing the customer best have become two powerful tools for success on the market. Middle management, micromanagement and centralization stand in the way of self-organization and agile structures which are needed in a world of dynamic change. Let added value and market superiority decide who is in charge even if they didn’t climb the hierarchy ladder like it was used to be in the old economy. Maybe this is one approach to change the fact that leaders stereotypically all look the same and have identical careers (and thus think alike) in every company worldwide?

8. THE INNOVATORS DILEMMA

Yes – that statement is borrowed from Clayton M. Christensen (thanks for noticing) who claims that once a company has been very innovative and successful with it – it will never be successful again. What I want to say with it is that established and prominent corporations in Germany are resting on their laurels. “We have invented the automobile” doesn’t help your success for ever when other companies who have not invented the automobile outclass you in your area of expertise. Being innovative reminds me of a tight-rope walker who falls down from the rope without a constant effort to balance. Never think you are at the top but use this feeling of success to push yourself even harder. Only through continuous work you manage avoiding the innovators dilemma.
9. DON’T BE AFRAID OF TRANSPARENCY

Every company possesses a lot of knowledge and a lot of creativity. But also customers, enthusiasts, experts and creative minds know a lot about your product or service. Internal as well as external transparency are two things that a lot of companies are afraid of. “Yesterday, there was a wall of Tesla patents in the lobby of our Palo Alto headquarters. That is no longer the case. They have been removed, in the spirit of the open source movement, for the advancement of electric vehicle technology”, says Elon Musk about Teslas Model S becoming the first open-source car. This might be an extreme example but what we witness in a lot of companies is that not even internal knowledge gets shared among employees. Who says that the engineer working in the R&D department will come up with a break-through innovation? It might be someone who you never thought of.

10. ITS ALL ABOUT THE CULTURE (FOR REAL )

Although many factors influence innovativeness of a company, research* states, that the most powerful driver of innovation by far is corporate culture. They also found out, that geographical culture or the industry in which the company operates in plays a minor role. Companies that are innovative have a very similar corporate culture at its core. It is certainly impossible to quickly change the corporate culture into a more innovative one because it is a long-term development. The good news is that with every decision from leadership development to portfolio management, from employee to top manager – everyone contributes and every decision has an impact on corporate culture. Therefore, there are a lot of starting points within the company: Start small, but start.


While these 10 hypotheses about innovation are certainly a bit flippant, the topic is certainly not. Large Silicon Valley companies are eager to conquer markets which on first sight don’t relate to their core business. Their strength and success is not only based on their business model and cash-flow but most importantly on their corporate culture.

We have developed the scientific Detecon Innovation Radar (DIR) to measure innovativeness within a team, in a department or even in the entire company. Thus, we support our clients preparing for the future that is already near. We help our clients finding their individual way and support their transformative efforts in establishing a fitting corporate innovation culture so they remain leading within their field of expertise (and beyond ).

So – what is it going to be? Change Die

Marc Wagner, Partner, and Elisa Voggenberger, Business Analyst, advice companies on the topic of Transformation & Peoplemanagement.
Interview with Thomas Sattelberger

„We can be efficient, true, but not innovative“

Thomas Sattelberger is one of the most prominent HR managers in the world. We had the chance to talk to him and discuss the future of the German economy, the impact of globalization and digitalization on companies, and the role HR departments will be expected to play in this transformed setting.
DMR: Mr. Sattelberger, when you speak about Germany’s standing, you often use the expression of the “sandwich position” between the Chinese engine room and the Digital House USA. What do you mean by this, especially with respect to Germany’s future viability in the international context?

T. Sattelberger: I use a highly visual and radical language. In its final report on the subject “Smart Services”, acatech writes of ominous developments discerned in Germany’s digital disconnection, and the president of the VDMA notes in essence that German machine construction is increasingly too high-priced and over-engineered. These are exactly the sentiments expressed in my metaphor: the Chinese engine room, that has learned quickly and is now serving the markets in Africa and, in part, in South America is overtaking us, and not only in the over-engineered, high-price segment, but in the volume segment as well. China has in the meantime become the world champion exporter in machine construction, and even a cursory look is enough to see how its development is moving in the direction of the premium segment as well.

The underlying strategy is revealed in the bandwidth of German midsize companies acquired by the Chinese: from Putzmeister, a producer of cement pumps, to Triumph-Adler, a sewing machine manufacturer. We have an engine room here in Germany as well because we have largely withdrawn from biotechnology and information technology, and our companies have never mastered the subject of smart services: the Amazons, Airbnbs, Spotifys, and Googles dominate the field. This is a very uncomfortable sandwich position. Sociologists would describe this as path dependency – we continue to move along the traditional routes that have been pampered by success and fail to recognize that there are more paths to the right and left that others are taking, and at some point we realize that we are locked in.

DMR: We definitely had a situation on the German capital market in which stock prices were setting one record after another. Essentially, we have the sense of being in quite a comfortable position. What must happen to convince large corporations in particular that they must refocus on the subjects of innovation and creativity?

T. Sattelberger: The stock market successes cannot be attributed to the accomplishments of the listed companies. There can be no doubt whatsoever that the positive developments have resulted from low interest rates and the devaluation of the euro, and the lower oil price has played its part as well. The decisive factors are of economic nature and are not related to business activities. Or, if we approach it from the other direction: When we look at the DAX 30 companies, we see that at least ten of them are caught up in a serious structural crisis, whether Luft-hansa, RWE, Deutsch Bank, E.ON, K&Es, or any number of other companies. To this extent, I would not say that the stock market is a good indicator of the future capability of German companies. So what needs to happen? I believe that a lot of company managers have recognized where developments are headed; their juggling of phrases such as “disruptive change” and “transformation” of their own companies is elegant. They have not understood, however, that our problem is not one of recognition and the rational communication of this revelation, but instead the cultural break with traditional patterns. If you allow me to digress slightly: the erosion of the HR function or its inability to guide and support cultural transformation plays right into their hands, of course.

DMR: What role can HR play so that the sermons are followed by concrete activities in the direction of competitive corporate structure?

T. Sattelberger: I believe that nothing will happen until the pain of a crisis forces action. Companies pampered by success – even when the success was actually years ago – still have this sense of entitlement to success firmly anchored in their culture. Then one day, they realize: “We are no longer successful!” Outside, the hurricane is raging, and only now does the organization notice that things are no longer right. I believe that many of our large tankers so accustomed to success, but whose success was achieved by and large in the last century, are sailing through extremely troubled waters today. “Sense of urgency” initiatives, protection for disruptive thinkers, tolerance for error within moral standards, the breaking up of old boy networks and thinking in terms of such networks, early warning radar for talent and innovation, diversity policies – these would be some of the possible preventive measures.

DMR: So there is a need to take action right now, because this crisis is still in the future for some industries while others have almost pulled out of it?

T. Sattelberger: The need to change has been drastically accentuated. Fast action is called for, best of all in a company that is still at the zenith of its success! According to a Roland Berger study conducted on behalf of the BDI, almost 70% of the respondents from 300 German industrial companies see their own digital maturity as slight to mediocre. The majority of German companies are in the midsize sector, and the study shows that 45% of the companies have not even begun to consider what digitalization will require of them! Even more unfortunately, those companies that are taking action to deal with digitalization are largely focusing on efficiency and costs, but not developing any new business models. In this sense, the challenge for midsize businesses is much greater.
DMR: What is the way out, and who can we learn from? We have the cultural background of the Asian and American regions, both of which are different, each in its own way, from Germany. Is there any chance of transferring some of the lessons to the German economy?

T. Sattelberger: According to Clayton Christensen, the chances for ocean liners are relatively slim. Simply because the “Great Companies”, the former innovators, are incapable of revitalizing themselves. Accordingly, attention must focus primarily on two issues. First, can large corporations decentralize or divest at an early enough stage? If efficiency and innovation cannot be reconciled with each other, is it not a smart idea to organize them separately and to have entrepreneurial fields of action and experimentation in smaller units? That is to say, separate the old from the new? Second, how quickly can we develop start-up cultures and produce disruptive rather than merely rationalization innovations?

DMR: This takes us straight to the subject of innovation culture. Can we state your proposal like this: “We need many more small and agile units that are able to build up an innovation culture to start with”?

T. Sattelberger: Absolutely. It has been my experience that bureaucratized efficiency organizations have no interest in trying out new things – innovations are simply rejected or gobbled up by the immune system. Units like this can be managed solely “at arm’s length”. I see exactly the same situation, by the way, when we talk about funding and docking onto innovative startups. Despite the high rate of failure, I believe that these are important steps, but we have too little venture capital and lack the necessary patience here in Germany.

DMR: A provocative question: Are the days of the large corporations over?

T. Sattelberger: No. But their lifetime cycles are becoming shorter. The average lifetime of a Fortune 500 company has declined from 75 years in the 1960s to 15 years today. The DAX 30 is no different. This means, first of all, that the life cycle of the large battleships is becoming significantly shorter and, second, that (if they want to survive) they will no longer be able to operate as gigantic dreadnoughts that can be sunk in their entirety by a single torpedo. It is obviously safer to have a fleet of five fast cruisers. Large corporate groups are extremely volatile. We deliberately encouraged decentralization at Conti so that one ailing business unit could not infect the others. Or, to put it another way: so that an innovative business unit would not be squashed by monoliths. This willingness to decentralize and to turn away radically from the one-company idea makes sense – in terms of the structure, at any rate.

DMR: When we consultants are working in companies to support strategic initiatives, we frequently experience cycles that swing back and forth between centralization and decentralization. But no matter which way the cycle is going, there is always the underlying premise that this one-company idea should be maintained in the culture and that identification with the company should always be assured. Is this at all possible in the construct you describe?

T. Sattelberger: I would question your statement critically. I believe that top managers essentially want to retain control, and the best way to do so is through the “One Company”, both as fiction and reality. Moreover, the “One Company” philosophy that has dominated in recent years aims primarily at enhancing internal efficiency, not at driving innovation. I believe that companies today must learn to ask this question: What is the smallest common denominator that holds us together? Not the largest common denominator, but the smallest common denominator. This strengthens decentralized entrepreneurship and limits centralization to a very small group of topics that hold the company together financially/culturally and in terms of brand positioning. We are entering an economic phase in which it will be more advantageous for more independent units to become innovative rather than simply to train their efficient survival in the cold wind of the marketplace. That can easily take the form of a confederation under the roof of a corporate group.

DMR: Is the subject of control applicable only to German top managers? Are China and the USA ahead of us in this respect?

T. Sattelberger: There are no empirical data on this question. I suspect that China, like us, has engine room supervisors for the most part while the situation in the USA is more likely to be split. In any case, we know from the Roland Berger study “Academics in the Executive Chair” that only 4% of the DAX 30 executive officers have had entrepreneurial experience. That is very enlightening and confirms that hired managers tend to be rather averse to risks and concentrate on using targets and control for management.

DMR: Where does this come from? Why is there so little entrepreneurial spirit and willingness to take risks, in the sense of far-sightedness as well?

T. Sattelberger: Putting it negatively, we develop a dictatorship of mechanistically trained economists and engineers from the moment they enter university. The idea of a manageable and plannable future as a desirable goal is hammered into both groups. The one group must design a machine, the other must manage a machine. What is the cause, what is the effect? I have also observed, especially in the areas of technology, that the German university system – to a significantly greater extent than in
England, the USA, and Scandinavia – is aligned to the interests of its so-called consumers, and they are found in business. This is a vicious circle: universities conduct research and teach on the basis of what business has proposed. There is mutual enrichment – but in a tunnel. By the way, the concentration of lawyers, economists, and engineers in management and on management and supervisory boards in Germany is not the rule in many other countries.

DMR: Such a constellation is even more dominant in the automotive industry where there are so many commercial experts and engineers...


DMR: You once said in an interview that “we need more rebels in the executive suites”. There is one in the Deutsche Telekom Group: John Legere from the USA. He has succeeded in turning a company that was more or less down for the count completely around. How can we create corporate structures that encourage people to pursue this type of career?

T. Sattelberger: To start with, John Legere was far away. It was not such an easy matter to be breathing down his neck all the time. The first key word is a long leash, whether it is granted, seized, or already exists. Second, this enterprise was in such desperate straits that people were prepared to do whatever was necessary to turn things around. Under normal circumstances, no one would turn to such unique and unconventional figures because there is a tendency to believe you need someone you have always trusted to take on this kind of job. This is a very critical point. Long-standing patterns of recruitment and promotion must be disrupted. Third, corporate biotopes could be fostered in decentralized, entrepreneurial units that love freedom.

DMR: Speaking of loyalty. The idea of old boy networks is ascribed above all to the Asians. Nonetheless, we seem unable to put together successful top management teams.

T. Sattelberger: First off, the concept of loyalty is pure fiction; no leader can satisfy all of the followers so completely that they remain loyal. At some point there is a betrayal, as when Brutus stabbed Caesar. Second, the concept of loyalty is in opposition to difference or contrast and so to the question: “How can I do this in another way?” Simply asking the question leads to confusion and discussion. Loyalty does not tolerate conflict. Loyal people know exactly where the limits are. In my opinion, we need to do away with the idea of loyalty. A traditional German manager always believes that the lid has to fit the pot exactly, i.e., as much empathy and chemistry from the past as possible for mastering the challenges to be faced today and tomorrow. No, we need a culture of dispute and creative differences.

DMR: That takes us back to the role of HR. Who else, other than HR, can really provide the regulatory process for this situation so that “different” managers are brought into a company? What role can HR play?

T. Sattelberger: There are very few executive officers or CEOs who take an interest in and concern themselves with the flow of talent that penetrates deep into the company. I can of course create a necessary (although still not adequate) condition through the diversity of the talent flow; I am not talking about traditional diversity dimensions here, but rather concordant and unconventional ways of thinking, I have to break away from the traditional logic maintaining that sociologists and philosophers (for instance) are completely out of place in a company. Or that university drop-outs – and I am one myself – are useless. Or that people who find eloquent self-presentation difficult do not have any leadership qualities. We must rid ourselves of all of these pre-conceived stereotypes. I really know what I am talking about. I tackled the subject of “twisted CVs” when I was doing recruiting for Telekom. When I encountered resistance, I asked: “Do you have rules of procedure? I will add a new principle stating that twisted CVs must be accepted and appreciated.” As is only right and proper for bureaucrats, these things have to be properly recorded somewhere. (Laughs) But then comes the next point. How do you protect talented newcomers from forgetting everything they knew before during the first 100 days? I’m talking here about what is known as the indoctrination processes of an organization. On the one hand, people must of course learn how to function within a company and what rules and customs apply in the environment. On the other hand, however, they should retain their individuality. I always welcomed our young employees in the startup initiative at Deutsche Telekom with this question first: Do you have enough freedom? I mean to say we need talent management that provides a protected zone for mavericks, a kind of dead poets’ society.

DMR: What concrete form can that take, especially in a culture in which every breathing space has more or less fallen victim to an efficiency initiative?

T. Sattelberger: I prohibited anyone to use the term “trainee program” back then because that is merely a hyped-up vocation training program with guard rails to prevent anyone from falling off. The question for new, free talented people is more like this: Do I have a power promoter who defends freedom?
Thomas Sattelberger is a top manager from Germany. After serving as a member of the management boards of Continental AG and Lufthansa Passage, he held the position of chief HR officer at Deutsche Telekom from 2007 to 2012. Sattelberger has gained a reputation as an advocate for diversity management; he initiated the 30% quota for women in management positions at Telekom and is a critic of closed systems in corporate groups and society. He is regarded as a visionary about the future of work and is intensely concerned with new work architectures, fairness of opportunity, and the cloning homogenization of the working world.
You need a power promoter who defends these breathing spaces for talented young people who are supposed to bring a different way of doing things into the company. Otherwise, you can just forget it!

DMR: Are you talking here about opportunities for experimentation and trying out new things?

T. Sattelberger: Yes, exactly. That doesn’t have to be someone from the management board; the head of controlling in a business division can do it just as well. If we take the old model of the dualism of subject and power promoters and apply it to innovations, and if we view innovations as people and not only as products, we ask ourselves the question: Where are the power promoters for the innovation potential in people?

DMR: How can institutional breathing spaces be created to avoid polishing the rough edges of the people who have come into the organization as talented young people?

T. Sattelberger: I am a staunch proponent of hierarchy poverty. We must ask ourselves just how many hierarchies are really needed in an organization. Hierarchy poverty, however, also means that executives must lead so many people that it is impossible for them to control all of them.

DMR: The subject of hierarchy versus network is currently the subject of intense debate. How do you establish hierarchy poverty?

T. Sattelberger: This is easier to achieve in companies that are just starting up than in established organizations. Tearing down hierarchies is certainly not enough in itself – but it is also not possible to achieve this goal without taking down hierarchies. Ultimately, I must overlay the previous organization with a horizontal network organization or methodology like SCRUM or Design Thinking. This means that I must mercilessly starve the traditional hierarchy. I can then create the conditions that will weaken the hierarchy enough to decide the battle in my favor. A kind of real parallel world of cooperation.

DMR: How do you do that? Do you get rid of titles?

T. Sattelberger: That’s not enough. It is merely an important symbol. The success of horizontal, agile forms of collaboration makes possible the radical removal of hierarchical levels without any compromise. When all is said and done, only the management board can do this. And I must make the span of control so broad that it is not possible to control every single individual – transfer the speedboat analogy to the individual level.

DMR: What you are saying in effect is that we need new leadership capabilities, right?

T. Sattelberger: Exactly. Traditional measurement means assuring the achievement of cascaded targets by using red, green, and yellow traffic lights. That reports can be sent up at any time. And that even the people at the very top must know about everything down to the smallest detail. That is something that I can achieve only if I have really narrow spans of control, a management model, you might say, that states: I am the best clerk. Traditional micromanagement. I was a sinner myself, by the way. The form used by employees at Google to assess their managers contains some highly prominent features. One of them is, “He/she does not micromanage my business”, a second; “He/she keeps micromanagement away from our unit”. Then there are a few more focusing on the subject, “He/she coaches me for my personal and professional development.” Translated, this means that the manager creates the framework and the firewall protecting talented people from being disturbed. During talks with Google employees, I learned why coaching is so important. They told me: “We have so many nerds who constantly want to talk about things like personal and professional development.” This brings back an element that was originally a part of the management role and that we have outsourced to dozens of external consultants in every company: coaching.

DMR: Coaching is a key management task?

T. Sattelberger: Yes. I could become melancholic thinking about it. Back in 1991, I wrote an article when the subject of external coaching first came up. My basic message even then was that the rise in external coaching robbed and stripped the management task of meaning.

DMR: Would you say your statement is generally valid for consulting? Isn’t it the same when I need a consultant to develop my strategy as when I, a manager, need an external coach so that my employees are motivated and perform well?

T. Sattelberger: Yes, of course that is the same. With one exception, I never hired a process or strategy consultant. That one exception had to do with the qualitative personnel planning at Deutsche Telekom. I consider everything else to be the outsourcing of intellect to others. And the castration of the brains of intelligent managers.

DMR: So you could almost say that the multitude of consultants at all levels of companies ultimately proves how incompetent top management is to manage the business itself.
T. Sattelberger: Yes. Manfred Wennemer, my CEO at Conti at that time, would receive consultants strictly to be polite; he never hired a single one. The management board members had to do their own thinking. There were not any special staffs, either. There is no reason, however, not to make good use of internal creative and project management capacities. And mavericks must be allowed to confront the system selectively so that you don’t get stuck in a rut. And it’s a fact that every problem solution leads to new problems.

DMR: How can HR counter its degenerative development into a mere support function? Especially in a time when people as assets play an important role?

T. Sattelberger: In my view, the HR position is standing at a genuine crossroad that can prove to be either an historical low point or a great opportunity. The function of HR has completely changed in the last ten years: new product and new service and new process. That was not dumb, even though it happened as part of the zeitgeist and the efficiency orientation of companies. But we are now reaching a point where, first of all, efficiency management has more or less come to the end of what it can achieve and, second, efficiency is less in demand than effectiveness. The issue has changed from “higher, faster, farther” to “different”. There is now an historic opportunity to start thinking on a grand scale again – thinking in organizational designs or in designs for work worlds. No longer just in terms of product, service, and process, plus an app for recruiting – I can’t stand to hear any more of this. Whether this will be followed by a great leap is another question – there might be a lot of small steps, but the subject itself must be considered on a grand scale. During my active time, I watched closely to see how the work worlds of innovative companies developed and I asked myself: Does Innovation 4.0 need Work World 4.0, or is Work World 4.0 the humus for Innovation 4.0? As I see it, the question has been answered: they are twins. We began talking about something similar to Smart Work in the HR division in 2010. You will probably be rather surprised to hear that ...

DMR: Absolutely. That is one of our key topics ...

T. Sattelberger: We started talking about Smart Work in 2010 in response to the women’s quota. For one thing, it was clear that a women’s quota would never function without Smart Work, and for another, the women’s quota could in any case be only part of a general approach with the aim of creating an organizational culture that would be more diversified, collaborative, and autonomous. That was the discussion back then. It was a discussion that naturally did not reach the company public because it was still highly rudimentary. But this mutual context is absolutely clear, and that is why the historic opportunity for an HR is tremendous – but HR will not be able to realize it alone, it will need engineers, computer scientists, ergonomists, HR experts, and the involved parties themselves. It is a highly interdisciplinary matter, these work worlds must be clarified with the participation of all, and then turned into reality. And then HR could show how useful it is.

DMR: Smart Work in the sense of difference and diversity in a company, so to speak?

T. Sattelberger: It goes much farther than that. It is only one strand of a smart organization. A second strand has to do with the subject of crowd working and open innovation, with the dissolution of organizational boundaries – and this is above all a topic of functions, not only of R&D. A third dimension is related to the subject of power, hierarchy, and democracy. A fourth component of this approach has to do with autonomy and consequently with the question of whether I have the freedom to decide myself on the place, time, form of collaboration, working style, or even work content. A final point is general welfare – this is yet another completely separate assessment. Am I an autistic corporate being, or am I a part of the surrounding society like an organ in a body? These are a couple of examples of dimensions that I consider to be important. Back at that time, we not only talked about how the subject of the women’s quota would have to be embedded in the broader topic of diversity, but also spoke of how the subject of diversity is only one of multiple dimensions that are decisive for Smart Work.

DMR: So why did we end up talking only about the women’s quota?

T. Sattelberger: Topics like this are driven by the people with a compelling interest in them. If these people leave, priorities are reshuffled. Without blinking an eye. While at Lufthansa, I watched my successor allow HR development to go completely down the drain. That’s the way things are. Essentially, any one of us is a transient existence whose significance is relevant only within a given context. There is no such thing as linear progress in an organization.

DMR: Must diversity be commanded if it is to be utilized with respect to high-performance teams? The subject of quotas in certain areas is not limited to women; it extends to internationality in companies.
T. Sattelberger: Honestly, a pious declaration is a pious declaration and nothing more. Diversity that is not guided has no consequences or is arbitrary. As HR director, I put numbers, quantifiable values, on so many things in the company, from processing times for an application to compensation spread. I consider that to be completely normal managerial work. I would be happy to include internationality. By the way, the subject merges into the context of “people analytics”. Shell has already begun to staff innovation teams on the basis of “social footprints”.

DMR: Must HR become more measurable and tangible than in the past and concern itself less with cultural and esoteric subjects?

T. Sattelberger: Yes and no. HR must provide the proof that it resides in the land of the “here and now” and does its work here, but it must also demonstrate that it can equip vessels for an expedition into the unknown.

DMR: At the moment, HR is concentrating more on the role of the support function …

T. Sattelberger: Yes, but no war has ever been won with support, logistics, and service alone. The reduction of people to “the one does the manual work, the other does the thinking” or “the one takes care of realization and service, the other takes care of the strategy” – these are ancient models. I would have left any company where I did not have the feeling that I could set out on a goodly number of expeditions. When it comes to work, the same principles that are found in research and development apply. Just as engineers build test stands or scientists have laboratories, HR staffs must experiment with possible future forms of work.

DMR: In this sense, what would be the next step for an HR structure in a corporate association?

T. Sattelberger: Trimming HR into a support or service function is counterproductive. I have just read a study showing that the IT avant-garde companies build outstanding HR functions. That has to be said so bluntly. Anyone who allows himself to be closed in mentally does not deserve anything better. Basically, a certain degree of personnel reform will probably be required, i.e., an uprising of the younger HR employees. However it is achieved, good people must be brought onboard, both men and women, people who, for one, can contribute greatly to the subject of Work World 4.0 and transformation of the company in this direction and, for another, have a command of people analytics, because the HR function of the future is also digitally competent.

DMR: And this ultimately means as well that a CEO must be supportive, right?

T. Sattelberger: Not necessarily. Recently, the HR director of a larger startup came to me and said, “Mr. Sattelberger, we have grown so much that my CEO and I have decided to introduce employee interviews. We can’t continue with the informal talks in the corridor. What corporations can provide us with good training for employee interviews?” I responded, “Just stop right there! Your first mistake is to ask this question at all. Why don’t you just assemble all of the relevant people in a small laboratory and let them experiment with changing roles for two days? Large corporations have already segmentalized all of that. They have a seminar for executives called ‘Conducting Employee Interviews’. And if the companies are progressive, they have a program for employees called ‘Conducting Bottom-up Interviews’. So they have ‘stuffed’ the hierarchy into the nature of the learning process.”

DMR: So, a grass-roots revolution?

T. Sattelberger: There has been a lot of research on innovation in organizations. Most of the research work assumes that genuine, innovative experiments begin on the periphery and that a few powerful individuals are in a position to create structures that will promote the autonomization of units and eliminate hierarchical silos. But real innovation is more likely to take place at the lower levels or on the periphery in submarines, garages, or gray areas.

DMR: That would be a lovely work order for HR: securing the flow of talent you describe and creating the framework that would really cultivate these opportunities and breathing spaces.

T. Sattelberger: The deregulation of HR processes is the prerequisite. These dreadful processes that only consume time and do not generate any added value! Hays has conducted a survey and determined that 60% of general managers and HR directors think that careers are made by strategic succession planning and good talent management. Executives and people at the grass roots level, on the other hand, say that careers are made by old boy networks and “by being at the right place at the right time”. It is an interesting question: What can I simply do away with? Succession planning is definitely unnecessary. It is not used to do any work. Basically, I would have to do away with the entire
system of individually variable compensation and replace it with a collective merit bonus if I wanted to prevent any manipulations in the system. We have had so many manipulations in this target management process. But it would also promote solidarity in the way people think.

DMR: What would have been an alternative?

T. Sattelberger: When all is said and done, only one result is important: achieving a certain financial gain, securing employee commitment, and assuring customer satisfaction, and x% of the EBITDA, for instance, is earmarked for this purpose. This amount is distributed at every level according to a defined logic.

DMR: But contingent on performance?

T. Sattelberger: But business-specific, not individual performance! What is individual performance today? When you look at the targets that I achieved with my direct reports, two-thirds became more irrelevant because others were more important, and creativity was not honored at all because it is virtually impossible to quantify it. They were efficiency targets that had been set up voluntarily. The apparatus needed for the measurement of the targets and the erosion effects on solidarity resulting from individual performance management – completely obsolete. I would rely today on results achieved through solidarity. The greatest destruction of economic potential is caused by poor management and not by poor performance. I regard departmental structures, hierarchies, and poor management to be the key drivers of poor performance by organizations and individuals.

DMR: Would you say that the primary task of management is to draw the best out of every employee so that there is not really such a thing as poor performance?

T. Sattelberger: Yes, working with the people who are available and assuming that they have potential. During my 40 years of management work, I severed ties with fewer than 10 of my executives.

DMR: That speaks against all of the programs for headcount reduction. Wouldn't it be better to aim at achieving the best possible performance with the people who are available rather than concentrating on how to get them out of the company?

T. Sattelberger: Excess personnel are the topic of another discussion. I was a great fan of Shape HQ and I was convinced that this monster had to be radically reduced in size. I cannot implement flat hierarchies in a corporation if I still have a gigantic feudalistic bureaucracy at the top. I will never forget how my former CEO at Conti went to Autoliv in Sweden and was at their headquarters on the fourth floor of an office building. The company had more than 50,000 employees – but there were only a couple of dozen at headquarters. I am strongly in favor of extremely lean steering cockpits.

DMR: We have one final, personal question for you. When you look back at your HR manager career, which has been a very long one, what has made you especially proud? What can be learned from this?

T. Sattelberger: You must remember that I was chief operations officer for an airline for five years – that was where I first learned that the operating personnel also put their trousers on one leg at a time. That is why it is important for me to remark on this. Before I became chief operations officer at Lufthansa, I, the HR man, approached my work with an underdog attitude. Not toward the finance department, because all of us can do calculations, but toward the people in charge of the business. Then I was put in charge of an enormous operations sector at Lufthansa with almost 35,000 employees, and I noticed that simple management was much more important than the subject of transformation and innovation – and fell back in love with HR work.

I have always found HR work to be one of the most complex sides of business operations because it reflects the unpredictable side of a company. Pricing, production can be highly predictable, but when it comes to people or work, you can predict only half of the world; you have to explore, so to speak, the other half. The most intriguing part for me was always that HR work also involved experimenting in the social system, whether as a young man doing vocational training at Daimler or as chief HR officer discussing the women’s quota at Telekom. I have never given that up.

The interview was conducted by Marc Wagner and Elisa Voggenberger.
Künstler haben unsere Themen neu interpretiert und unsere neue Webseite mitgestaltet.

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Innovation Culture

„Innovation with plenty of potential – but efficiently and profitably, please!“

Volatile markets, Industry 4.0, efficiency and competition pressures, demanding (digital) customers, and dynamic product life cycles leave any time and room at all for creativity, agile working, and disruptive ideas? This question is worth looking into, we say to ourselves, and start an empirical best practice study on innovation culture at the beginning of 2015.
Silicon Valley has become a place of pilgrimage for desperate corporate executive officers from outside the USA. In their search for the “Holy Grail of Innovation”, they visit Stanford, Tesla, Google, Airbnb, and other icons of digital development, enter into discussions, and take copious notes.

Outfitted with fresh and overwhelming impressions from the “Mecca of digital revolution”, they return home with the intention of using slogans like “We must become more innovative, more creative, and more agile” to get their teams back on track. After only a few months, they look around and see that their euphoria has vanished and that various agility and innovation initiatives have remained mired in layers of clinging mud produced by rigid structures, complexity, and IT legacy. “Ideas are cheap, implementation matters” – this is especially true when it comes to the subject of innovation culture.

This is the background to our meeting in January 2015 with a group of managers from a DAX corporation for a workshop aimed at taking stock of the status of innovation culture. Here we go: “Are corporate groups even designed to be innovative?” “What tuning knobs are critical for establishing an innovative corporate culture?” “How well is our employees’ potential for creativity being utilized?” These are some of the question that are hotly debated over the course of the workshop. The results: five hypotheses and one idea. The high relevance and current interest of the topic prompt us to conduct additional talks and interviews with managers, innovation experts, and HR representatives to flesh out and review our hypotheses. Here is a first glimpse of what we have found.
HYPOTHESIS 1: Corporate groups focus primarily on efficiency and have an immune system that treats new ideas as threats.

Undoubtedly one of the greatest challenges for corporate groups is dealing with the conflict between efficiency and innovation focus in conjunction with an immune system that treats every new idea as a malfunction. “The very nature of innovation levers such as breathing space for innovative thought, creativity, or coincidental encounters means that they are eliminated by the system and the culture. Everything 'different', everything that is not in alignment with the standards is rejected by the immune system,” notes a top manager from a DAX corporation. Encouraging innovative projects requires the creation of structures that allow free and creative work on disruptive ideas while simultaneously minimizing extravagant use of time and resources. Hans Ehm, Head of Supply Chain Innovations at Infineon Technologies AG, explains to us how to think about the efficiency of innovations: “Innovation is an idea that has been successfully realized and is also successful on the market. For us, efficiency results from the structured process. With InnovationNet, we start with the creation of the space required for the development of potentially successful ideas. The best ideas are realized in projects with a clearly defined timeline and successfully established on the market.”

“People are not this way, the company has turned them into what they are.”

Frank Rehme – entrepreneur, incubator, and general manager of gmvteam GmbH

HYPOTHESIS 2: Corporate groups lack the required stamina and acceptance by management when conducting innovation projects.

Corporate groups often display little or no “staying power” where driving innovation projects forward is concerned. Owing to their rigid focus on efficiency and scaling, they frequently expect the break-even point to be reached quickly although the effects of (disruptive) innovations usually do not become apparent for several years. When these expectations are disappointed, the consequences are demotivation and often the cancellation of plans that would be profitable in the long run. What can be done to prevent this? Initial findings from our interviews reveal this: respect for innovative initiatives by top management is a major driving force for the establishment of a successful innovation culture. Boards and decision-makers must create the systematic frameworks and assume a role model function in harmony with vision and corporate strategy. The acceptance and (financial) support of innovative projects by management can promote an enormous rise in employment engagement in this area. Moreover, putting the person who had the idea in charge of the innovation project appears to be a critical success factor for maintaining motivation and stamina, declares Frank Rehme, former Head of Innovations at METRO: “You will never find anyone who pours more of his or her life’s blood into an innovation than the person who originally had the idea.”
HYPOTHESIS 3: The operation of units in isolation from one another is an obstacle to the (voluntary) formation of interdisciplinary innovation teams.

Successful innovation stands or falls with the “right” innovation team. According to Kotter¹, “the army of volunteers is the driver of transformation” and consequently decisive for driving forward innovative ideas. The “silo culture” currently found in corporate groups, however, often leads to various units operating more or less in isolation from one another as they work on innovation projects, and there is little or virtually no interchange and sharing of experience. As a general rule, the corporate group environment does not provide adequate space for coincidental encounters and the resulting voluntary formation of teams. This frequently leads to the staffing of innovation teams by top management on the basis of positions. One top manager from a DAX corporation recognizes the problems this causes: “Innovators who have been appointed top-down frequently do not have the necessary burning interest in their subject. When that happens, the projects are doomed to failure right from the start.” No surprise here because “energy, determination, and genuine enthusiasm” are key attributes of a successful innovation team.² Heightening the heterogeneity and “passion” in the system makes it possible to break through traditional processes, to call into question the well-worn patterns of thinking, and to work creatively. “The core element is found in the personality of every single individual,” notes Dr. Heinrich Arnold, Global Head of Telekom Innovation Laboratories (T-Labs). “Leading our various competence teams is a highly heterogeneous task, and that is what makes it wonderful. But every single individual must have at least one extraordinary trait that goes far beyond normal standards – a person either knows substantially more about his/her specific field or is an especially good communicator or is especially clever or conscientious or charismatic.” Further success factors are passion and a high level of self-motivation, emphasizes Dr. Arnold: “When the flame of enthusiasm ignites in the project manager, everything can work well. The leader driving an initiative must be completely convinced of the value of the project.” This is a decisive aspect that Frank Rehme, Head of Innovations at METRO for many years, also acknowledges: “You will not find anyone with more passion than the person who originally had the idea. One of our most successful projects is based completely on end-to-end responsibility of the person who originally had the idea.”

HYPOTHESIS 4: The rigid hierarchy and board landscape in corporate groups prevent timely placement of innovations on the market.

One of the greatest obstacles to innovations in corporate groups is their complex board landscape. Strict hierarchies and complicated decision-making processes result in missed opportunities and inhibit innovation because “ideas also spring (...) from the interaction with other people” and this interaction must be permitted, believes Jens Bode, International Forecast and Innovation Manager at Henkel. “Moreover, the large number of decision-makers involved in the processes often prevents the ideas from being presented directly to the management board, and so they get lost in the shuffle,” confirms a top manager from a DAX corporation. One decisive lever here is the size of the innovation team, as Frank Rehme, METRO, is aware: “The goal must be to have teams whose members can all sit around one pizza because the time until an idea can be put on the market grows in step with the size of the team and the number of decision-makers.” In this respect, the classic Stage-Gate process is criticized as an “unnecessary time-eater” during our discussions because experience has shown that most of the successful innovations do not go through the “filter”. Much more decisive is open innovation work with universities and students, research institutes, suppliers, or customers, confirms Jens Bode: “We benefit from more than our internal, diversified team; we also appreciate the talent and creativity of experts from outside the company.”

“The goal must be to have teams whose members can all sit around one pizza because the time until an idea can be put on the market grows in step with the size of the team and the number of decision-makers.”

Frank Rehme, Founder of gmvteam GmbH and former Head of Innovations Management, METRO

HYPOTHESIS 5: The leadership culture in corporate groups inhibits motivated free-thinkers from initiating innovations and driving them forward over the long term.

Another obstacle to innovations in corporate groups is often found in the leadership culture that prevents “innovative minds” from daring to launch initiatives and driving them forward over the long term. “Managers are not adequately challenged to leave their comfort zone, and they pass this attitude on to their employees,” is the opinion of one of the top managers in our survey. “Lack of self-confidence as a potential driver prevents people from tackling tasks and realizing their ideas.” Frank Rehme goes a step further: “Many innovators are not taken seriously. They are given a few crumbs from the budget so that they don’t get in the way of standard operations.” This is often caused by a negative mistake culture that is especially dominant in German corporate groups. It is typically German to stigmatize “making mistakes” instead of learning from them. The American corporate group culture exhibits a rather different model; some of the most innovative companies such as Apple or Microsoft even give out awards and honors for the best ideas that have failed. What counts is learning from mistakes and creating acceptance for mistakes. Dr. Heinrich Arnold from T-Labs had an excellent example for this: “What distinguishes an innovator from an administrator? The innovator is the one who always sees change as an opportunity (...) and always wants to use it to advantage. That is why missed opportunities are the greatest source of frustration for an innovator. (...) That is where an administrator is different. This situation doesn’t bother him in the least. He doesn’t want to make any mistakes and views change more as a threat to the standard process (...). We need for everyone in the group to have the basic attitude of an innovator so that each and every one of us assumes a certain amount of self-leadership and is open to change.”

“The more cooks there are preparing the broth, the more experience can be contributed, but the risk that the final product will not taste good to anyone also rises. We must dare to take this risk because it is important for management to permit a certain amount of freedom for innovation efforts and to allow for mistakes and learning.”

Martin Wintz, former employee in Innovationsmanagement at DHL.

We have heard a lot of fascinating opinions and experiences from innovation experts since our workshop in January 2015, the initial stimulus for our research idea. We want to bundle this knowledge and continue to enhance it. This led us to launch an online survey with even more experts and pioneers from the corporate group environment in August. In doing so, we are driving the generation of significant results with a solid scientific foundation regarding the effects of the corporate culture on the innovative power of corporate groups. The primary objective of the study is the derivation of best practices and recommendations for action that will contribute to encouraging a positive innovation culture. The publication of the results of the study is scheduled for the end of the year. We can look forward to the event!

Marc Wagner is Partner and Global Head of Transformation, Peoplemanagement & HR. He advises national and international clients on digital transformation.

Tina Riester is Business Analyst and leader of the above-mentioned „Innovation Culture“ study. Her knowledge activities focus on HR strategy, the future of work in the digital age and innovation culture.
Interview with Tom Oliver, Tom Oliver Group

Work a Fun Killer?!
Tom Oliver, “the Renaissance man”, is keynote speaker, author, founder, and musician. Passion is his credo, fun his success factor, water his source of inspiration. He believes an attitude of satisfaction with the job is scorned in Germany – a major reason why German potential for innovation has by no means been exploited to the full. Here he is in a discussion about creativity, leadership, and the need to concentrate on strengths.

DMR: How do you define personal success, and what has been your greatest success?

T. Oliver: The definition of success in many cultures, including Germany, is far too one-sided. As I see it, success must be defined in the sense of a 360-degree assessment of a human being. There is more to success than just the salary or the position in the company; equally important is the question of a person’s physical and mental well-being. Am I happy in what I am doing? Have I achieved a good balance between friends, family, and job? Do I keep myself fit? Do I find a way to pursue the interests that are important to me apart from my work, but that inspire me and may lead to new breakthroughs in my work? We need to look beyond our own backyards and see what subjects truly thrill and motivate us. This is what I call becoming a “Renaissance man”. This is where we find inspiration, where we have those flashes of insight that expand our core competencies and take us further in our jobs.

DMR: So you are talking about a more holistic approach?

T. Oliver: Yes, we observe this especially in leaders who have created large companies from the ground up or who have set entire industries on their heads with shattering innovations. These people are regarded as thought leaders for everyone else in their field and are personalities who have defined themselves in many different ways as modern “Renaissance people”. Steve Jobs is one example; he declared that his calligraphy course at the university was what led him to the aesthetic design of the Mac that has had such a sustained influence on the Apple culture down to the present. This is often misunderstood in Germany – many here believe that having too many interests can quickly cause a person to lose focus, turning him or her into a “Jack of all trades, master of none”. That is true only to some extent. I can certainly have a number of different interests that simultaneously complement one another perfectly and simply spring from my personality. In such cases, they contribute to my success in the things I do. I myself am a passionate kite surfer, and it is important for me to get out on the water regularly. It would definitely be a misinterpretation to see this as a loss of time I could have used for my job because when I am on the water, I have the kind of intuitive thoughts and insights that give a fundamental thrust to my personal progress and to my projects or my different areas of business.

DMR: That is a fascinating subject, particularly when we compare German and American companies. How do we generate enthusiasm in a company, how do we awaken the creativity of its employees? What do you believe must be done to tap these sources of inspiration?

T. Oliver: Let’s start with a short anecdote. The HR director at PwC asked me, Tom, do you think the Google phenomenon could have happened in Germany as well? My answer was “No”, because German companies still think of innovation as a linear concept, that innovations can be planned. But innovation and creativity are not linear. You must understand the processes, but also the secrets of innovation and creativity – and how internationally successful companies like Google and Apple turn these secrets to their advantage. Germany must say farewell to the working methods of the past. Anyone who has ever visited Google headquarters might be tempted to believe that no one there does any work. The company maintains swimming pools, massages, meditation courses, a gym, video games, pool tables for the employees’ use. Google has recognized that we are at our most creative when we consciously go into a problem, but then take our thoughts away from the problem again. Innovative companies transfer the 360-degree approach to the company. They consider the question of purpose. Why am I really here? What am I doing? These companies think about how their employees can achieve a balance between body and mind. We don’t really carry through with this idea in corporate business in Germany. That is why we often persist in our familiar, traditional patterns of behavior, look toward America in admiration, and ask ourselves – how do they do that? Well, they do that by going beyond the intellectual and theoretical consideration of the matter at hand and putting it into actual practice, allowing it to flow into the corporate culture.

DMR: We see two poles here. On the one hand, there is a desire to have free spirits, to pull people out of their well-worn ruts so that they come up with new ideas; yet, on the other hand, we want to
Tom Oliver is a global social entrepreneur, author, artist, philanthropist, and visionary; he has worked with world leaders such as the Dalai Lama and Desmond Tutu as well as CEOs of Fortune 500 companies throughout the world. Based on a vision and starting a network from scratch, Tom Oliver created the World Peace Foundation and the World Peace Festival, which Nobel Peace Prize laureate Desmond Tutu has called “the most influential peace gathering in history.” As a catalyst for global social change, Tom brings together the most diverse groups of world and business leaders for a shared vision. He has been called the “epitome of the global social entrepreneur” and a “role model for the modern global social entrepreneur” by the founders of the Global Philanthropists Circle, the Rockefeller family and the leading philanthropists of our time. Tom is in high demand as a global keynote speaker. His expertise is sought after by the premier financial institutions such as the World Bank, the best business schools in the world from the Manchester Business School to the Kellogg School of Management, political powerhouses like the European Parliament and the UN, heads of state from Austria to India and China and the world’s cutting edge corporations from Puma to Pepsi and Google. He is the author of the bestseller “Nothing Is Impossible: 7 Steps to Realize Your True Power and Maximize Your Results” – an accelerated method of maximizing business, leadership, and personal potential.
structure our companies as efficiently as possible. How can these two poles be balanced with each other in a company?

T. Oliver: As I see it, they go hand in hand. Last week, I was sitting with the CEO from a large stock corporation in Germany. He said, I have recruited top people from Google, Facebook, and Microsoft for my team. Now the established German managers from the top level in the company are coming to me and saying, “Oh, man, are they ever stupid!” This is a consequence of the clash of two corporate cultures. There is a lack of understanding for the more progressive corporate culture that leads to far better results. As I see it, these two poles are not completely diametrical; instead, they are almost always like two brothers who shake hands. If you look closely at Google, you will see that the employees here work a lot more than the people in other companies. For instance, they work while they are on their way home because Google provides shuttle buses for commuting that are equipped with WiFi – no surprise there! Of course Google does not demand that its employees work all the time. But the transition between work and life is completely fluid. This is how the company succeeds in recruiting employees ideally for its workforce and at the same time in fostering the creative ideal of potential while maximizing productivity. How can Google do that? Google can do that because the company continuously leads its employees into the problem and then out again. This movement in and out of the issue generates breakthroughs and inspiration. The end effect is a concept that is almost the object of scorn in Germany: satisfaction on the job.

DMR: So having fun at work also has an effect on efficiency?

T. Oliver: But of course! Tony Hsieh, the CEO at Zappos Shoes, founded his company on the principle that the company did not need advertising, but rather employees who are happy with what they are doing. If you present this idea to the top management of a German company, you will be laughed out of the room. The result of this concept, however, is that Zappos is extraordinarily popular among its customers as well as among its employees. The impact on the outside world is simply astounding and could not have been achieved with any marketing strategy, no matter how clever – and not at all with efficiency. This is a case where we see outdated corporate structures, corporate philosophies, and management games breaking up. We must open up, especially here in Germany, and get away from the rigid, linear culture of the Prussian tradition. Germany has fantastic potential. We can combine the flexibility and the Californian style of free thinking with the healthy German standards of discipline and efficiency.

DMR: You are saying, more or less, that we should combine the best of both worlds.

T. Oliver: Definitely. But I would not define them as opposites; the boundaries are fluid and the two methods mingle constantly with each other. If you look at the example of Google, you see that freedom and fun automatically raise the levels of efficiency and productivity. The core problem lies in this very German view that the two areas are separated by an impenetrable wall. Nor is it enough to copy a little bit of Silicon Valley and set up a pool table. Top management has to understand how this works and then live the principles top-down.

DMR: That takes us to the meaning of leadership in this context. What characterizes a successful leader in this highly dynamic environment?

T. Oliver: I had a discussion with Jochen Zeitz, CEO at Puma, about his approach to recruiting the best people for his company. Jochen noted that a major part of his decision to hire someone was based on the principle of whether working with the person was fun. I had a similar conversation with Richard Branson; the people he puts in a leading position in his company are a ball of fun. These are concepts that are regrettably completely foreign to many executives in Germany. We can think about the German beer ad that shows a man working hard; at the end of the day, he leans back, opens a bottle of beer, and the claim is displayed: First comes work, then enjoyment. Evidently, the idea that work cannot be enjoyed is firmly anchored in the German mindset. This reveals the great difference between the German and American corporate cultures – on the other side of the ocean, enjoyment is work and work is enjoyment. The leader at the top of the pyramid must assimilate this principle and live it. This is exactly the reason why many people think Richard Branson is so great, because he lives for this fun; he is 95% fun and 5% a tough businessman. People also accept without hesitation that he is sincere about this. The fun factor is very, very important in collaboration, but no less so for the topic of leadership, for the people at the very top who must lead.

Another factor is the question of meaningfulness. It is no accident that Google has consistently taken first place as the company where the best university graduates would like to work more than anywhere else. Google has the ideal answer to the question of meaningfulness. The Google founders put together a 10-point program, the Google credo. They came up with a mission statement that is so clearly worded in only one or two sentences that everyone can identify with it. That attracts people to Google. Another example: when Apple has its presentations for the launch of new products, they don’t put a lot of beautiful models up on the stage. Instead, they have Sir Jonathan Ive, Head Designer at Apple, wearing a white T-shirt and standing against a white background. Why? Because Sir Jonathan talks
about the new Apple product as if it were the birth of his child! Customers see Sir Jonathan's passion, authenticity, and emotions and understand that he loves the product and is absolutely convinced of its value – and that is exactly what generates so much enthusiasm among end customers. This way of thinking must be integrated into a company's DNA and become an integral component of the top management.

DMR: In the German culture, the fear of losing your job or status is widespread. Is there an international difference? If so, what can be done about this fear?

T. Oliver: Fear is a fundamental human emotion. People in Germany try far too hard to conform; almost no one dares to live his or her individuality openly. This is true of the leadership style as well. It is the fear of failing your own intuition, even when you know that it is the right way. We also see this in the illness of the mindset that you must not make a single mistake. Instilling this mindset in people begins at school in Germany. We are also afraid of a national consciousness. It was only a short time ago that we worked up the courage to hang out a German flag for a football match. We also fear being proud of ourselves personally, of what we are ourselves, acknowledging our dislikes and our preferences as well as the defects in our character and our talents. Talents must be used; you must not try to turn weaknesses into strengths. At best, they will never be more than mediocrity. But people who exploit their strengths to the full can become truly outstanding and serve as role models for others. Many people and companies are too timid about putting their ideas forward, even when these ideas are excellent. This is one of the reasons why Richard Branson wrote in his credo that he would like for people to make mistakes. He encourages people to step up with new ideas, even if the ideas appear to be off the wall at first glance. He knows very well that this is the only way to blaze new trails.

DMR: Operating on the basis of strengths means investing in strengths and talents and acknowledging weaknesses. A certain sameness, especially in management, prevails because the subject of diversity is not rigorously implemented. What must we do to change this situation? Is our educational system a place where we can start? How can we create a new culture in Germany that illuminates strengths and weaknesses?

T. Oliver: One of the key subjects is the ideal development of people's own personalities, the way we deal with personal leadership. My recipe is completely simple: Forget the weaknesses and concentrate solely on strengths as a way to make yourself extraordinary. Weaknesses should be compensated by engaging other people who are best at doing the things that I am not good at. A leadership personality like Richard Branson has set forth a clear vision that describes what he would like to achieve with his company. So the number one priority is to set down a clear vision. Number two is to concentrate exclusively on your strengths and to surround yourself with people and teams who complement you ideally. This is the moment when personalities begin to shine and gleam and to blossom fully. So strengths must be fostered in the German educational system, in the German management system, and in the corporate culture. Weaknesses should be defined, but not emphasized. Now we come to a point that I repeatedly call attention to in my talks: I think every single person is a creative genius! This is a provocative statement indeed, but I say it like this because I want to tease the very top talents out of people. People should define themselves in terms of strengths. Even in our educational system, people are constantly pointing out weaknesses, and that is why people attempt to take the road to security so that they do not make any mistakes. But that is not the road to innovations! The strength-weakness topic is relevant for the formation of teams as well. You cannot form ideal teams unless you know the absolutely greatest strengths of each individual and can combine them ideally with other team members so that the strengths and weaknesses compensate one another ideally. Otherwise, you will never have an optimal team. I will then have teams that have been thrown together somehow and who do not work well; the consequences are a loss of productivity and the loss of motivation.

DMR: This learning aspect is fascinating. Students who have problems in Latin class receive innumerable hours of tutoring instead of simply concentrating on something else. What can be done in a corporate context that will counter this mindset?

T. Oliver: I can establish a fully transparent corporate credo. By this I mean a set of points that illustrate what principles we follow. Puma introduced its four fundamental principles some time ago, and every individual in the company must orient his/her actions along the lines of these principles. Managing a company according to this method is a very radical approach, but every company can apply it. The credo must only be manageable – i.e., tangible, understandable, and defined without any ambiguity whatsoever. This set of points should encourage people to make mistakes; unless they feel this freedom, they will not come out of their shells, do new things, and be able to develop their full potential. The education system based on weaknesses can be tracked through all of Germany and is so omnipresent that we are no longer consciously aware of it. Another example is the issue of bankruptcy. Richard Branson once said that he
knew of virtually no outstanding American entrepreneur who had not filed for bankruptcy at some point. We have here a fundamentally different way of thinking. In America, making mistakes is a step toward success. We must encourage this way of thinking in Germany because many fantastic companies never get started when people are afraid to bring up their ideas for discussion. An entrepreneur who has declared bankruptcy in Germany is the subject of scorn. Bankruptcy is nothing more than a striking, visible, momentary mistake by a management personality. We must find a completely different definition for mistakes.

**DMR:** What role does leadership play at this point?

**T. Oliver:** Leadership plays a fundamental role because management must commit to it not only for themselves, but for the company as a whole. And then live according to it. Here in Germany, we often say that we stand for something, but when it comes to actual practice, we are not really committed. We go on doing things the way we always have and do not venture off the beaten path because we are afraid of making mistakes. We do not have the courage to strike out on unconventional paths.

**DMR:** Walk the talk as an essential point?

**T. Oliver:** Walk the talk and understand as well what you are talking about. I had a conversation with an executive officer from a large stock corporation in Germany who told me that he had acquired new companies abroad and that the managers had all left. The management ran off because there was absolutely no understanding for the different corporate cultures. The companies were simply acquired without any integration of the various corporate cultures. The ability to carry out a self-analysis is of fundamental importance. This reminds me of a sentence that made a strong impression on me. When Sony was at its zenith, the former Sony boss said that they now had to be careful. Sony should now examine itself and ask what could be made better, find out what did not work, be open for mistakes and new paths, even if everything appeared to be functioning beautifully from the outside.

**DMR:** We started with the subject of innovation and creativity. Can you remember a moment when you had a truly new and creative idea?

**T. Oliver:** I am also a music producer, and music is a fantastic example for creativity and innovation. In music, you are constantly generating inspiration out of nothing. Lionel Richie once called this phenomenon the invisible radio – we hear the music and don't know where it is coming from. Last year I had the honor of being invited to the World Music Awards in Monaco. Whenever you are with other artists, the discussion repeatedly turns to this inspiration that seemingly comes from nowhere, the core mystery of the trade. You can prepare for this inspiration, you can program and induce it, but you can't force it. You can create an ideal environment. That reminds me of the pop group Abba. What many people don't know is that most of Abba's hits were written by one member of the group. He always had the same routine, and he called it “sitting in front of the cave and waiting for the dragon.” He sat in the studio at more or less the same time every day and prepared himself to receive inspiration. He had his tool, his keyboard, and was ready. Most of the time, the dragon did not come out of the cave, but when it did, he was prepared to slay the dragon. That was his metaphor for waiting on inspiration. Back to your question. When I sit in the studio and work on new songs, the songs come from the invisible radio. The chords take shape on the piano, the lyrics fall from my lips, my hands move almost by themselves, and the song comes on its own. I have created the right conditions – the rest happens by itself.
Corporate Culture

Greater Opportunities and Ideas

Corporate culture is important. Often, however, it does not receive the attention it properly deserves. The Detecon Cultural Assessment Model can be used to take a structured approach to the phenomenon of “corporate culture” – even at the local level.

One of the most spectacular corporate actions of the past 20 years was the merger of Daimler and Chrysler. In 1998, Daimler acquired the American car-maker for $36 billion, only to sell it nine years later for one billion euros. The cause of this losing venture was in large part the incompatibility of the corporate cultures, a factor that prevented possible synergies from being exploited.¹

Corporate culture has an impact on corporate success

This disastrous merger is only one example of many that illustrate how valuable the careful care of an enterprise’s own corporate culture is. A number of studies document that this is not only one of the factors determining success when there is a merger of two companies, but that the correct alignment of the culture with the strategic corporate objectives can have significant impact on a firm’s monetary success.² Moreover, the way it is reflected in the working climate is a decisive factor in the War for Talent. The studies also indicate that long-term success can be assured only by enhancing innovation capability and that the appropriate corporate culture acts as an innovation incubator in this respect.

Of course, the assessment of one’s own corporate culture includes the “risk” (among others) that critical subjects or even major problems will be uncovered; they will then need to be communicated and, ideally, measures will be initiated to achieve visible improvement. There is only the one question: Is that really wanted? Or will it generate more discontent and turmoil among the workforce than management would like to see?

There is no compelling necessity for this to happen at such a high level. Since the culture is created by every single employee, initiatives at the team level are completely capable of having a decisive impact on the culture. A decentralized approach like this can meet with success comparable in scope to that of a package of measures designed by the main office. One point that is frequently underestimated completely is the number of positive responses that can be triggered simply by small signs of interest and by transparency, yet in our experience this is clearly reflected in the company’s performance. If the initiatives and surveys carried out at local levels were bundled and tracked throughout the company, the results would be highly valuable.

¹ https://hbr.org/2007/05/why-the-daimlerchrysler-merger/
Detecon Cultural Assessment Model analyzes the current status

Companies must become aware of negative situations. That is why Detecon believes it is necessary to identify the causes of the problems and to take specific action to correct them. The Detecon Cultural Assessment Model provides a detailed breakdown of cultural elements that help to analyze the current status of a corporate culture on a team or even in the entire organization. Structures developed by management such as monitoring systems, organizational structures, target and compensation systems, and leadership style have an effect on the interpersonal relationships of the members of the organization and are reflected in a culture specific to the company. This in turn influences the structure. If the corporate culture is not actively cared for, there can be an undesirable impact on the corporate success.

It is important here to step in at an early point in time and to promote positive developments. A structured model can help to determine the points where “fine tuning” is required to resolve the major crunch points. Management should commit to resolving the issues in the next step.

The Detecon Cultural Assessment Model begins by questioning the structures and procedures of the organization, then the rituals, routines, and artifacts, and finally the elements of the power structure and team atmosphere through to individual commitment. The problem points such as leadership style or knowledge sharing, often categorized as “soft”, are in most cases hard-wired with basic structural elements and can be approached using concrete measures. The positive effects of the investments that are required here, however, are well worth the price.

Innovation capability and readiness to change through participation

Measures like this for identified problem fields can certainly have a participative character. Detecon has itself tried out the concept of integrating employees into the active molding of the corporate culture, and the trial was a success. This procedure is based on the understanding that there is no such thing as a culture without employees. So if you create a platform where employees can constructively run riot and develop new ideas and suggestions, you create the activity level and the personal, emotional involvement of the employees that you need to produce a healthy sense of identification with the company. The performance of the company as a whole will not improve until that happens.

This implicitly fosters innovation capability and willingness to change, an absolutely essential criterion for any company that wants to be sustainably successful in the future.

What else can be done to encourage innovative strength and secure the loyalty of talented workers?

1. Mistakes must be understood as opportunities, not as failures.
   a. Allow time for innovations, provide adequate resources
   b. Managers must encourage ideas, give breathing space, yet guide development as well
2. Adapt cultural artifacts to the desired culture; informal interchange across team boundaries must be supported by the physical structures
3. Recruitment of minds that are in line with the desired corporate culture
4. Design target systems to encourage collaboration (team bonus, innovation bonus)

The culture of every single company is extraordinarily relevant for sustained success. This would appear to be plausible, and yet it is not the whole truth. Does it function well even without close supervision so that it is not really important to provide regular care of it? Is success alone enough to maintain a positive and productive culture. Is employees’ satisfaction simply not taken seriously enough as long as revenues are high? The competitive situation on the market will mercilessly reveal the answers. One thing is clear, however: the extra opportunities and ideas that a coherent corporate culture offers should be exploited completely. If you don’t know where to start, just ask your employees and colleagues...

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Sincere thanks to Christoph Hauk, postgraduate student doing a master’s at Detecon, for his contributions to this article.

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5,6 Higgins, McAllaster, Want innovation? Then use cultural artifacts that support it. Organizational Dynamics, 31(1), 2002, pp. 74-84.
Interview with Jürgen Bock,
Division Manager Cultural Development and Corporate Values Otto Group

“A strong corporate culture acts like an immune system.”

Does a family-managed company by definition have a strong corporate culture that has been molded by the founder? Culture is always dependent on the people in power, says Jürgen Bock, who is the head of the Cultural Development and Corporate Values division of Otto Group. At Otto, however, the guiding principle is “The Power of Responsibility”, which is why the culture is shaped by everyone involved. Bock uses a number of examples to illustrate how he drives employees in all hierarchies out of their “comfort zone” so that they can evolve within the context of the corporate culture.
**DMR:** Mr. Bock, what road took you to the position of responsibility for the culture at Otto Group and where does your passion for this subject come from?

**J. Bock:** I was head of HR development for 13 years. Corporate culture always has a position of high value in such a context. It begins with various conferences for managers that set the pattern for cultural topics, so to speak. Dr. Otto gave me a relatively high level of freedom even then, and so I was able to work with my extremely creative employees to instill various subjects in the organization on an emotional level as well. The scope has grown in the meantime, internationally in the Otto Group Academy as well, that serves 120 companies around the world.

The passion for the subject came from a personal situation during my professional career when I chafed under restrictions and limitations. When general conditions do not permit any liberties in shaping your situation, it is also impossible for you to make use of your talent. This feeling gave rise to my desire to contribute to a situation in which energy is not dissipated within, but can be bundled and directed to the outside to serve customers and to benefit them. Silo cultures should no longer lead to everything disappearing into thin air.

**DMR:** Giving employees freedom and ultimately awakening their potential – how is that reflected outside of your division in Otto Group?

**J. Bock:** There are about 30 larger companies within Otto Group. Each of these companies has its own culture. Whenever we have acquired companies, we have more or less left their existing cultures intact unless there was something that we did not like at all. This means that we have a lot of subcultures. To make things simpler, let’s look at the core company OTTO. This is a company with almost 4,000 employees and four managing directors – who have been chosen by Michael Otto. He is himself a person who trusts others to a high degree and grants them great freedom, but also sees the responsibility that the people have for the project. He is very friendly toward people, very Hanseatic, and modest – all of these aspects can be found in our culture as well. We do not act according to the motto, “Hey, we are the greatest!”; instead, we do good work, we make sure that working conditions are pleasant, but also that we make a contribution to the society around us. We are a large family. Members of a family trust one another as a given, they do not expect the worst from the other members and are not suspicious. If someone abuses this trust or does not perform as expected, however, he or she will certainly be kept on a tighter leash next time.

**DMR:** So your culture is highly dependent on the founding family and on Mr. Otto himself?

**J. Bock:** Yes, that is typical for companies like ours. Either they are still managed by the founder or there is someone from the founding family who is a powerful figure for all – or there is a strong CEO who has had a decisive influence on this company for many years. That is another possibility.

**DMR:** This situation does not exist in most of the companies we advise. They are led by an elected management board whose members usually move on after a term of office of between five and eight years. How can these cultural elements be firmly anchored in this kind of corporate group structure?

**J. Bock:** That depends on the people themselves. Elected managers from outside are not per se bad leaders or interested solely in securing benefits for themselves personally. It is first and foremost a question of the people’s character and the culture they believe they can use to conquer the world. You might say that culture is either something that comes from the very depths of a person because it reflects his or her personality, or it is used as a means to an end – most of the time, however, that is not really successful. I believe that culture is always dependent on the people who wield power, on their character and visions of how a company should function. That is also why, in my view, every manager is essentially responsible for every subculture – and has the freedom to realize it.

**DMR:** hat speaks in favor of a high level of decentralization and autonomy with regard to control. Certain basic values are set as fundamental pillars, and maximum freedom is allowed for the rest.

**J. Bock:** Yes. That is the same, however, as a laissez-faire attitude. You must be consistent in realizing values and observe closely what happens. One example is management feedback oriented in its content to the values that have previously been established for the organization: employees report back to their superiors on whether these values are actually being lived in their departments. Then the next-higher manager can look at the reports and say, “What has happened with your management feedback? I think we need to have a talk.” At the moment, we have introduced the subject of “Leadership and Collaboration” to the Otto world. There is a kind of zero measurement in which the employees are surveyed about the position of leadership today – measured by the principles we want to live in the future. Then we measure again two years later to determine if there have been any changes.
DMR: So "trust is good, control is better"?

J. Bock: No. I believe it is interest and a question of sustainability. I would otherwise not have the slightest idea of the state of the organization. Whenever you start something new, you have to look and see where it is coming from and where it is leading. At the moment, all we have is a feeling – and we want more precise information.

DMR: What is the meaning of the elephant that you have mentioned before in this context?

J. Bock: In their book “Switch”, the brothers Chip and Dan Heath make use of the image of a rider and an elephant. The rider is reason, the elephant is emotion. The rider needs a clear objective within the framework of a change process. “Good leadership” is not enough because it is too vague. There must be something concrete, like the conduct of management feedback once a year. The elephant would hear about this objective, but would presumably decide against it because it might be uncomfortable for it. Criticism of its conduct or “a hot seat” does not feel good. Since the elephant likes to be comfortable, it would presumably delay the management feedback. The rider would repeatedly remind the elephant that this needs to be done, but the elephant would have its own way simply because of its size.

That is why it is important to create a feeling in the elephant that is even more uncomfortable than the conduct of the management feedback. This might be achieved, for example, by inviting all of the managers who have not conducted the management feedback within the set time period to a management meeting. During this session, these managers would be asked why they do not consider it important to conduct a feedback survey once a year. This question would make them uncomfortable because of its possible impact on the further course of their careers and would presumably prompt them to conduct the feedback survey. This is how we can imagine the interaction between reason and emotion with respect to changes.

DMR: What other instruments do you use besides regular bottom-up feedback to managers?

J. Bock: There is another survey, the health index. We use health aspects to determine how clear the atmosphere, the culture in the divisions is. You can and must draw conclusions about the work culture whenever absenteeism in a division is high or it suffers from a high fluctuation rate and employees reply to questions about stress and similar factors in a certain form.

DMR: How do you measure the satisfaction of employees?

J. Bock: The primary source of information is the management feedback because it directly concerns the involved parties. We have the mission “The Power of Responsibility”, which is a reflection of managers and employees assuming responsibility for themselves. This is the case for employees in that they are punished within the framework of this management feedback if their communication with their superiors is too rosy or not frank. If they open up and talk about everything that bothers them and what they believe must change, however, they are fully empowered. Now the managers must assume responsibility for themselves. They must, with the help of a facilitator, understand that the criticism is not personal, but is directed at conduct which evidently leaves room for improvement. The facilitator will pay close attention to this and say: “How can your employees contribute to improving the culture in the direction you want to see it move? This is not a one-way street or a ‘make a wish’ event.” To this extent, our culture is actually one that is shaped by all of the involved parties. The only difference is that the managers have slightly greater opportunities to act.

DMR: Feedback and its relation to performance assessment and, ultimately, to salaries is definitely the subject of highly intense discussion. What is the situation at Otto? Is feedback anonymous or only accessible to the managers?

J. Bock: The next-higher manager could say: “You have just conducted your management feedback. What were the results, could I see the sheet?” As a rule, however, that does not happen. The only question in this performance assessment is, “Have you conducted the management feedback or not?”

DMR: Going back to culture – what exactly does this mean for you? How would you make corporate culture tangible in itself?

J. Bock: Yes. The point here is not, for example, for employees, who know their feedback could have an impact on compensation or bonuses, to say: “Oh, we don’t want to mess things up for our boss now, or he will come to us later and say, I can’t buy the Porsche I wanted now because of you.” [laughs]

DMR: Going back to culture – what exactly does this mean for you? How would you make corporate culture tangible in itself?

J. Bock: There are various definitions. This is the one I like best: Culture is the sum of all of the customs in an organization that set it apart from its surroundings. I give a lot of talks on this subject and have in the meantime developed the following image. A strong corporate culture is like an immune system. It rejects forms of conduct or procedures that sound logical at first, but
are not a good fit for the company. The same thing happens to people. People who are not a good fit are generally gone again after two years – either because they recognize themselves that they do not fit the organization or because someone in another position has recognized the mismatch.

DMR: Many companies at the peak fail, however, because they are on a track that has long been successful and repeatedly bring in what is familiar and customary into the company.

J. Bock: That’s true. Nevertheless, I believe that one effect of a strong corporate culture is that it also has a preservation effect. Customs are the most durable paste that can be found in life! We see a healthy change coming our way through Generation Y, however. Young colleagues are no longer so single-mindedly oriented to status and do not take people with status nearly so seriously – unless they are good fellows, are of good character, are interesting conversationalists. They also claim the right to tell you openly what they think about your actions. Little by little, this changes a corporate culture, making it more open. The core of leadership is what becomes important: managers are also people with hearts and heads. To be honest, however, I also regard myself to be a person who thinks like this, although I’m already 63. This “Y” has always been around …

DMR: … and is now simply more pronounced?

J. Bock: … and is being talked about more. It is becoming respectable, and we are becoming more open. This is also a subject of demographic change. The number of applicants will decline in the future. This will have an impact on the employees we have now. They will have greater opportunities to go somewhere else, so a company must be attractive in terms of its corporate culture so that it can recruit new employees with high potential to its service and retain the people it has.

DMR: Why is this aspect of differentiation in the culture so important from your viewpoint?

J. Bock: A comparison is simply the best way to make clear what is your own. The point in this context is not to demonstrate that we are better than the others, but just to recognize how we are different from the others.

DMR: And what is the difference between Otto and other companies?

J. Bock: In the first moment, you sense that there is some ways a friendly culture here – I hope that is true, anyway. [Laughs] I feel good here, there are no tensions among the colleagues, even though some of them are under pressure. The subject of trust plays a part as well. We have egos and competition among us as well, but they are not as pronounced as in a culture of experts. Our culture tends to be one of cooperation.

DMR: You see a connection between the topic of culture and a vision. What would that be for Otto Group?

J. Bock: Otto Group has the mission I mentioned earlier, “The Power of Responsibility”. It was developed during a rather large management board workshop that I also attended, and it is an excellent match with the founder’s son, Michael Otto, who managed the company for a number of decades and is now Supervisory Board chairperson. He was always keenly aware, while not losing sight of economic interests, that the families of the many employees are dependent on the company. That we have a social environment that includes our suppliers as well. The theme of responsibility runs through many projects. That has given it quite a broad base, not only with respect to sustainability.

DMR: How do employees participate in these initiatives?

J. Bock: We need voluntary helpers for the initiative “Young Classics”, a concert series, for instance. There are between 100 and 150 employees involved in these concerts, and they take care of children who are not on stage at the moment or do whatever else is needed.

When we introduced the mission “The Power of Responsibility”, we had the goal of generating 4,000 initiatives from employees within one year. As of 23 December, there were 4,000! If we had said 10,000, we would probably have had 10,000. [laughs]

DMR: Can you give us a couple of examples to illustrate what you mean by cultural work?

J. Bock: There are initiatives related to the group, to the company, and to individual divisions. We are often asked about ideas for the divisions. For instance: “I would like to do something with 800 employees that will promote the sense of community; we have just been brought together in this structure, I’m the new director, and I’d like to get things moving.” We worked with two artists to find this image relatively quickly: What actually makes this division special – basically, the 800 people. We took a closed airport terminal, put in 800 easels, and opened what was probably the largest art studio that has ever existed! The employees were then given instruction in how to paint portraits of themselves. We exhibited the portraits in the foyer. Everyone was really proud and said: “That’s us!” Occasionally one said, “That’s supposed to be you! I didn’t recognize you at all!” The action did something with the people.
In another division, we had the idea of putting together the largest rock band in the world. Not many were able to play the guitar – so we tuned the electric guitars beforehand and glued colored dots on them so that the players only had to use the fingering shown by the colored dots. One person stood at the front and said, “Now yellow, now red!” So we ended up with 20 electric basses, 150 drums, and the rest were the 200 singers. We gave a great concert lasting an hour, and it was shown on the Intranet and even on YouTube. Once again, the people all said: “Wow, that’s us!”

DMR: Do you address the power of symbols and images as well as the use of masses?

J. Bock: Emotion is the very top priority. The people must have the feeling: I know what is going on, it’s fun, I feel happy, I’m proud! That’s possible with ten people as well. Sometimes you have to pull people out of their comfort zone.

DMR: ... so deliberately do something really different, something people have never done before.

J. Bock: Exactly.

DMR: When we were designing the Detecon office, we cooperated with artists as well. What impact or what role can art have in this context from your standpoint?

J. Bock: KI recently spoke to the Association of Arts and Culture of the German Economy in Frankfurt. There were representatives from about 50 companies there, many of them well known and respected firms. What they have all done is to engage artists to show art in the company, e.g., to illuminate the building artistically. A kind of sponsorship. Then I said that I work with art more in the direction of involving people and creating with them a context in which the people have perhaps never before found themselves. This may develop into something like communality. When I am working with managers, I call it “de-roling”; I release people from the constraints of their roles. I am no longer the marketing director, I’m just Uwe, and I am standing here naked – the English title of the talk is “Get Them Naked”. People really seem human then, and this is something I can transport quite well with art. It is a field that is unfamiliar to most people, and the tasks they are given are usually things they have never heard of before.

DMR: Do you have an example of this?

J. Bock: We shot a film on the subject of “Leadership” in Berlin with 16 managers from all over the Otto world – so there were a number of different nationalities. We looked in a number of highly diversified places to see how we could find the topic of leadership in each of them, going among hard drug users, to kindergartens, to the Bundestag. The final result is a poetic documentary lasting 50 minutes. In our delusions of grandeur, we submitted the film for consideration to the film festival in Cannes; not as Otto Group managers, but as a network of young directors who wanted to show their first film there. Rejection! We discovered, however, that there was a beach café with seating for 72 next to the film festival palace. We
rented it to show the film there — although it is prohibited to show films during the film festival in Cannes that are not part of the official competition.

DMR: Haben Sie auch hierzu ein Beispiel?

J. Bock: Wir haben mit 16 Managern aus der ganzen Otto-Welt – also mit unterschiedlichen Nationalitäten – in Berlin einen Film zum Thema „Leadership“ gedreht. An unterschiedlichsten Plätzen haben wir gesucht, wie man das Thema Leadership dort finden kann, auch in der harten Drogenszene, im Kindergarten und im Bundestag. Daraus ist ein 50-minütiger poetischer Dokumentarfilm geworden. In unserem Größenwahn haben wir uns damit auf dem Filmfestival in Cannes beworben, allerdings nicht als Manager der Otto Group, sondern als Netzwerk junger Regisseure, die ihren Erstlingsfilm dort platzieren. We invited the managers to Cannes and gave them the task of persuading 72 journalists or directors from among 2,000 people attending the fair to come and take a look at our film. We mastered the challenge – 68 of them stayed until the end and discussed the film with us. We went through intense lows and highs with this project. You can imagine what a great group these 16 managers are! And I can do this with any group.

DMR: So the objective is the common experience of things that were not at all planned or had never been seen. Do you often do this with management teams?

J. Bock: Yes, I have conducted 50 projects. At the moment, most of them are going on in Kreuzberg, a wild part of the city. We always choose themes that are still exciting and force our people out of their comfort zone. Moreover, the projects are always related in some way to responsibility for society.

DMR: What criteria do you apply when you are selecting your managers?

J. Bock: A very important point is the agenda that each one brings along. The performance aspect is at the forefront for managers, and of course the fit with the team. I should note that I am not involved in the selection, so I can only guess. As far as the composition of my team is concerned, I start by asking myself what attitudes the people display in their lives. Can they get enthusiastic about the task, are they prepared to go the extra mile? Are they ready to grow, to learn to accept responsibility? I look for people who want to walk by themselves, who complete their task autonomously, who are prepared to utilize the breathing space and the trust given to them and to exploit this freedom to the full. Moreover, I support them in their growth wherever I can. I have a graduate of a lower secondary school on my team – it is such a delight to watch him growing and surpassing his own limits. In the meantime, he is a respected contact for management board members and association presidents. Ultimately, it is more a matter of the personality, of the charisma, of the attitude, and less a question of academic degrees. Of course, a degree is also valuable and an important prerequisite for some tasks.

DMR: Speaking of leaving the comfort zone and trust as a cultural element: Does trust imply for you “having confidence in yourself” as well? Do your employees have the feeling they can dare to do things?

J. Bock: Moving out of your comfort zone has to do with growth, first of all. I would say that I cannot grow if I move only within my comfort zone. If I always do only the things I have always done, growth will not be possible.

Trust and confidence link up well and have a lot to do with responsibility as well. Certainly there is frequently a problem that people ask themselves, “Am I allowed to do that at all, am I allowed to say that so directly, am I allowed to express this criticism?” I believe that it would be good for us if every single person knew that he or she was allowed to do just that.

DMR: You say about your employees that many of them are avid supporters of your ideas. How can this attitude be instilled in employees? So that they go beyond the norm, so that they convince other people to identify with this idea or to become a part of it?

J. Bock: I’m not a fortune teller. Nevertheless, I develop a feeling for whether a person is a match here, has the required talent for his or her task and is also committed to its completion. It surely has something to do with the example I set by my own actions. We are a small unit, and when I am aflame with something, I can set the others on fire as well! If people do not want to play along, they will become aware relatively quickly that this is not the right place for them.

The interview was conducted by Marc Wagner and Tina Riester.
Sustainability is a megatrend. British Telecom is pioneer in terms of Sustainability Performance. Niall Dunne, CSO at BT, shows, how the business case can be successfull for enterprises AND society.
Corporations invest millions per year to mitigate risks around their ecologic, economic and social impacts. The business case is still open to debate by mainstream investors and finance professionals. However, there is a strong set of business value drivers to be considered which should convince sustainability practitioners and more hardened business people alike. More sustainable operations lead to additional savings; proving a clean business can become a prerequisite for winning public tenders; sustainable products open up new markets and attract additional customer groups; sustainability has a positive impact on brand value. This creates a “win-win” situation for society and for business. However, only a few companies have been able to put this in practice and to leverage the potential.

To find out what one of Europe’s biggest telecom does to implement the “shared value approach”, Detecon talked to British Telecom (BT). BT is ranked at the top in terms of sustainability performance but what’s most interesting – the company has also understood how this can add to their business success.
NIALL DUNNE, Chief Sustainability Officer (CSO), describes BT’s culture as “a business with a deep sense of its own purpose”. Before joining BT in 2011, Niall led the sustainability practice at Saachi & Saachi and helped set up the sustainability practice at Accenture. The challenge of a Chief Sustainability Officer includes leading a long-term transformation of a whole business ecosystem, which necessitates the ability to bring the entire executive board with you on the journey. The CSO is directly involved in strategic decisions and forms a part of the top-management decision bodies, aligning regularly with the heads of Marketing, HR as well as with the CFO and the CEO.

In his role, Niall is responsible for the sustainability budget of BT, which is, as publicly committed, at least one percent of the pre-tax profits. Together with the sustainability committee, he ensures this budget is directed towards initiatives which are connected to purpose of BT, which is “to use the power of communications to make a better world”.

To reflect this BT’s purpose - to use the power of communications to make a better world - must be brought to life in every element of our business strategy. This is more than a role for Niall as CSO, he says “it’s an obsession, at similar levels to the obsession I had as an athlete in the late nineties”.

As a recent example of this, Niall continues, “when we launched BT Sport it was important therefore that we were true to the purpose of our company but also reflected everything we’d learnt from being so deeply involved with the London 2012 Olympic and Paralympic Games. Ultimately we felt we could play a role in democratising sport by offering BT Sport for free to our customers but also ensuring the communities around us are core to the content creation to the BT Sport channels & that our approach could impact on them positively. This is why we created The Supporters Club.

We offered BT Sport customers the opportunity to make a small monthly donation, through our joint venture with Comic Relief, to use sport to create a better future for young people facing incredible tough challenges all around the world. Many of the Premier League Football and Rugby Clubs and the athletes we work with championed these causes and worked with us to create compelling content for our TV Channels.

We didn’t want to hide these stories on our channels but use them as part of the build up to premium content for some of our biggest games. This creates a virtuous circle, which starts and ends with our customers delivering meaningful social impact in the process; it also provides us great, inspiring content for BT Sport. Almost two years in all the indications are that this strategy is working and it’s also changing us as a business, for the better, in the process”.

To reinforce its purpose and guide similar interventions and to ensure BT focuses its resources where it can achieve the biggest financial benefit along with positive social or environmental impact, it has set a series of goals to 2020.

BT’s Net Good target is about helping its customers to save 3 times as much CO2 by 2020 than the end to end impact of its business. They are already half way towards achieving this, reporting 1.5:1 in 14/15 with growth in its enabling portfolio to £3.2bn.
Ultimately we need to prove that running a P&L and Balance Sheet in a more considered fashion is a better way to innovate and grow a business.

Additionally BT launched two new goals in the last year. One focused on inclusive growth where they aim to help 10m people overcome social disadvantage through the benefits of their products and services. Another new goal is focused on employability and aims to help 5m kids get better access to technical education.

These are in addition to existing goals which Niall says are aimed at engaging their people on causes, specifically, inspiring 66% of BT people to volunteer and raising £1bn for good causes.

In terms of measuring sustainability performance, BT also defines individual targets for each line of the business, ensuring that not only operations but also products and services are designed environmentally-friendly. Yet, what is the recipe to make those aspirations work for business?

BT’s strategy of directing with purpose “unlocks additional business potential through sustainability and creates additional revenue. The £4bn social housing market in the UK is a strong example of how using social insight shapes new products and services and helps provide access to previously untapped markets”, says Niall. Ultimately, the communication service provider tracks the effects of all initiatives, monitoring the impact on BT’s brand value, which is currently listed as $15bn. It is trialing a new methodology to measure how these initiatives increase brand equity and is collaborating with other brands to compare notes and assess how this can become a more effective mechanism for assessing brand equity.

So what would a Chief Sustainability Officer aspire for the future of his company? “Ultimately we need to prove that running a P&L and Balance Sheet in a more considered fashion is a better way to innovate and grow a business and inspire those around you. If we do this and prove to markets the value in terms of progress in our share price, then CSO’s will start to appear in the succession plans of their CEO’s.” This currently isn’t the case according to Niall.

Niall aims to bring change from within, but is well aware that his strategy only works for a company that embeds all the aspects of sustainability into its business. “You have to know when you are at the right place at the right time”, BT’s current CEO & leadership team have the right mindset and believe that it is the company’s core purpose that stays if you take everything else away.

There is 1.8 billion Millennials out there who are more conscious of sustainability aspects than most generations before. So looking forward, in order to cater to demands it will become more and more important to understand the logic of the circular economy and smart products. The information communication sector is an especially exciting place for this, as Niall explains – digital enables dramatic societal change coming through new dynamics described in economies. “Think of car sharing, and the various micro-entrepreneurs who form the sharing economy and re-place traditional business. In fact, its easy to see how the circular economy can spins on the back of the digital revolution.

These new consumption models are very disruptive and are in our estimation going to create trillions in new revenue opportunities over the next two decades” The future competitiveness of numerous companies will be decided by being able to embrace and even shape this change.

Sophia Frisbie, Business Analyst for telecom industries, and expert for sustainability strategies and CSR. Latest activities include a research project on the revenue potentials of Corporate Responsibility initiatives with a release in 2016.
„Flexibly find ways to work with individual life concepts“
Interview with Uwe Tigges, Management Board HR Officer (CHO), Labor Director RWE

Home office alone is no longer enough to enable flexible working, according to Uwe Tigges, Management Board HR Officer at RWE. The more important point is to be an employer who accepts various life concepts and finds ways to work with them. This transformation makes special demands on managers: they have to lead on the basis of trust and expectation of results – and learn how to deal with permanently “not knowing”.

DMR: Digitalization and globalization are fundamental and far-reaching trends that are causing in-depth changes in business models and the conditions of competition. Disruptive and digital revolution are only two of the “buzzwords” heard in this context that describe this development. What does this mean from your perspective for the way work and working conditions are moulded?

U. Tigges: The question is how quickly, how innovatively we respond to changes. We must not fail to take advantage of the opportunities offered by the innovations. Of course the pace of the change cycles is accelerating steadily; politics, companies, employees, and our society constantly make demands on us. Those who evolve will be the ones who survive. That is why it is important to create a climate that gives people the breathing space they need to dare to try new things and to go with the flow of innovations. Working conditions are not the sole element in this mix because it is becoming increasingly difficult to distinguish between our working and our living conditions. Digital technologies do not make a distinction in this respect.

Many of the employees here at RWE “began” their life’s work on the basis of the previous RWE business model, a highly traditional one, and some of them continued to do the same job all the way to retirement. Our primary task at the moment is to understand our employees and to persuade them to join us in taking on the tasks of the future. We have introduced 21 guidelines as part of our “Next Level Leadership” program for our top 300 managers – “awareness” and “mindfulness” are the key words here. It is important for our managers to recognize circumstances quickly, to make decisions, to be able to initiate them through the new feedback culture, and to question their decisions themselves. We are basically headed toward objectives into which we have integrated our culture of mistakes. Using the guidelines, we also question how targets have been achieved.

DMR: In an international comparison, Germany would appear, at first glance, to have been left behind – virtually all of the genuine basic innovations in the technology sector come from the USA. What do you regard to be the primary reasons for this?

U. Tigges: We have to take a more differentiated approach to this for the energy business. Let’s look at power plant technology as one example. For many years, we were the market leaders in this area. Political circumstances, however, have naturally led to declining interest in investing in innovations in this technology. On the other hand, the new technologies are by no means “automatic successes”. The example of wind farms demonstrates to us that German companies are operating at the very highest levels technologically, but that the acceptance for the construction of these farms in the landscape is lacking. Even when we build wind farms off the coast, we have to conduct discussions about the required high-voltage lines for years, and that significantly increases the economic risks involved in making enormous investments in these facilities. These examples illustrate how the local circumstances in each case determine in many different ways to what extent and at what speed innovative products can become established. It is not possible to make a general statement about the USA versus Germany here. Generally speaking, we find a much stronger startup and venture capital culture in the USA than can be seen in Germany at this time. The more positive way mistakes are viewed is another characteristic of the innovation environment in the USA. These are all factors that certainly function as drivers for innovation, especially in the technology sector.

DMR: Do you believe that subjects such as regulation and codetermination inhibit innovations in German companies? What is your stand on the subject of “flexible working” in this context?

U. Tigges: I would agree with the statement that we are too tightly regulated in many areas in Germany. I would question, however, whether this is what is blocking the innovation motor and holding us back from pulling level with the USA. If we look at Berlin, for instance, we see that innovations can be successfully initiated in Germany as well – a genuine startup culture and community has developed in this city. I am more inclined to believe that we must find a way in the future to work more flexibly with individual life concepts, particularly with respect
to the subject of working hours. I am constantly being reminded during discussions that our employees have different needs – the interests of “Generation Y” differ sharply from the interests of the group of 50-year-old employees or people with families. We need more flexibility so that we can take into account the different phases and cycles of people’s lives – and this is just as true for companies as it is for politics.

DMR: Let’s take a look at the energy industry itself. Your industry is also going through a radical change process that is unique in this form. What does this mean for the structuring of work conditions and the way your employees will work together in the future?

U. Tigges: The most prominent manifestation of the changes in our competitive situation can be seen in the stunning growth of renewable energies and the rising economic pressure on traditional energy generation. We are naturally accepting the challenges of the market because we basically have at our disposal all of the competencies needed to develop innovative ideas and introduce them to the market. Our innovations are made by people who are working together to ensure the success of RWE. Working conditions are the forces driving us to this success, and we want to ensure trust and self-determination. In our position as employers, we must accept different concepts for life styles and find ways to work with them.

DMR: What will change in the future (in terms of digitalization and globalization) as far as collaboration in large structures is concerned in comparison with what we find today?

U. Tigges: At RWE, we have determined that rigid structures and hierarchies are breaking down and that the subject of networking is becoming increasingly important, especially in international and global project structures and on teams. The subjects of leadership and collaboration are a part of this context as well. We are no longer leading from the perspective of presence and time, but rather of objectives. If I am an employee working in global structures of this type, I will have to ask myself these questions in the future: How, when, where, and with whom will I work? Digitalization and the utilization of digital tools can provide optimal support in this area, in no small part through virtual networks, platforms, and communities.

DMR: This is the background to your creation of the program “Great Place to Work (GPTW)”. Could you describe briefly what the objectives of this program are and what changes are expected to have occurred after its successful implementation for RWE?

U. Tigges: “GPTW” is a part of our “People Strategy”. We want to be an employer of choice and retain, mobilize, and recruit in particular high performers, young talented prospects, and the holders of critical functions through our leadership and the creation of a suitable working environment. We want to establish a flexible, challenging, and networked working atmosphere and will take into account the needs of future generations of employees as we work to accomplish this. It is important to us that we maintain and foster the motivation and passion of our employees – across all international borders.

DMR: What impact is this supposed to have on the RWE culture?

U. Tigges: This is naturally a cultural issue. We want to reduce hierarchy and enhance the individual’s voice because we need more creativity and innovation capability. Results count, not physical presence. One essential prerequisite that must be emphasized is that we offer our employees a maximum of flexibility and freedom to shape events – and this is one of the elements of GPTW. Ultimately, all of the activities conducted within this framework are rooted in the principle of voluntary action.

DMR: In Future Work projects, we think in terms of the dimensions “People”, “Places”, and “Tools”. What do you regard to be your key activities?

U. Tigges: Our guiding question asks when, where, and how individuals work. Right at the very top of the agenda is the subject of “leadership”. Managers must create an atmosphere that enables employees to develop their skills and abilities to the fullest. Doing so demands trusting in employees to work efficiently, whether in the office or elsewhere. This in turn calls for a different kind of communication and collaboration with one another. Although necessary, it is not enough for managers to work with a greater orientation to results than in the past. The appeal of the matter comes from employees basically determining themselves when and where they do their work. This autonomy also provides freedom in reconciling the interests of work and family. It gives greater weight to the personal preferences of employees. They have a stronger sense that they are appreciated and are given substantially more self-responsibility and liberty to shape their own lives. All of this must of course be supported by IT and communications technologies because the user-oriented utilization of legacy and new technologies mobilizes collaboration and communication. We also give priority to the requirements of communication and collabora-
Uwe Tigges, born in Bochum in 1960, completed vocational training and was certified as a telecommunications technician, qualified as a master in electrotechnology, and finally as a business administration technician. He began working at Standard Elektrik Lorenz (today Alcatel-Lucent Deutschland) in 1977. He changed to the energy sector in 1984, initially as an information engineer for the Vereinigte Elektrizitätswerke Westfalen (VEW). Between 1994 and 2012, he was a full-time member of the works council at the energy utility, which merged with RWE in 2000. From 2010 to 2012, he was chairperson of the group works council. In 2013, he was appointed to the RWE Group Management Board as HR Officer.
tion while considering the specific demands of the functional position during the design process for office space.

**DMR:** How common are “home office regulations” and mobile or virtual work in your company? What experience have you had in this area?

**U. Tigges:** We have had tried and proven guidelines for working at home in place for many years. So far, we have been able to “live” quite well with these alternatives because we have been able to respond appropriately to organizational and personal situations. When we look at the changes on the market and demographic changes, however, this will no longer be sufficient. We must take the next step, or we will risk falling behind.

**DMR:** What are the concrete consequences for RWE employees, and what opposition can you expect?

**U. Tigges:** We began speaking to managers, employees, and works councils about GPTW at a very early stage and are now continuing this intensive dialog in the “rollout”. We are not deviating from our path of involving the teams in the companies in developments according to their needs. Naturally there are some guide rails that we would like to have in place, but the decisions about the approach that is taken is very much in the hands of the local managers and employees. The works councils in each operation have also been included in this phase so that our dealings are characterized by transparency and a spirit of trust. So far, everything has gone really well because all of the involved parties understand what opportunities are inherent in this subject.

**DMR:** What changes will there be for managers, and how are you supporting them within the framework of the program?

**U. Tigges:** Trust, constantly dealing with “not knowing” and expectation of results – the challenges for managers must not be underestimated. Virtual work and the disappearance of traditional office forms entail a number of challenges for managers. We are certain, however, that the modern working worlds will be rewarding for everyone. Nonetheless, managers must first experience this first hand. We provide them with intensive support along this road by enabling them on their part to foster the skills and capabilities of their employees as best possible. This is nothing new to us, but the approach must be adapted to meet new challenges. Another major subject for us concerns the establishment of an honest feedback culture oriented to performance. The decisive point for us is that the assessment of performance must focus sharply on the “how have I achieved something” and not only on the results, the “what have I achieved”. This is the only way for us to ensure that the value principles we have defined are actually lived and become an integral component of the company’s DNA.

**DMR:** In your previous position, you were responsible for the RWE Group Works Council. Where do you see the role of the works council within the framework of “Great Place to Work”?

**U. Tigges:** I did not live my role as chairperson of the RWE Group Works Council as an end in itself, but as the representative of the employees. We make sure that the works councils in our group are involved in all of the projects – including of course in our program “GPTW”. In this context, the works council’s role is to question the concept repeatedly, acting as a “critical and constructive” representative of the employees, and to contribute proactively ideas and suggestions. Moreover, the works councils are essential interfaces to our workforce and have a good sense of what measures really offer added value or benefits to our employees. Since GPTW is aimed in particular at enhancing the flexibility of our employees and seeks to heighten the “empowerment” of the workforce, our works council stands behind the objectives of the program and proactively supports it.

**DMR:** How will the role of the HR department change in future with respect to the general parameters that are being discussed? Do you believe that the “Dave Ulrich” model still has any relevance?

**U. Tigges:** This is an excellent question. There has always been criticism of this model. We have always regarded the concept to be more like a source of ideas and have always constructively analyzed its possible application. Ultimately, we adapted the basic model to our business model and introduced it in this form – this works well for us even today. There is no doubt that we must continuously evolve our HR model. The question is whether we want to remain in our business-support role in the future or move more in the direction of a role that actively shapes the future. As digitalization progresses, it is becoming clear that more and more of the traditional HR functions can be performed by employees and managers themselves or even by third parties. Even though this may appear today to be primarily a matter of administrative tasks, this trend will
accelerate to encompass other HR functions as well. We can see today that personnel development is returning more to the pur-view of the business departments and that HR is concentrating on the strategic and conceptual orientation. This development will open up new, trail-blazing fields of action for HR. Future researchers expect an individualization of society. This will of course not come to a halt at company gates. Questions about demographic development are far from being answered. Knowledge management is another great challenge, and the path taken with “GPTW” toward more independence and trust leads to equality and onward to democratization. Wonderful fields of action for HR!

DMR: Allow us to conclude with a personal question. When you look back over your career at RWE up to the present, what achievements or changes are you personally proud to have brought about, and how do you see the future of the company, including its development with respect to “GPTW”?

U. Tigges: There have been three important things in my professional career that I would like to emphasize in particular. First of all, I am proud that I was able to help people or entire divisions while serving in my position at that time, whether the goal was to give new colleagues an opportunity in our company or to stand shoulder to shoulder with entire corporate divisions during difficult phases of the company’s operations. Moreover, I am especially proud of the confirmation I received from people by being elected to office for many years – whether to serve on works councils, including the Group Works Council and the European Works Council, or Supervisory Boards. Finally, I am of course especially proud of being given the opportunity to represent the interests of our employees and the company in my current position and to have the chance to be a part of shaping the changes in our culture. When I look back on our program “GPTW”, I would point out the “positive” atmosphere of exploring new frontiers. We have completely reshaped HR for RWE and driven forward the sustained transformation of our company and the HR change process. This is definitely a great accomplishment of our HR team and makes me proud.

The interview was conducted by Marc Wagner and Andreas Terwellen.
“We have joint responsibility for Future Work”

Cultural transformation and enhancement of efficiency complement each other in Future Work concepts. Dietmar Welslau, Group Officer for HR Transformation, is well aware that this can actually work. He reveals fascinating insights into how Future Work is being realized throughout the entire Deutsche Telekom Group.
DMR: What developments at Telekom have led to the need for “Future Work”?

D. Welslau: The need for Future Work arises from the rapid development in our market environment, especially on the global labor market. When we listen to the young generation and the high potentials among them, we hear that they explicitly demand a flexible working environment as well as a substantial degree of freedom for unfettered development. Rigid structures and hierarchies – traditional corporate structures – are not the least bit attractive to them and are a thing of the past. They want to be able to select the right working environment for the task at hand. Another factor generating this urgency is related to the enormous competitive pressures on the ICT markets. Restructuring, cost controls, competitive and regulatory pressure, and declining revenues are only some of the key words that describe the situation on our markets. The digitalization wave is generating enormous benefits in terms of productivity and efficiency, and we as a telecommunications provider ultimately have a role to play in this development. We will be able to keep pace with our “digital competitors” Google, Amazon, and all the rest, however, only if we are fast, agile, and capable of innovation and can map and consistently utilize the advantages of digitalization in our own work processes as well. The framework conditions required to achieve this are created by Future Work. Cultural transformation and enhancement of efficiency go hand in hand.

DMR: You have mentioned that Deutsche Telekom is strongly driven by the desire to become increasingly efficient. While speaking to another interview partner, we came up with the proposal that here in Germany we are efficient, but not innovative. How true do you think this is of Telekom?

D. Welslau: I believe that we can also be innovative, and in fact we already are in many ways. This is proved by a large number of innovations, including a service innovation like Magenta Eins or our new routers as well as network innovations. These innovations are genuinely tangible. The difficulty with innovations in Germany is that big encounters small: a large, traditional type of sales or marketing organization responsible for enormous revenue and realizing the greatest part of this revenue with current products runs into something that is “still” small, a possible innovation. Integrating something that is “still” small into the processes is a huge challenge. An even greater challenge, however, is to ensure that the innovative capabilities of our employees are vitalized and that innovations are regarded as relevant and essential for survival. The prerequisite here is a work culture that experiments and tries out new things and that also allows people “to make mistakes and learn from them.” This “fertile ground for innovations” must be constantly cultivated and supported. Managers play a very decisive role in this context – ultimately they are the disseminators and role models for an innovative working environment. We support this through our program “Future Work”: a very special value is placed on management positions, and managers are encouraged and expected to participate actively.

DMR: This cultural proposal – that there has to be a change in people’s minds – is also extremely important within the context of Future Work. What falls under the concept of Future Work for Deutsche Telekom, and what objectives have been set for it?

D. Welslau: When we look in the rear-view mirror, we see that the entire Telekom world was highly silo-, segment-, and business-oriented. Collaboration in an “end-to-end” sense has actively become a conscious subject only in the last few years, highlighted sharply by performance indicator systems, processes, and methodology. A process in the sense of end-to-end collaboration is only one part, of course. There must also be the willingness to awaken something mentally, to live collaboration, and to change things. Future Work is a fundamental medium in this respect. Our pure Future Work product is the Konzernhaus (corporate headquarters). People from completely different divisions sit here together, meet and talk to one another. They no longer work only in departmental areas separated from everyone else, but come into contact with people from other departments in room modules such as hot desks. This creates a completely different understanding for the big picture – that we all have a joint responsibility for Future Work and are not just a cog in the machinery of the company. Our Konzernhaus offers wonderful opportunities that we are consciously implementing in all of the other locations where we are modernizing properties. More expansive structures alone automatically result in interaction – the best example of this is the office where we are sitting right now. The door over there is closed; no one comes in. All of the other doors to the corridor are closed as well; no one is going in or out. The dynamics of a more open space are all lost. The opportunity to work while on the go, to do work from a distant physical location, also generates a completely different type of readiness to open up. The Future Work program has defined the previously described requirements as the following pillars: encouragement of mobile working, open office worlds, desk sharing, and, in particular, a new and open management culture.

DMR: How do you assess the role of managers within the context of Future Work?

D. Welslau: Leadership is the essential key. Leadership here does not mean “conjuring up” a transformation or the generation of transformation on a piece of paper in the sense of “Here is the Future Work concept; now realize it!” On the contrary, it entails a lot of hard work on requirements that result
from virtual management. Within the context of Future Work, managers must revamp their mindset completely – toward an open, result-oriented culture and, in their role, acting more and more as the “coaches for the individual career development” of their employees. Without this mindset, we will not succeed in bringing Future Work to life.

DMR: Do managers have to bring this mindset along as part of their qualifications, or can it be learned or even “implanted”?

D. Welslau: Neither the one nor the other. It must be inhaled, and the person must want it. We at HR must be the ones who instill the desire to inhale and to want, because otherwise you do not turn it into something personal for people. You will hear the classic reaction: “A new HR product? I don’t need it, it just gets in the way!” Any hope of acceptance goes completely by the wayside if you try to “implant” something by issuing an order from on high, or you split the company into two camps: one group that thinks it is great and joins in, the other group that rejects it. That situation is contrary to the idea of the “one company” and collaboration and generates tension within the workforce, something we are happy to do without.

DMR: Managers are important disseminators, but they can also put up a lot of resistance to the topic of Future Work if, for instance, they believe they will lose status symbols or control. So the most important anchor point is often the one that is the most difficult to persuade. What levers can be used to convince managers of the program’s value and to join the Future Work journey?

D. Welslau: We absolutely must have good references. Our competitors are not napping when it comes to Future Work any more than in other areas. I recently had a conversation with an ex-colleague who told me about the success of his project, the high sharing quota, and the enthusiasm of the workforce. So we have to demonstrate that the concept works and that it is successful. Detecon is also a good example because the previously described Future Work dimensions have been completely implemented in the company and have produced outstanding results in terms of innovative strength and productivity. We must stir curiosity and encourage ambition. This is achieved by describing how other people realize similar success in a work world that is obviously much more highly valued by the employees than in the “old world” with its rigid structures.
DMR: So pressure from the outside is an important factor?

D. Welslau: Yes, you can do a lot with external benchmarks and experience values. When we spotlight digitalization or Future Work, we have to be at the forefront with these subjects, that is our “right to win”. What is more, it is important that we can produce viable examples and testimonials from within that prove it works. People are simply more willing to believe a colleague they know than a hired consultant who tells them that it will work here because it works somewhere else.

DMR: You mention the subject of digitalization. How important is it for employees to be equipped with state-of-the-art technology so that they live the company’s own products?

D. Welslau: I am a professed adherent of the concept “bring your own device”, especially in large organizations. Pride plays a major role here, as does the stirring of curiosity. Employees can use devices that make their families, friends, and neighbors envious. Along with the financial effects that come from cutting expenditures for employees’ devices, our employees become much more intimately familiar with our products because they themselves use the devices. Employees learn what innovation means, how to use social media, what our services are, when they use the devices with their children in a familial setting. Besides the BYOD approach, I believe we should always make sure that employees are equipped with state-of-the-art tools – how else are they supposed to take advantage of the benefits of digitalization? Finally, the main thrust behind the topic of “devices” should be the communication of pride, innovation, and a feeling of “be a part”; saving money and increasing productivity should be secondary. That is self-evident, especially for a provider of telecommunications products, and the idea of “use what you sell” should reinforce the identification with the company.

DMR: Do you have any examples?

D. Welslau: Let’s take a look at Apple. Every employee receives a service contract for €xx, a device for phoning, and an iPad to do his or her work – and to show to others. I really admire this gesture by the company. When you look at our competition, you see this was a driver for them as well. The employees are extremely proud that every one of them has a modern smartphone, a laptop, the appropriate service contract with free data consumption, and, on top of all that, a high-quality trolley bag. That was the breakthrough for Future Work because the employees could see that the concept was rewarding for them personally as well. But there is yet another aspect. Although employees save travel time through their mobile work, many of them also worry that their career advancement will come to a halt because they are not physically present. BYOD gives employees the feeling that the company is deliberately investing in them as a way to further the concept and to create a connection between “personal equipment” and the company. This gesture from the company also tells me that I belong here and will not be isolated.

DMR: Along with the dimensions People and Tools, the dimension Places is an important topic for Future Work. The significance of the office will change – if for no other reason, simply because employees will do their work at home and while traveling. What importance will the office have in the future?

D. Welslau: The working environment is a very important factor in considering what drives the motivation of employees and their identification with companies. Their surroundings become even more dear to people when they have made the area their own to some degree, for instance, by designing it themselves in terms of the general framework and requirements. The component of being actively involved stimulates and motivates employees. You have to ask them what would be good for their working environment so that they can do an even better job. This is a field where we still have plenty of potential we can realize. I am not talking now about our headquarters in Bonn, where we have undoubtedly made substantial progress. In the field, however, we often still find structures that are reminiscent of the old telephone company offices. They naturally offer good conditions in terms of technology and occupational medicine, but they lack this element of “having fun”. They do not yet elicit a “Wow!” or generate a good mood when employees enter the rooms. “This looks great, this feels good, the acoustics here are good” – this connection between working and living space is missing in these places. But I think this is very important, and we will continue to invest in turning this around.

DMR: There are any number of studies available that have determined how productivity rises significantly when employees are given certain opportunities to shape their working environments themselves. How can that be reconciled with property strategies that focus more on standardization and efficiency?

D. Welslau: That’s a very black and white way of putting it. The involvement of the employees is an important factor, but it is of course limited by what is possible financially and by the physical constraints of the space. This can easily be explained to employees. If you ask people about their private situation, many will tell you that they would like to have a large villa with swimming pool and rooftop terrace, but such a residence is not absolutely essential in their lives. I can feel at home in surroundings that are far less luxurious. The same is true of the
office world. To this extent, efficiency or low-cost solutions and an environment that heightens productivity are definitely not mutually exclusive. This is what you have realized at Detecon, after all.

DMR: At Detecon, we used the physical structures that were available to us and found solutions that deviated from the standard to some degree. Would this example fit your description?

D. Welslau: Yes, I would say so. It is important, however, to differentiate with respect to the concrete tasks as well – obviously, the consulting business with an international clientele is quite different from the work in a standardized HR administration. Certain furnishings, infrastructures, and opportunities to contribute ideas to the design must to this extent be a good fit with the mentality of the people working there. It is not possible to sell a modular kit that worked well at Detecon, but that clashes with the circumstances in other companies. That is a good way to lose the support of the staff very quickly. You must build a bridge for employees who are moving from a traditional office structure into an innovative environment, one where they will even be expected to display substantial creativity in making a contribution to its design. In other words, a differentiated approach is the right path. I can find this path with the aid of intensive analyses and clarifications of what is meaningful, necessary, and feasible.

DMR: Our experience shows us that a certain amount of “demystification” of the concept of Future Work is important. Future Work is not a revolution; it is only one step in the right direction.

D. Welslau: It is always an evolutionary process. It would be sad if it were a revolution because that would mean that we had been caught napping as developments passed us by. At the moment, we are still riding the crest of the wave, and I hope that we will later arrive ahead of the wave. “Right to win”, digital work, and the other demands and opportunities for our company are ahead of the wave.

DMR: I would like to talk about the general conditions in Germany related to regulations for health and safety at work, bogus self-employment, and external workforce. What do you consider Germany’s position to be in this respect, and what must Germany do to pull level in an international comparison?

D. Welslau: I don’t believe that the regulation of work worlds, by which I mean legislation, can hold developments back. I don’t think the attempt to regulate something that continues to spread through digitalization, new services, and technologies by means of legislation for health and safety at work can hope to succeed. Its character can never be anything more than that of a recommendation. Employees can be educated about ideal working conditions at home, or they can be encouraged to observe rules of conduct that will protect them from self-exploitation. These are aspects that are set in the form of collective frameworks, but they must be realized concretely on the teams. We will not be able to stop this. I have just come back from Sweden and a stay on the holiday island Gotland. I saw a sign reading “fiber to the home” on every house there, showing that the service was available. How does that work? The residents there are prepared to make a contribution of their own of about €2,000; the rest is financed from the municipal and state coffers. Why do the residents do this? They want to have the chance to work even when they are on the holiday island for a few days and not just in Stockholm or the other large cities. This is obviously a powerful driver that pushes the culture as well as the infrastructure forward. People are adapting the ways they work and their expectations to the reality of working life. This is also very important in view of demographic change. So other countries already have quite a lead.

DMR: What was a positive experience related to the interaction of the people involved in the project that impressed you especially strongly during the course of the Future Work project?

D. Welslau: The mindset, the motivation, the burning interest in the subject, this “we want to accomplish something”, “we’re working on a major project, and we want it to be successful”. At the beginning, however, we had to struggle with a powerful orientation to problems. This has to be pushed aside for the moment without neglecting the problems or having solved them. You need to think more in the direction of opportunities and direct your gaze forward: What new possibilities will arise from this?

DMR: What would you like to see happen here in terms of cultural change?

D. Welslau: We must become bolder – simply do something and put it into practice. Of course, such actions should not be reckless, nor should we embark on an adventure without regard for the risks, but we should not spend 80% of our time in solving problems after previously laboring another 10% of our time to identify them. This would leave us with only the last 10% for our look ahead into the future.

DMR: How can Future Work contribute to the establishment of this culture?

D. Welslau: Open office worlds promote cross-segment and topic-related collaboration while desk sharing encourages communication. Mobile work allows employees to be highly flexible
in the way they do their work. Finally, result-oriented instead of presence-oriented management – a framework in which managers are willing to trust employees – is elementary. We must deliver functioning and tangible solutions. One example of this is the demonstration area on Friedrich-Ebert-Allee. While at lunch today, I noticed the following situation. People at three tables were talking about Future Work. The discussion at one table was driven more by the issue of the physical property. The people sitting here were talking about the possible architectural changes in the building. Two tables away, other people were wondering whether they might be able to take a part in the remodeling, and at the third table, the conversation was about the demonstration area. Our employees are looking at the subject from both rational and emotional angles. We have succeeded in initiating movement by making this big investment in the demonstration area. The haptic properties are obviously having an impact and leading to a special examination of the topic. It is important here that employees have the chance to experiment with, and to make modifications in, the new opportunities, i.e., to offer solutions and results that can be grasped quickly.

DMR: What recommendations from your past experience with Future Work can you give to someone who is being confronted with this topic for the very first time?

D. Welslau: It is extremely important to be absolutely clear about your own cultural and work requirements and to learn from others why they implemented certain aspects in just this particular way. You can use references from comparable environments or business sectors as your signposts for the development and definition of your own path. No one should believe that Future Work is a trend that can be copied one-to-one. The extensive analyses that we conducted in various partial products were relevant for the achievement of progress and were not just a flash in the pan.

DMR: We launched Future Work from an extremely central position, but then we realized that fast implementation in the local area is just as important. What do you think is the relationship between central topics and local implementations?

D. Welslau: I am a confessed disciple of synergies. You should do the intellectual and strategic work once. You must invest one time and make reasonable advance planning. It is just as important later to adapt to the changes, to take part in them, to give the feeling that you are at the front and not at the very rear of this train. This local perception of “tangibility” is completely relevant. You can deploy as many publications, working groups, or films as you like, but all of this is rather superficial and does not touch the heart. The immediate momentum comes when the manager or the department changes something at the location. At the end of the day, they serve as an example for the employees. It is important to find a certain differentiation locally as well. Only the managers and employees at the site can define their current position and decide what road to take between the possibilities offered by local circumstances and the instructions that have come from headquarters. This must be shaped by the employees at the locations and become their own affair.

DMR: What will change for your work because of Future Work?

D. Welslau: People in management positions almost automatically have a Future Work component because they travel a lot and “mobile” working is perfectly normal for them. I expect a noticeable change in the form of greater openness in dialog and in interaction with other people. Offices, especially in management, are still shielded by outer offices from any disruptions. There will be incredible changes when offices like this have become a thing of the past.

DMR: If you now take a look ahead into the future: What do you hope to have achieved with the Future Work project five years from now?

D. Welslau: I hope that in five years we will, in the company’s interest, have realized other “Future Work” or “Mobile Working” elements in the operational units, that we will not be speaking too much about steering, administrating functions or peripheral activities, but will instead be looking at demography, employees, and specialists. Then we will be highly willing to carry out customer service processes in this form of work organization.

The interview was conducted by Marc Wagner, Lars Attmer and Karla Blanke.
Interview with Daniel Eckmann, Member of the Executive Board, Detecon International GmbH

“How do you explain leadership? Daniel Eckmann, director of the consulting division for Deutsche Telekom at Detecon, joined Elena Rabbow, Business Analyst from the same division, to speak to her and answer her questions.

“Leadership is separate from the hierarchy”
DMR: The subject of leadership is one of the most important topics for discussion in virtually every company today. What is your understanding of leadership? Is it limited to managers only, or is there more to it than that?

D. Eckmann: For me, leadership has to do with motivation. How do I motivate other people to take on tasks at a high level of engagement? This is completely separate from any hierarchies, in my view. It is much more a question of acting in such a way that the people around me are motivated to follow me. That is also why people say “No Leadership Without Followership”. Of course, this can be related to a managerial position, but the principle has to do with ideas and motivation.

DMR: What characterizes a good leader?

D. Eckmann: Leaders must be capable of enthusiasm. They must be able to convince people to fight for a cause, a subject, or an objective and to commit to its achievement. A certain eloquence, authenticity, and the knowledge that everyone is pursuing a common goal are often helpful. Moreover, I am personally fully convinced that the goal must be articulated positively and must not be burdened in advance with negative energy. Furthermore, leaders should enable their employees or colleagues to assume a leadership position themselves. They should be interested in making their followers strong. That includes being able to step back and act more as a coach so that followers are given the opportunity to assume responsibility and develop in their own right.

DMR: What changes have there been in the understanding of leadership, what has become more important, in these times of globalization, digitalization, more complex networks, and social media?

D. Eckmann: Naturally it is more difficult to instill enthusiasm in colleagues and employees from a distance, and this makes the task of leaders more demanding. Putting trust in people is another challenge, especially when you rarely encounter each other face to face. You must make sure that the colleagues who work in another country or speak another language have absolutely no doubts about the importance of their role on the team.

DMR: This is a fascinating aspect with regard to Future Work. What concrete actions must managers initiate so that they can have a positive impact on the work relationships on virtual teams as well or maintain the level of enthusiasm for the common goal?
D. Eckmann: New technologies such as video conferences and tele-presence provide excellent means of achieving this. The subject of attitude, however, is essential: giving everyone on a team the feeling of being a fully appreciated member and of making an important contribution to the project. Modern working methods offer excellent support for this. Respect and the avoidance of misunderstandings must not be neglected, either. Regular face-to-face meetings are important for creating a personal relationship and investing in the foundation of trust.

DMR: Can you give a concrete example from your career that really impressed you in terms of leadership, and another one that put you off completely?

D. Eckmann: We acquired a large-scale project for Telekom that involved a very large number of business leaders within the Telekom corporation who represented a broad range of diverse interests. We established a senior team that enjoyed enormous trust from the client. A large number of young consultants were deliberately assigned to the project staff because it gave them an opportunity to experience good management and to take responsibility repeatedly for new tasks that would help them to grow.

Another superb example of how important it is for leaders to hold to their course and pursue a long-term vision is the establishment of our office in Poland. Everything worked really well during the first year, but there was a crisis in the second year. We made the clear and unreserved decision that we would stay with the previous course and looked at opportunities for improvement. Where do we need to invest? Where can we provide support? It worked! Thanks to clear and especially to long-term guidance, we ultimately achieved our goals. A very important characteristic of leadership in my view is the determination to pursue a goal, once it has been set, with a sense of conviction even when there is opposition.
DMR: How high is the value placed on leadership in your own division?

D. Eckmann: Very high. People development definitely makes employees more valuable, for themselves as well as for the company. Moreover, we use it to define an attitude that every single one of our consultants should have. We expect them to provide an advising opinion to clients that will offer orientation to the clients and show them the way to a solution to their issues. In this way, every employee here can promote the concept of self-leadership. Third, we in management want to give clear guidance to every single employee regarding how we are restructuring the company, preparing it for the future, and setting it up to master digital challenges. We want to be the driving force for digital transformation! With this in mind, we give our employees the right orientation with the right leadership methods that they can then carry on to the clients.

DMR: What does leadership mean in concrete terms for every individual employee at Detecon?

D. Eckmann: We believe in personality and we believe in leadership ability, but we do not believe in disciplinary hierarchy. That is why we give every consultant the opportunity to decide freely what aspects of topics should be examined. Everyone can decide for him/herself what topic is of personal interest and can of course ask for and receive guidance and advice whenever it is needed. The important point – besides the client orientation, of course – is that we utilize the positive energy and allow the greatest scope of freedom that is possible. Hierarchies are not necessary – but you do need colleagues who have the same interests and the same level of commitment. One good example is the “Happy” video that some of our young colleagues shot last year. Neither executives nor senior managers were integrated in the planning. The final result is great, and so it is a good example of self-leadership!

DMR: Can the model also be transferred to larger companies that have nothing to do with consulting, and, if so, what must be kept in mind here?

D. Eckmann: I would say that anyone can improve through creativity and enthusiasm regardless of the industry and company. The important factors are the right mix of degrees of freedom, guidance, and obligations along with a certain degree of individuality.

DMR: What concrete effects can be seen from the fact that Detecon takes the subject of leadership seriously, at the management level and elsewhere, and carries it further?

D. Eckmann: For several years now, we have been conducting regular surveys to measure the productivity and the atmosphere in our division. We firmly believe that we can use positive energy to work substantially more efficiently, and we use a method from Henley University for this purpose. In addition, we define actions that enable us to strengthen the weak points we have identified, actions that are driven by colleagues acting voluntarily and that integrate the Partners. Furthermore, we have created a significantly more creative environment – e.g., by remodeling office space and creating new meeting formats – in which we actively attempt to heighten colleagues’ awareness of the existing degree of freedom. Of course we still have a framework that clearly communicates our expectations to our employees and regularly review how well these expectations are met. Nevertheless, we are very clearly oriented to output. The time that is spent is not so important as long as the final effects and results are in order.

DMR: What criteria would you use to determine that the desired leadership concept has been successfully realized within Detecon? What makes it tangible?

D. Eckmann: I will consider the desired leadership concept to have been realized successfully when it has been firmly established as a tangible part of the Detecon culture. Naturally, client feedback is an especially important element. Do the people outside the company also see that we have invested so much in the leadership skills of our employees? The second element is the internal employee feedback. Do we actually see a positive development here? Finally, there is our image as employers. Are we successful in generating enthusiasm for Detecon in the high potentials among graduates? Indeed, there are factors which can be used to measure clearly the success of our leadership initiatives. I am firmly convinced that we will notice the changes even more clearly in the future if we remain dedicated to the leadership principles we have followed in the past.

The interview was conducted by Elena Rabbow.
The Corporate Guerrilla
Transformation – but how? Traditional top-down approaches are no longer effective in the digital world, but bottom-up has not become established, either. Deutsche Telekom’s Shareground strikes out on a new path. And has already been successful!

Digitalization is changing business models, working models, entire national economies – and especially cultures – at a breathtaking pace. Digital business models are possible in every industry and inevitably lead to competitors being crowded out of markets, structural transformations, and efficiency savings. Digitalization accelerates changes, but the topics themselves are not necessarily new. That has lured many companies into using the methods of the past to try to master the challenges of digitalization: top-down change programs, overproportional focus on managers, restructuring from one line form to another, upgrading Management 1.0 to 1.1 instead of moving ahead with radical transformation, proclaiming agility while acting hierarchically. What we truly need, however, is a change in the way we think about transformation approaches.

Using analog methods to bring about transformation into the new digital work is doomed to failure

Example 1: At General Electric (GE), Six Sigma is solidly anchored in the corporate culture as a method for transformation. All of the company’s managers have been trained in its use in the corporation’s own management academy for decades and taught to see it as the Holy Grail. Efficiencies have been consistently and quickly realized, but has GE made the breakthrough into the digital age? Can the disruptive leap be achieved through process management? Are incremental efficiency increase and product improvement the appropriate means to bring about transformation?

Example 2: Legend tells how Hasso Plattner read about the California company IDEO and its methodology of Design Thinking in an economic journal. In 2007, he made the decision to give SAP a new and customer-centric orientation based on this method. It was first disseminated top-down at the management level and then reinforced at team and project level. Today, Design Thinking is a new discovery for some German companies while it is a living reality driven strongly by the co-owner at SAP. Top sponsorship is a drawing card.

Corporations love top-down. Managers are sent to training programs and subsequently assigned to be disseminators who carry forward the transformation process. There are frequently difficulties inherent in this approach, however, because the consistent and complete penetration of the methods or transformation approaches in the company cannot usually be assured when managers are given this assignment. Changes in personnel, budget cuts, and changes in management filter the transformation flow and prevent it from reaching the broad masses in the enterprise. Moreover, the obligation to take part in the training programs frequently generates opposition, managers never reach the stage of reflection, and, in the worst case, they assume defensive positions.

Conversely, bottom-up approaches, driven as a rule by employee initiatives and aimed at igniting specific divisions, are frequently greeted with little enthusiasm at the top management level. Yet the support of strategic and cultural transformation by the management team is decisive and essential if it is to be a success.

A new transformation approach for digital transformation must be found

Deutsche Telekom’s Shareground has decided on an alternative approach to transformation that differs distinctly from the aforementioned structures. We call it “endemic” – or, to use other words, “corporate guerrilla”. On the group side, the task of Shareground is derived from corporate strategy and the focus is on strategic transformation projects that always have one sponsor from top management. The guerrilla aspect is reflected in the line of
Dr. Reza Moussavian, is a world citizen with the necessary international experience to handle the launch of new market entries or the transformation of leading operators. In his capacity as Vice President of the Group Transformation Change at Deutsche Telekom AG, he drives the Shareground Initiative intended to create and promote a new culture with regard to collaboration, innovation, and implementation within the company. The Magenta MOOC is only one of the many exciting projects under the auspices of Shareground. Moussavian previously worked as a Managing Partner for the MENA Unit of Detecon International GmbH and as a strategic consultant at IBM and PWC Consulting. He has handled assignments in more than 40 countries around the world for clients such as Telefónica, Svyazinvest, Vodafone, Ooredoo, and Etisalat, for regulatory authorities in the Middle East and South America, and for investors in the Asian-Pacific region. He preached end-to-end transformation in these cases as well.
attack that is taken. Instead of a fully comprehensive and overly detailed conceptual (top-down) approach, key crystallization points are set as lighthouses in the company so that specific tuning knobs can be adjusted and impact is demonstrated. This is not achieved by conducting formal training programs; instead, new approaches are realized "on the job". We do not conduct any seminars or workshops, nor do we have any culture initiatives – we work on the transformation projects of our operational units in technology, product management, sales, customer service, innovation management, in Germany and our European footprint, sometimes in South Africa as well. We are not Knights of the Holy Grail like top-down transformation authorities; we want to share skills, tools, and methods of Shareground while emphasizing maximum transparency and openness because this is the only way that they can be firmly anchored in the line organization. By the way, our areas of competence are aligned with our strategy: innovation culture, user centricity, simplicity, agility, digital cultural transformation.

Causal model: derivation from corporate strategy, selective implementation, training on the job

Nevertheless, our “causal model” covers the entire organization while making use of a variety of formats during selective implementation for different target groups. Shareground is becoming established for interchange with external experts through studies and concepts that subsequently offer a basis for the development of formats and programs, always aimed at generating new knowledge for Deutsche Telekom. Newly acquired findings (from projects, for instance) are being retrospectively incorporated into the concept work and existing ideas and concepts are being evolved.

Demand exceeds our capacities, the feedback from the management board level, management level, and employee level is overwhelming. We can point to our success and will continue to follow this road.

The aspirations for the initiatives for top management (T³ – Telekom Transformation Team) and executives are inspiration and innovation. The formats offer a platform for external and internal interchange on our themes: user centricity, innovation, agility, simplicity. We work on a pull basis of offers and conviction, however, not compulsory top down.

“Followers” who are inspired by this and want to continue to develop in this direction receive additional, concrete support from Shareground, but for their teams and the underlying organization and not for specific individuals. This support usually takes the form of guidance during critical transformation projects, i.e., on the job. Our objective is to contribute to major increases in performance and quality in the various divisions. A pulling effect is created – if something functions in one project, it can be transferred to another one as well. What is more, it can find a use in day-to-day business as well. As a consequence, there is a steady and effective change in the culture lived within an organization. The pulling effect of specific success stories – “The things that work in the adjacent division could also be effective here with us” – propagates so that the crystallization points turn into small networks that stimulate one another and accelerate the cultural transformation. The endemic, selective or viral transformation turns into an "epidemic" approach that aims to have an impact on the entire breadth of the organization.

We reinforce the impact at the organizational level, e.g., through train the trainer educational programs and method toolkits (how-to guides). The disseminators in the business departments and cross-division communities play a key role here as well.

There are formats such as the Magenta MOOC, a massive open online course, at the employee level through which a broad impact throughout the company is created. There are no demands for a holistic, all-encompassing concept; instead, tangible working principles that Shareground requires of itself are lived: “Start small, but start.”

Co-Author of this article is Elisa Voggenberger, Business Analyst, Detecon International GmbH.
Interview with Dr. Thymian Bussemer, VW AG

„Ver.di and Silicon Valley are not irreconcilable opposites“

Dr. Thymian Bussemer has a thoroughly positive attitude about the competitiveness of German companies in the context of digitalization. Individuality and proximity to the customer demand decentralized decision-making authority and entrepreneurship. This cultural transformation is in full swing.
DMR: Digitalization” is a buzzword that is currently the subject of conversation everywhere. Industry 4.0, smart services, or big data are some of the striking elements of this trend. What major implications for the market and competitive environments for companies do you deduce from these developments?

Dr. Bussemer: I believe the chances are good that the German manufacturing industries will realize sustained digitalization of their assembly lines, processes in the indirect areas, and overall in their value stream flows. The first robots in the automotive industry were installed as far back as 1961. This industry especially has had years of experience in automation, and the lessons that have been learned here have rubbed off on other industry sectors. Perhaps we as Germans need to learn how we can improve our networks, the second important key element of Industry 4.0. This is where telecommunications comes in. If, for example, vehicles are supposed to share data actively with one another in the future, massive investments in network expansion will be unavoidable, giving rise, of course, to the question of who will bear this expense.

The really important question for me, however, is how products and services will behave with one another in the future, i.e., whether we will succeed in intelligently connecting outstandingly good physical products with service business models. This is where Silicon Valley is ahead of us. Some of products from here – Uber is one example – are completely intangible, yet they are turning entire industries on their heads.

DMR: How in turn does this determine the ways in which we will be working together in the future? What are some concrete features and concrete examples for the appearance of digitalization in the working environment?

Dr. Bussemer: The changes are many and varied. Flexibility with respect to time and location can be both a curse and a blessing. In any case, they must be structured. In the production sector, we are concerned with so-called human-robot collaboration, that is, the question of how workers and machines will interact on the shop floor in the future. The issue has social and communicative dimensions as well as safety technology aspects. There is a production team at Audi that have christened their robot “Adam” and integrated it fully into the group. That will not necessarily happen everywhere. We can certainly imagine more negative attitudes about a robot as a colleague. By the way, I don’t believe in the virtualization of all labor relationships. People want a place where they can meet their colleagues and interact with them. Offices will still exist even at the end of this century. Nor will it be possible to automate fully the factory of the future. People will always be needed there – generally speaking, by the way, more highly qualified workers than today.

DMR: While on this subject, what is meant by the term “Work 4.0”?

Dr. Bussemer: The historic opportunity to humanize work by using robots in the future to perform boring, stressful work that is harmful to human health and does not promote competencies.

DMR: What do you believe Germany should be doing to remain competitive in the digital world of the future? What challenges do you foresee?

Dr. Bussemer: From my viewpoint, it is a question of automation with a sense of proportion. We live in a high-wage country, and no one wants to change this. So if we want to remain competitive, we need a new mix of labor costs: one part of the work must be performed by the far less expensive robots in the future so that at the end of the process the unit labor costs are at an acceptable level. At the same time, we should make human labor more valuable – through better qualifications, but with good rewards as well. These are good prospects for labor. The demographic transformation will help us to come up with a new mix of human and machine labor that is acceptable in terms of employment policies as well. My superior Horst Neumann, HR Management Board member at Volkswagen, has presented a master plan to the VW Group that has broken down this development into exact consequences for our corporation.
Dr. Thymian Bussemer is responsible for the subject of Industry 4.0 in the Group Policy Principles Department Personnel at Volkswagen AG. During the period from 2012 to February 2015, he worked in the HR division at Deutsche Telekom and was involved in the realization of Shareground.
DMR: Let us dive into the "microcosm" of companies for a moment. What do you regard as the business models and organizational forms that will have the greatest success in the future?

Dr. Bussemer: I believe it will be a matter of finding good mix models combining tangible products and smart services. Since both products and services will, as a tendency, have to be provided more individually and closer to customers in the age of 4.0, we need more decentralized decision-making authority and more entrepreneurship close to the customers.

DMR: What effects will this have at times on the relationship between managers and employees?

Dr. Bussemer: Ideally, managers in this new model will be the facilitating, motivating, and coordinating forces who will themselves preferably work directly and be part of a dialog with customers. Of course, in the real world, there are always asymmetries. Managers often have advantages in experience and information which require them to intervene when specific approaches and initiatives no longer fit the “big picture”. On the other hand, the managers who, although far removed from operating business, believe that they are the fount of all wisdom are simply horrible.

DMR: If you had to take stock of large German corporations right now, how would you rank them in terms of the challenges you have just described?

Dr. Bussemer: I believe the cultural transformation is in full swing, and at the end of the day we will have to find our own path in alignment with the traditions of cooperation characterizing Rhine capitalism such as co-determination, yet displaying its own features of modernity. During my years at the Telekom School of Transformation and at Shareground, I saw Telekom in particular taking a good road; ver.di and Silicon Valley are not irreconcilable opposites.

DMR: Let's talk about the role of HR in this context. What does the subject of "digitalization" mean for HR?

Dr. Bussemer: Initially, there is the potential to become even more effective in administrative processes. Moreover, HR must of course drive cultural transformation forward and prepare workforces for the greater volatility of the times ahead. We examined this question more closely in a Shareground study, by the way, which has recently been released by Telekom.

DMR: Has Dave Ulrich’s “three-legged model” come to the end of the road in the HR sector?

Dr. Bussemer: There are clever people who claim that the 3-legged model in HR corresponds to the neo-liberal model of corporate development, and when they see the gradual waning of neo-liberalism, they come to the conclusion that the time of the 3-legged model is also past. I myself have never really thought all too much of this model because, in my view, it takes too many of the HR staff away from the direct care and support of employees. Yet this is for me the very core of HR work. So you are asking the wrong person this question: I am relatively indifferent to this model.

DMR: What opportunities and risks do you see for HR?

Dr. Bussemer: I see the greatest risk in the institutional handling of HR while subjects concerning culture and people become the key value drivers in companies. My advice to the HR community: less gobbledygook, more self-confidence, do not let yourselves be frightened by everything that has bloated the word “business”.

DMR: Let us close by daring to take a look ahead into the future. What future trends in the area of digitalization do you foresee in the next five to ten years, and what effects will they have on our working environment?

Dr. Bussemer: Augmented reality will become increasingly important, as will sensor technology. We at Volkswagen are in the process of analyzing the potential of virtual assistance systems as instruments of knowledge management. Ray Kurzwell has identified the latter as the next Big Thing. Naturally, we are interested in finding out how much truth there is in that.

The interview was conducted by Marc Wagner and Carolin Schmidt.
Interview with Georg Pepping, Managing Director HR, T-Systems International GmbH

Keeping an eye on the Periphery around core business

T-Systems is among the companies that are working intensely on their own transformation. Georg Pepping, Managing Director HR, speaks here about agility, the relevance of the behavioral level in transformation, and the necessity of keeping an eye on developments outside of a company’s own core business at all times so that an early response to changes is possible.
DMR: T-Systems in a permanent state of transformation – the level of the pressure continues to be high. What do you regard to be the primary reasons for this?

G. Pepping: I see a number of reasons. First of all, there is the matter of strategy. Companies must continuously generate competitive advantages, and this pressure puts them under pressure to adjust. At the start of 2014, we decided in consultation with the Market Unit to adopt a new strategic orientation for our external customer business that involved an alignment with the portfolio, leading to a restructuring of business and in turn of the personnel as well – a complex transformation, in other words. At Telekom IT, which operates under the umbrella of T-Systems as well and provides IT services within the group, we have a lot of pressure to adjust costs because the competitors are less expensive. We will be operating more standardized platforms requiring substantially smaller numbers of operating personnel in the future. Another reason for the frequency and speed of the transformation projects can be seen in the fact that the ICT market changes much, much faster than other industries. In their totality, these drivers exert constant pressure to adapt. We are the leaders in some positions (stay on top), but must stay on our toes to maintain this position; in other areas (catch-up), we are facing the necessity of taking large and fast steps to reach the same level as competitors. Near-/offshore capacities, automation of our internal processes and tools, plus global coverage with the international telecommunications business are examples of this. Within the scope of the leap in global outsourcing business in 2009/2010, we followed the assessment of our performance by launching the program “ZERO Outage” as a means of ensuring that big deals are delivered on time, in quality, and on budget. This was a difficult process, but we were successful in the end, and customer satisfaction is today at the highest level. We are convinced that the more devices and applications are connected to one another in the “Internet of Things”, the greater the role that quality, security, and reliability will play. The change moving in the direction of digitalization is therefore a tremendous opportunity for us. Digitalization also means change, the market is now being divided up relatively quickly, and we want to be a part of it.

DMR: Where must work be done so that in the end the agility and the transformation capability of T-Systems are improved?

G. Pepping: The subject of change management versus transformation deserves attention. These are two different things for me. Change is simply an alteration. Transformation is more complex. Over the last two years, we have carried out a comprehensive and global transformation program. We began this far-reaching transformation project with determination and will see it through to the end. Most importantly, you must maintain ongoing dialog with everyone involved – nothing is possible without open and fair communication. For agility itself, we need the appropriate structures, faster decision-making processes, and more entrepreneurial responsibility. We will pick up on this with our growth portfolio in the newly created Digital Division, for instance.

DMR: There is undoubtedly a need for support when changing things culturally or modifying the content of structures.

G. Pepping: To me, transformation means either doing things differently or doing different things, and every transformation begins with the individual. Companies and people are very quick to demand changes from others while making an exception for themselves. Putting aside familiar routines and becoming familiar with new patterns of behavior is a difficult undertaking. Undoubtedly corporate management today is an art because companies are given less and less time to complete change processes successfully. A transformation without performance will not work because the revenues needed to stay the course of the transformation will not be generated. Performance without transformation quickly causes companies to fall behind on fast, disruptive markets.

DMR: Do we have a tendency to link the subject of performance too closely to the subject of efficiency? Surely the focus must be on a question such as the one about a team of sustainable performance capability that can take basic innovations to the market. Are we possibly too short-sighted in Germany when we always limit the concept of performance to a fixation on the bottom line?

G. Pepping: I would not say that when talking about T-Systems. In the outsourcing business, efficiency – an annual increase in productivity of about 10 % – is almost law at this time. Can I try to change the rules of the game? To a certain degree, yes, but I need a differentiation factor for this, and I have to build this factor first. So, no, I do not believe that there is an overemphasis on performance. The trick is to make efficiency appropriate for our times. When it comes to legitimacy, it is always easier to wait until the figures are poor and then to say: We have to do something! At this point, no works council will object; the pressure to take action is obvious and simple to communicate. Finding justification for a change in a company that is in relatively solid condition and nevertheless must reduce costs and headcount is significantly more difficult. In a disruptive world, the fine art of transformation management is in the initiation of transformation measures at a very early stage. This demands a lot of courage and ability to convince others, especially when my current business is producing good profits.
DMR: How can a sense of urgency be instilled in a management team so that work on continuous transformation and sustained orientation of the company is done especially when times are good? What are the most important levers for anticipating a sustained threat?

G. Pepping: One line of justification is certainly the subject of permanent, productive disquiet. Andy Grove, co-founder of the company Intel, once said: Only the paranoid survive. Dr. Bolko von Oetinger, former head of strategy at BCG, expressed it like this: Always watch the periphery. History has demonstrated repeatedly that the enemy comes from the periphery. The real threat for carriers such as Deutsche Telekom does not come from traditional telecommunications and cable companies, but from new players like Apple and Google. The same is true of IT. Who would have expected companies like Amazon to turn into competitors in cloud business? So an important point is to remain vigilant for changes that may well be headed your way from far outside. A second point concerns the ability as a company to allocate means and resources along the transformation path quickly and determinedly. The third point is the perception of yourself as creating something better than what has been here so far. Steve Jobs was undoubtedly characterized by this type of disquiet and by his will to shape the course of events.

DMR: What should the role of HR be in this transformational context?

G. Pepping: Every manager must develop his/her articles of faith. My articles of faith include the belief that successful corporate transformation will not be accomplished without successful “people transformation”, and this begins and ends primarily with a change in leadership culture. One of the major challenges facing HR is to place the subject of “change in leadership culture” on the agenda and to keep it there. The claim that “Our people are our most important asset” is repeated often and without hesitation, but there are only a very few companies where it is truly lived. Often it is dismissed as a topic that concerns only HR and is simply delegated to HR. My own attitude is this: Manage your personnel as well as you manage the return on investment for all of your other assets. What are the factors for success? What is good, what is bad people management? To begin with, I have to devote an adequate amount of my time to the subject. Many managers, especially in industries dominated by technical expertise such as IT, spend far too much time with operational management. Technology corporations in particular are inclined to allow their engineers and computer scientists to run wild at the technical level with the consequence that the subject of leadership gets the short end of the stick. We asked 800 of our managers where they currently spent their

Georg Pepping, born in 1969, began his professional career at Deutsche Telekom Group in 1997, working as a commercial lawyer at T-Data Gesellschaft für Datenkommunikation mbH. The following year, he took over direction of the in-house legal department. In 1999, he moved to a position in the division “Conditions Employees Group” at group headquarters of Deutsche Telekom AG in Bonn where he was in charge of the negotiations for collective bargaining agreements in the domestic group. From 2001, he was the head of the department “Remuneration Systems and Total Compensation”. Georg Pepping assumed responsibility for the headquarters department Human Resources Management (HRM) at group headquarters of Deutsche Telekom AG in 2003. In his position as director of the Competence Center HRM, he was responsible for compensation and benefits in the Telekom group, including the social, collective bargaining, and co-determination policies in the group. Georg Pepping has been Managing Director for HR and Labor Director at T-Systems since 1 September 2010.
time (as-is situation) and where they believed they needed and wanted to invest their time so that their transformation targets could be achieved (target situation). While about half of their time is currently spent on operational tasks, this should only be about one-fourth in the future. Instead of the current 20%, it would be better to spend 30% of their time on leadership. And instead of only 14% of their time as now, it would be better to invest 23% in further development of the unit. Time is perhaps the most important resource that managers have and we are currently working with the executives to determine how we can realize this change in leadership.

DMR: So we are talking more about a management subject?

G. Pepping: Yes. It is certainly a systemic subject as well, however. For instance, the subject of email was a clear factor for increasing productivity five to ten years ago. Today it has become a productivity killer, in my opinion. Too much attention and time is given over to the fast answering of emails, and meetings become unproductive because of the temptation of multitasking. Response speed is good, but prioritization, focus, and reflection on whether we are doing the right things should not come up short.

DMR: What core contributions toward achieving this can HR make?

G. Pepping: I see three core contributions for HR. The first contribution is to set the subject of “People Transformation” on the agenda. Unless the workforce is changed along with the transformation, both quantitatively and qualitatively, the business transformation will not be successful. It must be developed just as strategically as the technology, which is the aspect we devote so much attention to today. A second contribution is in the build-up of expertise in the sense of advising managers in what they do as well as in how they do it. The third point is the strategic further development of the leadership and corporate culture, the change in the behavioral level. As Tim Höttges, our CEO, has said: Strategy without culture lacks power and Culture without strategy lacks orientation.

DMR: Dr. Illek’s predecessor launched an initiative entitled “Way We Work” at Deutsche Telekom headquarters. It examined the question: How do I work more efficiently and effectively? You don’t hear anything more at all about this initiative today.

G. Pepping: Some elements of this initiative are still in the implementation stage. I believe, however, that these initiatives have not come to full fruition because all change projects like these, just like the subject of innovation, must arise from business itself. I think that ordering innovations and issuing commands on achieving them from headquarters is the wrong approach.

It is certainly possible for innovations to be set in motion from there. Where, however, do things happen, where do they have to be carried out? That is always the work of the operating departments. That is why I would launch these types of change projects primarily from these locations and conduct the pilot programs there as well. The same is true for other subjects. An innovation that does not have a close relationship to the customers, for instance, often leads to a dead end and is worthless. It won’t find a market. So how can I be more productive in my work? By placing the subject of “how do I organize my work effectively in a flood of information, in a complex matrix organization, in a worldwide, global environment” at the point where many factors converge, where productivity is actually a decisive figure. Only at the point where it is perceptible and consequently measurable will I also find a business owner and secure the required advocacy and support.

DMR: Is that essentially a vote for decentralization and against centralized programs?

G. Pepping: Centralized programs should not be set in the sense of strategic focal points. In other words, set priorities, yes, but the realization should always be in the business units. Exactly the same principle applies to the products: always in close proximity to the customers.

DMR: In the meantime, there are tendencies in the opposite direction: Employees first, customers second. The first step calls for becoming involved first with the employees and seeing how they can be appropriately enabled. The second step assumes that customer well-being will more or less follow on its own. What do you think of this idea?

G. Pepping: These are black-and-white observations. There is always some truth in these kinds of statements, but there is no “or” for me; it is an “and”. We find this ambiguity in IT business as well; it is a service business. If I am to be successful in my service performance, however, I have to have the right attitude toward the customer. Employees do things well when they enjoy doing them and when they receive attention and appreciation. If these elements are missing, customer service will also suffer. Willingness to go the extra mile will be non-existent – but service without the extra mile is never good service. Yet it is also true that in good companies we see the products always being tried out to some extent within the firms’ own context. If, for instance, I am selling “bring your own device” to customers, I should have tried out “bring your own device” in my own operations. The successful completion of such a pilot at Multimedia GmbH in Dresden has prompted us to begin discussions with the joint works council for the expansion of the concept to T-Systems GmbH.

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DMR: Turning employees into fans of their own products and making sure that they are proud of the company and the brand is a method frequently found in the hotel business or in the consumer goods sector. How can this be achieved in a company like T-Systems?

G. Pepping: Every human being needs identification with a group; this desire has deep roots in the human psyche. Manufacturers of consumer goods certainly have an easier time of generating identification (because they work with products that people use daily) than companies that work on industrial solutions. When I look at our most recent employee surveys, I see that the approval values for the Telekom products in the private customer sector are higher than those in the business customer sector. Moreover, our employees are very happy to be a part of Deutsche Telekom and to be able to take advantage of the attractive employee services offered by Deutsche Telekom. Nevertheless, I must, and I can, compensate for a lack of life style products in the business customer sector through purpose. In South Africa, for example, T-Systems operates the IT for Transnet and for Eskom, the utilities that handle energy and water supplies in South Africa. We successfully operate road toll systems and are currently in the process of installing one of these systems in Belgium. Our work has tremendous significance for our clients as well as for the functional capability of an economy that relies increasingly on the technical support of IT. This takes us right back to the subject of digitalization. As digitalization spreads into more and more areas of our lives, it is setting a number of processes into motion, socially as well as in the working world. You can think that is good or bad. But whatever you may think about it, there is no denying that we will, and must, deal with the subject. In collaboration with the University of St. Gallen, we at Telekom have projected it onto the working world and considered all of the things that are in flux – and we want to mold the shape of things to come, not just react. These are relationships that the individual who is only a small cog in the massive machinery does not see at all, but that can certainly be made apparent. Everyone would like to be a part of great things and recognize the relationship of his or her actions to the rest. Of course we should also apply the products we have on the inside. Take the example of Future Work. We recommend and offer IT solutions that make it possible for employees to do their work from any location while they are on the go. Offering technology is one thing; using technology yourself and making it tangible for the employees is another. While we have certainly made substantial progress in this direction, we can do even more.

DMR: Courage and error culture are terms that always pop up in the context of innovation and innovation capability of companies. What are the factors that hinder us in their implementation?

G. Pepping: We want to set ourselves apart in our clients’ eyes through quality and security (among other elements). Are we therefore allowed to make mistakes? No. But there will be mistakes, because that is human. It’s just that a small mistake in our business can have a major impact. That is why routines, clear instructions for actions and processes, and training programs for personnel must strive to exclude possible mistakes as far as possible and why there must be clear procedures for the fastest possible identification and correction of malfunctions. It is like an airplane – there are two pilots in the cockpit. They always go through the checklist one item at a time, although they have done it all 100,000 times. The end effect is that we must have a lot of routine and discipline at the right point. Since we also want to introduce new, innovative products and services to the market, however, there are also points where we must try out things. The balancing act is to make both of these things possible and to cultivate them in one company. In other words: we need different skills in different areas and must be differentiated in both communications and in the programs.

DMR: Generally speaking, executives in particular find it hard to accept a culture of mistakes because they bear the ultimate responsibility. How can you encourage this culture?

G. Pepping: Personally, I see the subject of a culture of mistakes beginning with my own actions, with a reflective, self-critical attitude and the confidence to communicate mistakes. Every manager has without question made decisions at some point in his or her life that he or she would not make in the same form today. The fine art is to learn from these mistakes, and to learn quickly. You must take risks and try things out in a calculated way. I hear too often that executives fear that their mistakes will be interpreted as weakness. There are very few managers who are willing to speak openly about making the wrong decision. My experience, however, is that this willingness makes a manager more human and thus more authentic. A second point is to communicate systematically the “lessons learned” as well as the best practices so that I can be sure that I do not make the same mistake again in Project B that I once made in Project A. This is not an easy matter in a company like T-Systems that operates in more than 20 countries. I expect a lot in this respect from the Communities of Practice that have been set up at T-Systems to enable precisely this kind of global interchange on defined topics among employees and to promote the sharing of knowledge. One final remark on the subject of innovation: I do not believe that more money necessarily produces more innovations. I believe in fact that innovations often appear precisely at those points where I must achieve more with limited resources. A confirmation of the old proverb that “Necessity is the mother of invention”.

Detecon Management Report DMR • Special Transformation & Peoplemanagement 2 / 2015
The decisive point is not the right model, but the sustained implementation of models based on solid expertise. Again, great discipline and shrewd adaptation are called for here. Another point is the topic of the “right people for the right job” and the subject of rotation. If employees are able to gain experience in various HR roles at an early stage, they will be able to recognize crossover relationships and to live interfaces in a different way. This is exactly what prevents the success of many HR organizations today. It looks good on paper, but does not work in reality. Among other factors, because the HR business partner does not understand his or her counterpart in the HR competence center or, for example, the HR competence center employee has too little understanding of how his or her products and services are provided from the shared service center. This is not limited to HR, however, but ultimately applies to all organizations, especially to matrix organizations. That is why I think it is good that rotation is mentioned among the core points that Tim Höttges has addressed within the framework of the new leadership program “Lead to Win”. Telekom is a matrix organization on its way to become a multinational, functionally directed corporation. Improved cooperation will not be possible without understanding. Networked collaboration is in my view one, possibly even THE key skill for a networked organization. This takes us to the topic of Future Work. As far as the working environment is concerned, Future Work is only a partial aspect. Mobile working is a response, enabling me to collaborate today in highly variable roles, at different locations, at different times, with different employees and from different settings. How successful and effective am I here? Workplace is one thing, technology is the other, the third point is the understanding of leadership. A number of aspects converge here – that is what makes it so exciting. I am convinced that will increase our productivity as a result.

DMR: People, places, tools, the optimal combination of all three. That is a good way to close. Thank you for this fascinating conversation.

The interview was conducted by Marc Wagner and Verena Vinke.
Digitale Transformation in HR Management

Are you ready for the digital world?
The transformation process has begun – and it will not spare human resources. Companies must identify the digital capabilities that will be important for their future HR strategy.

The Internet and a new form of mobility are changing our society at a breathtaking pace. Companies are shifting their business activities into the digital world. New products are appearing alongside familiar portfolios, and new partnerships of strategic value are making an appearance. Previously unknown competitors are showing up on digital markets and generating new forms of competition. Digital transformation demands a change in the way people think and an adjustment encompassing the entire company if success, indeed, its very survival are to be assured in the middle and long term in this seemingly virtual world. This is a challenge that will confront future-oriented HR departments as well. The new strategic orientation must be actively supported by HR management in line with today's world. Digitalization is leaving HR no choice but to become more deeply involved in business operations, and personnel departments will have to bid farewell to functional silo thinking.

Companies committed to digital transformation quickly discover that the demands made on their workforce are changing and that the knowledge and skills required of employees in the past are no longer relevant. The digital world needs a new “employee species”, the “Homo digitalis” – people who have specialized in a life with computers. The employees of this type have individual skills, and no one is better acquainted with the many opportunities and risks inherent in the digital world than they are. But they also have their own specific demands. They expect maximum mobility and flexibility as well as a pronounced balance between work and life. The “Homo digitalis” is highly coveted on the labor market. Personnel department must heighten their ability to define the new knowledge and skills required and to develop the workforce accordingly.

Future trends in HR management

As transformation proceeds apace, it is quickly becoming clear that existing IT applications and tools will no longer be capable of ensuring efficient support of the changing HR processes of the future. Human resources departments need new digital capabilities so that they can provide the support required for the company to blaze a successful path into the digital world.

Recent studies reveal the following top trends in future HR:

**Total Workforce Management und Workforce Analytics:** Fast forecasts of need and adjustments in the workforce in accordance with changing business strategy are decisive for total workforce management. The resulting mix of the right knowledge and skills in the permanent workforce and from external temporary employees is critical for success. HR must provide suitable methods and tools to achieve this mix. Analytical and predictive capabilities are enormously important so that the ability of the workforce to change can be analyzed and the corresponding advanced training and recruiting measures can be initiated.

**Big Data:** Digital personnel data must be available anywhere and at any time. The use of analog forms and records leads to undesirable media breaks; the digital self-service portal is the modern trend. Obviously, such a portal must be “always on” for regular employees, but executives also require access to important data and processes all the time – and on their mobile devices as well, of course. HR departments are confronted with a flood of data from applications, partner networks, and social networks. They have the critical task of filtering out and validating the data that are actually relevant – while strictly observing compliance regulations at all times.

**Recruiting und Retention:** Recruiting processes are becoming substantially more dynamic. Thanks to “one click apply”, application data are finding their way into the company via many electronic channels. Candidates expect prompt feedback on the status of their applications. New selection formats such as “speed applying” are being used to arouse applicants’ interest. Efficient assessment methods are important for recognition of the right candidates for the company and their recruitment. Once talented employees have been recruited, their long-term retention within the company should be secured because they represent important capital for the further development of business strategy.

**Performance Management:** Traditional performance assessment methods are fading more and more into the background because...
### Innovation & Transformation

- **Early Trend**
  - Detection & Evaluation
- **Management of Collaborative Innovations**
  - Business Exploration
  - Management of Digital Strategy
- **Corporate Transformation**
  - Culture Setting & Mgmt
  - Ethic & Social Responsibility Management
- **Balancing of Incremental vs. Disruptive Innovation**
- **Innovation Implementation & Operation**
- **Knowledge Management**

### Digital Process Management

- **Life Cycle Management**
  - Agile Process Modeling & Implementation
- **(End-to-End) Integration & Automation**
  - Process Scalability
  - Management of Repository/Experience Database
- **Value Oriented Process Management**
  - Policy Driven Process Management
  - Process Mobility

### Digital Information Management

- **Information Value Assessment**
  - Information Sourcing
  - Data Life Cycle Management
  - Privacy Management
- **Analytics**
  - Presentation/Exposure
- **Information Quality Management**
  - Information Processing
  - Hybrid Product, Production, Service Integration & Value Creation

### Risk & Trust

- **Operate Control System Management**
  - Risk Management
  - Information Security Management
  - Safety Management
  - Business Resilience
  - Identity & Profile Management
  - Trust Management
  - Identification Management

### Smart Business Network Management

- **Multichannel & (Partner-) Channel-Integration Mgmt**
- **Customer Experience Management**
- **Intelligent Partner Scouting**
- **Partner Relationship Management**
- **Value Architecture/Depth Design**
- **(real-time) Information Exchange & Exposure**
- **SLA-Management**

### Cyber Physical Systems

- **Support Exploration Management**
- **Operational Integration of CPS**
- **Real time Asset Management & Integration (IoT)**
- **Real time Control & Business Activity Monitoring**
- **Hybrid Reality Modeling**
- **Hybrid Reality Simulation**
- **Capability Management**
- **Event Driven Architecture**
- **Information Exchange**
- **Digital Delivery**
- **Management of Adaptive Systems Behavoir**

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**Figure: The Digital Capabilities of the Digital Navigator**

Source: Detecon
the associated administrative work is both time-consuming and costly. Annual employee rankings are no longer of value for the future. Employees dislike being classified according to rigid performance levels. New, innovative methods are finding increasing favor; they in turn require new IT tools for support of the processes.

**Skill Management und Learning:** What knowledge and skills do our employees have? Do these capabilities truly fit our needs, and do they make a meaningful contribution to our business model? What training programs should be offered to our staff in the future? Survival in the digital world will be contingent on finding adequate answers to these questions – in real time, if at all possible.

**Future Workplace und Collaboration:** Work capability – anywhere, anytime, across national borders, using various devices – is an important aspect of the modern working worlds. One key aspect here is access to company data and processes without regard for the physical location of any specific employee. HR processes are utilized and important information is retrieved on mobile devices. Resistance to this transformation on the part of HR departments is futile – they must instead embrace the challenge.

**The Digital Navigator supports digital transformation**

What does all of this mean for the digital transformation of HR? How can the analysis of trends reveal what digital skills will be required and whether an HR department is ready for the digital world? To start with, it is important to appraise the maturity level of the organization and the HR IT landscape. HR departments are in many cases unable to carry out this appraisal on their own or in cooperation with the companies’ IT departments.

Detecon has developed an effective aid for assessing the maturity level: the Digital Navigator. The method on which it is based supports companies in determining fields of action and assessing capabilities. The current state of digital capabilities is examined along the following six dimensions of the Digital Navigator and the corresponding requirements are drawn up.

**Innovation und Transformation:** Is HR correctly structured in terms of organization and processes to serve as a strategic corporate function, putting it in a position to deal adequately with the company’s digital transformation?

**Smart Business Network Management:** HR departments must look beyond company borders and enter into new strategic partnerships. Are the necessary prerequisites in place? Which ones are lacking and must still be created?

**Cyber Physical Systems:** Digital transformation is changing the working world. “Machine to machine” information flows are becoming increasingly relevant alongside “human to machine” communication, and this has direct impact on the workforce. What does it mean for the digital transformation at HR?

**Risk & Trust:** External partners and data are also becoming increasingly important for personnel management. What data can we trust, and what data are important for us? What steps must we take so that our data are regarded as trustworthy by our external partners?

**Digital Information Management:** The flood of data continues to swell. Big data have not stopped at the doors of the HR departments. What must be done so that we can validate, analyze, and manage large quantities of data?

**Digital Business Processes:** Digitalization of the present personnel processes is proceeding rapidly, and new processes are being added. Are our current processes efficient and – above all – adequately integrated? Is the process landscape future-proof, and where will we face procedural challenges in the future?

With the aid of the Digital Navigator, the digital capabilities that will be important for future HR strategy can be identified. Clear recommendations for action related to processes and technology illustrate the areas where development work is still required. By using the Digital Navigator, HR can achieve the maturity required for the digital world. We at Detecon will be glad to accompany you on your digital journey.

Jörg Sahlmann, Managing Consultant, advises clients from the telecommunications sector and other industries on the topics of HR Transformation and Social Partner Management as well as Digital Transformation and Business Process Engineering.
Interview with Prof. Thomas Edig

HR is a strong partner

Professor Thomas Edig, formerly chief personnel officer at Porsche, characterizes the cooperation between HR and line management as first and foremost a form of partnership. The HR department gains appreciation and trust by placing priority on its understanding of the needs coming from the line. Moreover, the mastery of the administrative processes is the basis for excellent HR work. Thomas Edig has been on the management board at VW Commercial Vehicles since 1 October 2015. His successor at Porsche is Andreas Haffner.
DMR: How does the business side at Porsche see HR? Do the business departments believe HR makes a contribution to added value?

T. Edig: HR is positioned as management’s strategic partner and ensures that the organization has the personnel required to enable its adaptation to strategic challenges. HR systematically prepares the employees for the future and supports the line management in achieving its goals. Professional control instruments are used, and there is systematic monitoring. Line management perceives HR to be a strong partner who communicates at peer level. We are speaking here of a partnership that is based on understanding of the business and the key performance indicators as well as on trust, mutual appreciation and involvement, joint responsibility, and bilateral benefits.

DMR: What must be considered in this context when filling HR positions?

T. Edig: When looking at candidates with professional experience, whether from within or outside, it is important to make sure that they have precisely this competency, the business expertise. In this sense, it is especially important for HR positions that the people have professional competence in terms of the specific position being filled as well as automotive experience. The better HR employees understand their own function and department, the better they can competently support the business departments. So familiarity with the operations of the business departments and the challenges they face plays an important role alongside professional competence.

DMR: How would HR like to be positioned against the backdrop of increasing automation and increased efficiency of HR processes?

T. Edig: We must first make sure that we have excellent mastery over all of the administrative processes. This continues to be the foundation for excellent personnel work, just as it has always been. The growing scale of automation and improved efficiency creates free space which HR is able to use to delve into topics of greater complexity and greater added value for the company. Maintaining the ability to operate successfully in the future will require close assessment of the known challenges, external as well as internal, and of changing general conditions such as dynamic markets, flexible work models, virtual work, flat hierarchies, network structures, and others so that the HR business model can be focused even more sharply.

DMR: What role does HR play in transformation programs?

T. Edig: HR plays an important and active role in transformation processes. HR acts as an initiator to stimulate changes. They may be structural, procedural, or, especially important, cultural transformations that are triggered by new personnel policy instruments such as the program “Labor Market of the Future”. In its partner function, HR accompanies and guides managers and business departments during transformation processes. This work includes advising, the drafting of concepts for communications plans and the preparation of change road maps, the facilitation of change processes, and preparing employees to deal with changed requirements through forward-looking qualification measures. These are situations in which HR must offer the processes and tools needed for effective support of the transformation.

DMR: What form does the interaction with the social partners take here?

T. Edig: Transformation can only be achieved in cooperation with the social partners, and it must be planned and implemented in close solidarity between business department, HR department, and works council. Commitment to co-determination and open, honest, and fair social partnerships are critical success factors for all important change processes in companies.
After earning his degree in business administration from the Baden-Württemberg Cooperative State University in 1986, Professor Thomas Edig began his professional career at Alcatel SEL AG in Stuttgart. Subsequent to serving in various international management positions, he became a member of the Management Board and Director of Labor at Alcatel SEL AG in Stuttgart. At the beginning of 2002, he was appointed to be HR Director of Alcatel Group on the Management Board of Alcatel S.A. in Paris. In May 2007, he accepted an appointment as Director HR and Social Matters on the Management Board of Dr. Ing. h.c. F. Porsche AG, where he became the deputy chairperson of the Management Board in 2009. He has been Chief Personnel Officer at VW Commercial Vehicles since October 2015.
DMR: What is being done at Porsche to bridge the gap between the poles of ongoing efforts to enhance efficiency and the strengthening of innovation ability?

T. Edig: There is no gap here at Porsche. Porsche has achieved a co-existence of the two objectives in harmony with each other. Striving for excellence is a living component of the Porsche corporate culture; it is realized by employees and managers alike in the daily business of our operations and supported by the Porsche improvement process. Porsche regards innovation management to be a corporate task. Maintaining and strengthening Porsche’s innovation strength are goals that are deeply anchored in all of our departments throughout the various corporate divisions. Every manager has the assignment to practice innovation management in his or her own purview. Topics such as innovation strategy and idea management are core contents of our management programs and are aimed at strengthening the role of our managers as innovation managers.

DMR: Speaking of leadership: What, in the view of Porsche and in your view as well, characterizes a “good leader”? What traits are important?

T. Edig: The demands Porsche expects its managers to meet are anchored in the Porsche management guidelines. We understand here, for instance, a pronounced orientation to customers and quality, a culture of leadership based on performance and trust, pronounced social skills, continuous and active process optimization, efficiency, innovation strength, and internationality.

DMR: To what extent has this been anchored in the form of leadership principles and formal leadership programs?

T. Edig: Our management guidelines are the foundation for all management instruments and are firmly fixed in all of our leadership training and management programs. We have launched this year the Porsche Advanced Management Program, our first international management program, for the further strengthening and development of leadership skills. We designed the program in close collaboration with leading business schools of the world: HEC Paris, MIT Cambridge, CEIBS Shanghai. The primary goal is the enhancement of leadership skills among top managers so that they will be successful leaders in an international environment and can actively steer Porsche’s strategic orientation in a global and volatile market environment.

DMR: How does Porsche’s HR department encourage employees and managers to feel like entrepreneurs in the company, to be willing to think outside the box, and to take risks?

T. Edig: The Porsche management culture is a culture of trust. Responsibility, security, and backing for our employees are written in capital letters, but so too is our ability to speak openly about mistakes so that we learn from them. This culture is shaped by HR and communicated to our young managers of the future during workshops.

The interview was conducted by Marc Wagner, Dr. Christoph Lymberski and Verena Vinke.
Finding ways to enhance the efficiency of HR processes is the subject of discussion in many HR departments. Two fundamental approaches are considered by contrasting the pooling of HR processes in an HR shared service center as one alternative and the expansion of HR process automation using a suitable HR IT landscape as the second, followed by the extrapolation of general recommendations for action.
The search for measures to reduce process costs and enhance process quality is an ongoing topic of deliberation in HR departments. Many HR directors, in view of progressing automation of processes, have considered the establishment or expansion of a shared service center (SSC) and have given thought to an expansion of the existing HR IT. Even though at least one of these two approaches has already been analyzed by many HR directors, rising labor costs in the near-shore regions for HR SSCs and the increasing flexibility of process automation (a consequence of cloud solutions and other factors) has led to added urgency in the debate.

Regardless of which form is chosen – HR SSC or HR process automation – similar motives for a review of the options regularly arise in both cases. Among other points, there is an interest in reducing redundancies in the processes and frictional losses, cutting time expenditures, and standardizing procedural methods. Ideally, content flexibility and quantitative scalability of the processes will be increased as well. Depending on the specific situation of a company, price and cost transparency, strategic re-orientation of the HR department, or the introduction of new HR functional models (such as the centralized bundling of personnel management and the on-site resolution of complex tasks) can represent additional requirements.

Contrasting the possibilities and limits to an HR SSC on the one hand and to process automation in the HR sector on the other will cast a brighter light on the subject. Simultaneously, fundamental recommendations for action will be determined on the basis of prerequisites, benefits, and risks.

**Possibilities and limits to the HR shared service center**

An HR SSC is defined as an autonomous organization unit that offers its services to other company units on the basis of a defined HR service or HR product catalog. In other words, it bundles various defined HR business processes and carries them out in accordance with the specifications in the service or product catalog. An HR SSC is regularly supplemented by standardized and clear communication channels that usually (at the employee level, anyway) do not provide for assignments to a specifically named HR employee.

The primary prerequisite for successful establishment and operation of an HR SSC is a high level of harmonization potential in the HR processes under consideration. Furthermore, a suitable quantity structure is required to ensure full utilization of the personnel and of the overhead related to the HR SSC. Besides harmonization potential and quantity structure in the HR processes, possibilities for the use of standardized HR IT in combination with a crossover and transparent governance structure are decisive prerequisites for the build-up of a successful HR SSC.

The major benefits to be realized with an HR SSC are scaling effects and the consequent improvement in the exploitation of employee resources. They are frequently supported by relocation in low-wage countries and reductions in professional qualifications by means of clear process descriptions and standardizations. Besides an increase in efficiency and in the quality of processes and services, standardization regularly entails benefits such as autonomy, effectiveness, and competitiveness with an HR SSC.

Risks can arise from the curtailed opportunity to influence the mapping of special business features in individual corporate units or possible conflicts of interest within the framework of process harmonization. Moreover, de facto inability to intervene when SLA provisions are not observed, a lack of competitiveness when corporate units are required to utilize the HR SSC services, or, on the other hand, failure to achieve the planned process volume can prevent the realization of the expected benefits.
In actual practice, there are frequently issues in dealing with exceptions or special cases whenever (owing to measures initiated to achieve the goal of a reduction in labor costs) there are no longer any local HR units and employees with generalist knowledge available. Furthermore, operational difficulties and other problems may arise because of the required capacity flexibility and in ensuring the fulfillment of quality standards.

In most cases, an HR SSC as an autonomous corporate unit becomes more attractive as the company grows in size because the associated harmonization and implementation expenditures are not economically rewarding until a certain level of process volume has been reached. In the same vein, this type of standardization – one that permits the employment of less qualified personnel in lieu of high-priced HR experts – is not possible unless process figures are high. Observance and regulation of data protection aspects are self-evident in their importance, especially for near-shore solutions.

Possibilities and limits to HR process automation

The concept of automation is related to IT systems and IT applications for the performance of HR services or the IT-based support of HR processes. It typically involves automated workflows that are made available directly either to the HR departments or employees (via intranet portal) or managers via employee self-service (ESS) or manager self-service (MSS). The focus in this case is on the automation itself. Whether it is implemented on the basis of conventional IT or cloud solutions and whether the provision is realized in-house or within the framework of an outsourcing arrangement is certainly relevant for practical realization, but is outside the scope of this examination.

If HR process automation is to be carried out successfully, various prerequisites must be fulfilled. Automation is possible only for processes that lend themselves readily to such a structure. In this context, processes are suitable if they are characterized by a high degree of standardization, by a high number of repetitions, and by a low number of exceptions or aberrations from the norm. Moreover, there must be complete transparency about the HR product portfolio and the related HR processes, and the input that will be processed and the desired result must be clearly defined.

Simple access to HR IT systems and applications, good scalability of the systems, high availability, and efficient utilization are factors favoring HR process automation. In addition, HR process automation offers flexible access opportunity and the chance to construct consistent process chains without any major process breaks. An ESS/MSS interface enables the extension of HR process all the way to customers and relieves the burden on the HR units. What is more, HR process automation supports uniform data maintenance and delivers up-to-date employee data to all of the involved parties.

Parallel to these benefits, however, HR process automation can entail various risks and difficulties. When a company purchases a software program or enters into an outsourcing agreement, it simultaneously becomes dependent on the specific provider. As a rule, making adaptations to individual company needs is time-consuming and cost-intensive. Similar issues can arise if regional legal and procedural circumstances are not considered or not considered adequately in the specifications and are consequently not covered by the implemented applications.

When weighing the risks and difficulties, the question of how exceptions will be handled is of decisive importance. Aberrations from the standard can give rise to high expenditures in an HR process automation environment, especially for closed HR process chains, because transactions differing from the norm must be carried out manually if there is any uncertainty. Moreover, the possible loss of competencies and know-how for the operational conduct of the processes is problematic. While this is compensated by the opportunity to have the work done by personnel who are less expensive because less well-qualified, there may be major problems at a later point in time when adaptations are required or when special cases must be processed manually.

All in all, automation of HR processes is called for if the processes can be mapped to a substantial degree by a standard solution sold by multiple providers and the scope of customization (subsequent to the initial implementation) and the number of special features with respect to processes and content are limited. Process automation in the HR sector is especially well suited to companies with a low level of regional or contractual diversification. But it can also be the method of choice for large companies and corporate groups when used in a number of instances, accounting areas, or systems, provided that in this context homogeneous groups can be formed and served by identical process chains.

Comparison of the two approaches

Both methods promote the standardization of HR processes. Regardless of the chosen path to realization, however, they presume the existence of a defined HR service or product catalog that clearly states what services are provided in what scope and with what content, time, qualitative, and cost-related accen-
uations and that is concluded with internal or external partners in the concrete form of service level agreements. In other words, both approaches fundamentally share the same prerequisites. The differences do not appear until the secondary demands are taken into account. For instance, proximity to the standard of the HR IT solution may be required for HR process automation. Alternatively, the availability of knowledge about specific HR processes can play a role for an HR SSC.

A comparison of the benefits reveals that HR process automation offers greater flexibility in terms of availability and short-term scalability over an HR SSC. Other aspects for an HR IT solution can include consistent process quality and declining average costs as process volume rises. Conversely, an HR SSC brings with it the opportunity for a limited realization of flexibility in the processes quickly and at comparatively low expenditures of time and money. The greater acceptance resulting from the human interaction between the employees using the services and the personnel in the HR SSC is another factor in favor of the HR SSC.

When weighing the expected benefits from the fulfillment of the individual requirements, the risks must never be ignored. Both the HR SSC and HR process automation entail primarily (though not solely) the risk of a loss of know-how. Under certain circumstances, both approaches can have a negative impact when special cases are involved, involve risks related to their acceptance within the workforce, and are usually tied to a long-term commitment to the decision.

All in all, this brief comparison illustrates that the appropriate approach – HR SSC or HR process automation – for each specific case is highly dependent on the individual conditions and requirements. Nevertheless, the prerequisites and risks are not as decisive (they must be managed transparently and appropriately in both cases) as the benefits or objectives being pursued by the realization of the approach.

Extrapolated recommendations for action

Fundamentally, the following recommendations (depending on the size of the company) can be proposed on the basis of the analyses above and previous experience, although without exact knowledge of any individual situation.

The expenditures of time and money for the establishment and operation of a company’s own HR SSC are often disproportionately high for small and midsize enterprises. In these cases, process harmonization (possibly along with a new structuring and bundling of certain HR processes in individual HR units) and focusing on the expansion of HR process automation may be the more economical decision.

Large companies that do not yet have an HR SSC organization in place must begin with an analysis of how and in what scope the existing HR process automation can be supplemented and how the HR service catalog can be harmonized across various corporate units. The second step might determine that the establishment of an HR SSC organization for selected processes is a good choice. At the same time, however, there must also be a close examination of whether bundling and redistribution of the processes within the existing units would not be a sensible alternative.

In many cases, large companies and corporations already maintain an HR SSC for certain HR functions. They should focus on a build-out of HR process automation. Seen in this setting, there might be a need for an examination to determine whether the scope of the HR SSC services is still economically efficient or whether a redesign of the organizational classification of the HR processes would be a feasible alternative.

Finally, a general recommendation would be to review the possible build-out of the automation of HR processes and to consider the outsourcing to an HR SSC organization only in the second step. A final decision in favor of the one or the other of the two choices or even a possible combination of both approaches, however, requires a careful weighing of the benefits and risks for the specific company within the framework of an analysis of the individual case.

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We wish to thank Ulrich Pütz, SAP ERP expert with focus on HR for his contributions to this article!
The general reputation of the HR department is often worse than the customer feedback received from individuals about the various services, laments Dr. Claus Peter Schründer. In this interview with DMR, he explains how he intends to define the perception of HR as added value and improve its positioning within the corporate group.
DMR: Dave Ulrich’s “3-legged model” breaks down the HR organization into three segments: center of expertise, HR business partner, and shared service center. What is your assessment of this model in view of the role play in Deutsche Telekom?

Dr. Schründer: We find the “3-legged model” at Deutsche Telekom AG in the units HR Business Partner, Competence Center, and HR Shared Service Center. I regard the sales role of the Business Partner organization, the voice of the business, as extremely important. Essentially, there are solid and legitimate grounds for each and every role in this model. The distribution of specific tasks among the roles, however, can certainly be dynamic. In this sense, close cooperation – at the peer level – is indispensable.

DMR: What role does HR play in an organization? Does it have a strictly supporting role with the consequence that a chief officer position on the management board is no longer even required?

Dr. Schründer: To answer a question with a question: What added value does a crossover function like HR have within a corporation? What is the added value of the other crossover functions? The added value of controlling, for instance, must be understood exactly like the added value of the HR department. Their roles are similar in that controlling, as a rule, is not mandated by statutory requirements. Its added value is much more an issue of answering questions within the enterprise such as the interpretation of (financial) figures and a forecast. At Telekom, the added value from controlling has become a self-evident presence over the course of the years and through various mechanisms; its contribution is rarely questioned.

The question about the added value of HR is just as fascinating. For me personally, the major added value in HR is in its core function, the total workforce management. In other words, providing the required number of people with the required qualifications at competitive costs at the right place and at the right time. Everything else is derived from this function – actively determining in collaboration with business operations where we want to be in a few years and what demands we will make on our workforce and on the organization to ensure that personnel are provided as efficiently and effectively as possible in orientation to our goals. Business operations must consider what products they offer and who and where their customers are. During the interaction with HR, they can ultimately determine whether it will be possible to earn any money at all with the chosen business model. The HR department is in a position to project demographic, geographic, and skills development – and this is precisely where the significant added value decisive for the competitive edge of HR is to be found.

In the past, however, I often discovered that the HR department, even in DAX companies, measures its own added value on the number of meetings it has with top management. A definition of itself, a questioning of itself, is really important. This is exactly what happens within the framework of the “HR Campus” of Dr. Illek.

DMR: Can you give an example from Deutsche Telekom illustrating where the interaction between business operations and HR is necessary?

Dr. Schründer: Yes, one example is the corporate strategy “European Leading Telco”. We must answer certain questions in the interaction between business operations and HR. What is necessary to achieve this position or to be good at it? The interaction for the strategy development makes it exciting. What kind of workforce do I need to realize this strategy? Is the corporate strategy in alignment with the possibilities from the HR department? If it is not, the HR department is truly nothing more than a body that simply implements policies.

DMR: Despite core functions like total workforce management, the significance and prestige of the HR department are declining steadily and have fallen behind finance and controlling, for example. Why is that?

Dr. Schründer: On the one hand, it can be extremely difficult to provide the right personnel. On the other hand, we have an incredible diversity in opportunities and chances from ongoing globalization and internationalization, developments in skills managements, and the unabated triumph of the Internet – to mention just a few examples – so that the problem may not even exist at all. Every company must ask itself a more important question: How strategically important is our workforce really? Let us assume that 90% of the employees worldwide in a company can learn to do their work professionally within three to six months – how important is strategic personnel planning for this company? A production facility can be relocated to another continent on very short notice. Physical activities can quickly be set up in another area. This means that the necessity to think long and hard about strategic personnel planning and to create differentiated models no longer exists de facto.

The situation is rather different at Deutsche Telekom. I think that strategic total workforce management continues to be extremely important for the corporation. As we are a high-technology corporation, we have very high demands on the (advanced) qualification of our employees, even though as a
tendency we are facing more a problem of headcount reduction rather than buildup.

**DMR:** The more pressing question here is whether the right skills are available at Deutsche Telekom. Particularly in view of the subject of demography. Will the right skills still be there when the headcount reduction has been completed?

**Dr. Schründer:** As I said before, on the one hand, we face challenges such as demographic change, skills that are in high demand, and so on. On the other hand, however, our international orientation and the Internet open up so many different opportunities that these problems could almost certainly be compensated and it would not be necessary to spend so much time thinking about them. If, for instance, people who are masters of IP technology are needed – where is there a problem in building up this know-how in China or India within six months?

**DMR:** But hasn’t Telekom in particular had the painful experience that international collaboration is very difficult? In an international context, the right people must first be found and then integrated into the processes.

**Dr. Schründer:** This is exactly where the added value of HR comes in: the ability to prepare for these measures with the objective of becoming and then especially staying flexible. At the moment, however, that is not the case to such a great extent.

**DMR:** If you look at all of the efforts at internationalization that Deutsche Telekom has made, including the work at headquarters, the development is comparable with the response of an immune system. Everything that is only a little bit different is rejected. Every step taken toward internationalization appears to fail. Is this impression misleading?

**Dr. Schründer:** As is true of all developments, we must ask this question: What is the primary goal of an internationalization drive? Is the focus on the opening up of new customer markets, or is global sourcing much more at the forefront? We cannot internationalize our business as an end in itself. What will be improved by the internationalization? How much standardization will it create? I am absolutely convinced that it first and foremost has to do with diversity. We are attempting to internationalize thought structures. The addition of other viewpoints alone is often enough to bring about better, faster, more innovative solutions. This is the benefit to be obtained – but I do not necessarily have to call that internationalization. It is simply an answer to the issue of arriving at more beneficial solutions.

What is important is the precise specification of the problem along the lines of conventional consultant methodology: situation, complication, solution. At Deutsche Telekom, however, we often have a situation description that does not describe the immediate problem. Controlling can be very helpful during the specification of the problem, by the way, because it has the means to make the problem measurable. There are entire systems of management theory that state: A problem that cannot be quantified does not exist. Yet if the problem is measurable, then the degree to which the situation has improved after implementation of the solution is also quantifiable. To this extent, the problem that must be solved should be clearly described and, above all, the solution should match the problem.

**DMR:** To what extent does the HR department quantify its solutions?

**Dr. Schründer:** HR always has a major problem in quantifying the solutions that it makes available with respect to their impact on the business, i.e., to present a business case. Where is the business case for 15 different partial retirement models, for instance? HR often finds itself in a situation in which it does not quantify its solutions, but simply claims: “This is just better.” Does this make HR a feel-good factor for employees? I believe that the dominant attitude in the meantime is something like this: Creating a situation in which the employees feel good is a job for management and not the concern of HR. HR must be able to say, however, what constitutes the added value per product or service. Investments in preventive measures are rewarding because every improvement in the health quota leads to higher productivity that does not have to be purchased from external sources. This is a good example where business operations recognize that HR has given thought to profit and success.

**DMR:** So the decisive point is the quantifiability of the business impact of the HR services – as a means of positioning the HR department within the corporation as well.

**Dr. Schründer:** Correct. We must make a distinction among three levels of services, however. The first level comprises the legally required services. Right now, we are in the legally required situation of assessing civil servants. This means for the personnel department that just under a three-digit number of employees are assigned to the task of preparing official assessments for civil servants. This activity was previously shared by thousands of executives; asking whether this procedure is more efficient that the previous one is irrelevant because this is the procedure we are legally required to use. So all we can do at this level is try to keep the cost block as small as possible.
The second level describes the so-called “hygienic factors” that, although their implementation is not mandated by law, are so meaningful that their value is never questioned. One example at this level is the monthly payment of salaries. After all, an annual salary payment would also be possible. While this would substantially reduce the employers’ costs, the negative impact on the employees (including the managers) would be greater than the financial benefits.

The third level is where the so-called “nice to have” services are located. A system regulating partial retirement is not absolutely essential for anyone. There must be sound reasons for offering partial retirement models. Voluntary services cost money, in their administration as well as in their performance. Preparing a business case for such services so that people understand why these services support business operations despite all of the negative aspects – HR departments everywhere, not only at Deutsche Telekom, have a hard time with this. Obtaining clarity about the business impact is a difficult undertaking. You can and should try, however, to come closer to the matter. That is precisely the task of HR Business Partner.

DMR: According to the “3-legged model”, HR Business Partner is the interface to business operations, the strategic consultant. You say that HR Business Partner must prepare the business case for an HR product. Why doesn’t it do that? Do we have a skills issue in the structure of our HR Business Partner?

Dr. Schrönder: If we are to understand the effective interactions of a product, we need a clear structuring of the products based on the levels described above. That takes a lot of time. Many people working in the HR department see their roles in HR development and advanced development or in recruiting. These are by nature areas where the effects of the employees’ work for the corporation or the business unit tend to become evident only after the passage of a number of years, with the consequence that understanding of clear product orientation is less likely. Product orientation is possibly something that, over time, has become prominent especially in the HR Business Partner organization. HR Business Partner has 250 products in the portfolio we offer, however, and must maintain an overview of this huge and complex range. The right qualifications and the right prioritization are required. It is important to decide at what point I need to integrate HR. There are situations in which I must remind even myself to integrate HR. The interaction between HR Shared Service Center and a business partner or competence center organization is too frequently only rudimentary or even completely non-existent.

DMR: „Collaborate”, “Innovate”, “Empower to Perform” – leadership principles are not lived anywhere. Instead, we encounter segments and departments that work against one another. The work structures that frequently dominate do not motivate anyone to be innovative. The degree of freedom for employees also appears to be too limited for us to speak of any genuine “Empower to Perform”. So the question is this: How do I measure the impact of topics such as the leadership principles?

Dr. Schrönder: This is indeed anything but trivial. Let’s take “Collaborate” as our example. How many cross-functional projects exist today? The department Multishared Services is one example of a cross-functional project. Multishared Services will bring together sections of the company that today are definitely not together. For me, this is a practical, visible sign of “Collaborate”. At some point, we will also see that these departments actually work together, that there are no longer any functional silos. We are attempting to provide end-to-end processing chains to ensure that currently disjunct departments or, at any rate, departments that are separated from one another by rigid organizational boundaries, even entire corporate divisions, will move much closer to one another. Waste in processes accrues at the boundaries of departments or organizations like the snowdrifts at fences. “Collaborate” also means for me merging company sections that are disjunct today into project organizations or even a permanent organization.

DMR: Is it not the role of the HR department to set accents or to have its ear close to the ground of the organization? To provide support during the application of principles, but also to recognize where things contrary to the defined principles are happening?

Dr. Schrönder: Yes. Let’s take a look at “Simplicity”, for instance. We have today 80 different collective bargaining agreements that we must juggle. This is anything but simple, of course. We in HR have negotiated all of these agreements, so we are also responsible for 80 CBAs. Naturally, we could have also seen to it that there was only one CBA. That might have been significantly more expensive for the corporation, however. Now we have to answer the question of how the benefits for the corporation compare with the administrative work generated by 80 CBAs.

DMR: Besides all of these CBAs, there are also any number of separate works agreements that are subject to co-determination with the works council and tend to be hindrances to many projects and plans. It would really be necessary to assess the actual benefits from them. There is a yawning gap here; this role is not being performed.
Dr. Claus Peter Schründer studied business informatics at the University of Applied Sciences Wedel/Holstein and earned his doctorate in procurement at the University of Buckingham. Until 2002, he worked at Pricewaterhouse-Coopers Unternehmensberatung GmbH, where his last position was senior manager (holder of a general commercial power of attorney). He then moved to Deutsche Post AG where he held positions in various divisions of the corporation. At the end of his service, he had global responsibility for the continuous improvement of business processes within the service line Finance and HR Operations. In 2010, he moved to Personal Service of Deutsche Telekom AG; he was a member of top management and head of the division “Employee Services”. He has been the spokesperson of the direction of HR Business Services and Director of the Operations division since 1 July 2014.

Dr. Schründer: The reduction in the number of existing CBAs and works agreements is an ongoing task for HR, although greater effects are to be expected from the reduction in the complexity of the individual agreements. In addition, a reduction in HR product diversity and the overall demand must be managed better than is presently the case. HR will probably introduce a so-called “service management role” to realize this objective. We will also continue to implement requirements from business operations in the HR Shared Service Center in the future – by managing the service provider. In this instance, we are talking about a stage of professionalization. We need a skillful purchasing agent to handle the procurement of HR services, one who is in a position to understand interaction effects, to appraise trade-offs, and to respond to developments. Deciding at the beginning of the year to procure 12,000 letters of reference, for instance, is not enough. What happens during the year if there are changes in requirements and conditions? It is just as inadequate to demand that the same quantity of HR services be provided at lower cost. We will have to ensure that there is a development and competent management as well as acceptance with the right assignment of responsibilities.

DMR: Zooming in on HR Shared Services: What trends do you discern here?

Dr. Schründer: In my opinion, the first stage of evolution is the professionalization of the existing services. I mean here the reduction of costs through automation and standardization. The next stage aims at the more effective design of the products we offer. Are we really offering the right products? Can we continue to tinker with the product features until they have been reduced to the core? Finally, there is the need to promote the marketing with respect to the products that HBS has today.

One note of interest is that the reputation of the HR department at Deutsche Telekom today does not correspond at all to the customer feedback we receive. In 2014, HBS scored its best value ever, a yearly average of 7.9 points (on a 10-point scale), in customer satisfaction. Never before had we posted such a high score. Yet at the same time, the reputation of the personnel work overall did not necessarily improve. When you ask individual employees, the feedback is great. Nevertheless, we must really think long and hard about the marketing for some of our products. We hear statements like, “Everyone has written letters of reference at some point,” and, “The tool we use for writing letters of reference is not good.” When you have prepared a number of letters of reference in succession, you know exactly what the tool is worth. You choose from 18,000 single text elements. You are provided with different text elements when you work in the call center than when you work in the call center cross-section. These text elements do not cost very much when they are all procured as a standard. Nevertheless, the dominant impression in the group appears to be that HR is complicated and difficult. We do not have a good reputation. This is for me a topic (with respect to HBS) that I will emphasize more in the future to ensure that we do a little better job of selling the value of our work and are ultimately understood in a more positive sense. I would like for HR to be perceived as adding value – and not only in our direct interaction, but in our reputation as well.
DMR: What HR services do you see as not adding value?

Dr. Schründner: There is a kind of three-level structure here as well. When you call me because you do not understand your payroll statement and I have to explain this to you, this activity does not add any value. In this case, someone must have done something wrong at an earlier stage. Nevertheless, we have three to four hundred thousand calls every year, and I estimate that about one-third of these calls result from changes in the callers’ life cycles. So there are activities that fall completely under the heading of wasteful. Every question is wasted time. That is my mantra. When you have a question for HR, I have done something wrong or I have not expressed something with the required customer friendliness. This is a vision, of course. There will always be people like you and me who read the things they receive, but nonetheless do not have the desire and time to delve into the subject and prefer to make a phone call. It is a delicate matter for the HR department in a telecommunications company to declare: “Please don’t call me!” Yet it is a fact that every call costs me €30 to €35. I would prefer to limit the number of phone calls and take care of queries by email or chat. That is less expensive for me as the service provider – but it must also be more convenient for the customers. This is the way things function on the external market – take “self-help groups” as one example. When I have a question about Congstar, I go to “Telekom.hilft” or to Twitter groups – these are places where people help themselves.

The second level comprises the interactions that are promoted by HR. Let’s assume that a salary adjustment needs to be made. There must be various activities such as performance management or lead to win that require interaction with HR. The third level contains the activities initiated by employees such as the notification of a marriage to the personnel department.

The key at the first level is to design the activities as efficiently as possible, e.g., by offering a clearly structured FAQ catalog or a chat function for certain questions. If telephone calls are still needed, then they should be directed to specific offices or persons who know, thanks to the previously standardized service, what questions might come their way. At the second and third levels, on the other hand, the interaction must be designed as simply as possible so that high customer satisfaction at low cost is guaranteed.

DMR: That’s the way it is in every bank. The points of interaction with customers must be designed so that the customers always have a good feeling when they leave.

Dr. Schründner: The development of banks is a good example for describing in concise form the development of HR Shared Services. Let’s look at a loan for financing real estate purchases as a concrete example. When you go to your house bank, you will be given a 16-page form requiring you metaphorically to strip naked to explain what you want. Then you submit an application. It will be appraised by the branch office that, by the way, helped you to fill out the form in the first place because you would never have been able to complete it on your own. The form is then sent to the bank’s head office where the decision to accept or reject the application is made. If the bank says yes, you have a contract. How do direct banks handle such requests? They have reversed the process. The bank sends an offer to you. Everything is done on the Internet. Once I have signed, the transaction is complete. I, the customer, feel a lot better. I am myself in control and do not have to suffer the patronizing treatment by the bank. The advantage for the banks: no advisors on the location and no cost-intensive network of brick-and-mortar branch offices. Advantage for the customers: standardized, competent answers, even for longer email correspondence, and all at lower prices. No redundant review of the application, no complicated forms. Everybody profits. There is something that direct banks cannot handle, however: special cases.

In our role as HR service providers, we want to reach the point of providing standardized services for the things that are really needed. There is a special channel for the 2% of the cases that are special. Naturally, HR must take care of these as well. The fact that special cases are wholly separated from standard cases, however, leads to pressure to standardize in the first place. Where in the group is there standardized payroll accounting? It doesn’t exist. When there are 80 different CBAs, there are also essentially at least 80 different payroll statements. If they were standardized, questions about them could be answered automatically or, thanks to the standardization, they could at least be answered very quickly. Standardization and intelligence will be in demand in the future.

The interview was conducted by Marc Wagner, Guido Solscheid, and Huyen Mi Hua.
New possibilities and old challenges of a new generation of HR management systems?

The improvement of technological capabilities has paved the way for a new type of HR system. This not only supports the HR function but also enables HR management processes and even leadership.
We have arrived in a new era of digital HR management – with integrated tools and systems, apps, mobile applications and the like. In theory we can now combine intelligent collaboration of the HR function and actual line management with the flair of social media and total availability of data – anytime and anywhere. This is a huge step from the macro-laden excel files or printed and scanned paper of the past. New, state of the art tools for collaboration are now available to us.

An HR professional would be inclined to expect a new system to achieve so much more than systems of the past. From discussions both with HR practitioners and line managers we know that these expectations range from a view that these systems should increase efficiency in HR management processes to a view that HR management and management as such should be taken to a totally new level by these systems. As always expectations and reality might fall apart a little bit.

We must then ask ourselves if the standard HR processes have simply been electrified or digitized or whether these systems and tools actually introduce new possibilities for managing people? Is there a grey area in between which we haven't considered? In order to find out what these “new” systems can achieve / contribute we should have a look at their functionality.

The current landscape

There are several HR management systems currently on the market which offer a range of functions. The basic requirements for such systems include the ability to facilitate recruitment, on-boarding, compensation & benefits, performance & goal management, succession planning and learning management following the employee lifecycle in an organization. Depending on organizational needs and preferences – additional functionality can be added as, and when it is needed.

Differentiation is possible when additional functionalities are present in the system. A good example is IBM’s Kenexa talent suite which offers an assessment module and an employee engagement module. Halogen software also offers a Myers-Briggs module (one of the more popular psychometric assessment methods) and a job description module. Depending on the goals of HR, these may be functionalities which provide an environment for better alignment of the workforce with HR and company strategy.

With the dawn of the information age we have seen cloud-based software grow in popularity. This is due to the flexibility and cost savings of an HR system which does not need on-premises installation. Well established providers such as SAP and Oracle now offer their customers cloud-based installations as an option along with traditional on-premises installation. The ability of the systems to operate in a mobile environment is also a recent development focused on providing a solution which is compatible to changing workforce requirements and a mobile workforce.

Who leads the pack?

In HR management software, the market leaders in terms of revenues and customers tend to be the as the ERP market leaders. These companies leverage their positions in large multinational corporations to gain a higher customer base. Access to the finest research and IT capabilities adds to the quality of their HR management software keeping these companies ahead of the pack.

With over 261 000 customers and total revenues of over US$ 20 billion in 2013 across all its software offerings, SAP has also positioned itself on the top of the talent management software landscape with its Success factors offering. Oracle, with total revenues of over US$ 37 billion in 2013 over all its software offerings, and over 400 000 customers worldwide, enjoys a similar status in the talent management software market with its Taleo offering.

Cornerstone OnDemand is the exception to the rule of large ERP players dominating the market in talent management software. As a cloud-based vendor, CornerStone OnDemand has managed to emerge as a top player in talent management software with over 1800 customers representing over 14 million users. These customers are exclusively talent management software customers. Its historical roots in learning management provided the basis for comprehensive integrated talent management software.

As cloud-based software continues to grow in popularity, more companies can afford talent management software without the need for an onsite installation which typically costs more thus market leaders may face more competition from smaller players.
For the right reasons

Yes, most if not all of these systems provide a functionality that could be used to substantially enhance HR functions and processes. However, adding a decent competency framework, an aligned performance management and job profiles that actually talk to both is not something you should do because it is needed as input for an IT system; it is something which you should see as part of good HR management. In all cases that we have seen where initiatives for the introduction of a new system fail or hardly add any value, it has been because they are done for the wrong reasons.

The second issue that these systems and any underlying content regularly face is a lack of strategic orientation. It is astonishing to see projects which just focus on building HR content without considering strategy. The strategic link is essential for a competency model to make sense and to add value. If the strategic link is missing competency models or performance management systems or even job profiles can be dysfunctional. They can – and regularly do – destroy value!

The right reasons and the strategic link are actually one and the same thing. I invest in human resources if it makes sense from a strategic perspective. If human resources do not matter to my business model, why should we spend money on an HR system in the first place? Efficiency for necessary HR processes would still be a valid argument. In this case the key deciding factor would simply be the business case.

If an increase in efficiency were to make up for the costs of implementing and running such a system there would not be need for additional content to be added. The only question would be, whether or not a certain system could support existing HR / HR management processes and whether or not an efficiency gain could be achieved.

Admittedly the more interesting case is the one where human resources actually matter, where they constitute a decisive source for competitive advantage.

Limitations and what to expect

The expectations which sometimes are connected with the implementation of such a systems are an interesting topic. Quite often the HR function is rather optimistic in the sense of thinking they can significantly enhance and improve management style and open up a new world of development opportunities for employees. We admit that such a tool can help; we would even argue that the underlying content – if developed for the right reasons and in the right manner – does help.

But like any other tool it is only as good as the people using it. It can even inflict harm on an organization if the organization is not ready, didn’t bother to establish a proper strategy link or if management just does not get the message of the importance of people orientation, personnel development and transparent performance management across.

Data privacy and respective national laws might set additional limitations to the cloud-oriented version. One client of ours insisted that “their” application and their data would be hosted in their country and not in the US. Some national laws impose restriction on hosting certain data abroad. Recent scandals support quite a few clients interest in knowing where and how their data actually is hosted.

Listening to some HR practitioners arguing that enhancing leadership is one of the effects to be expected by the new world of digital HR is tough. Leadership and tool-based HR management are two different things. The right tools can make leadership easier but you nevertheless need to grow or find leaders first and that remains a key challenge that, in our opinion, requires much more proper digitalization.

What can be expected from digitization is that a new level of efficiency, transparency and professionalism is introduced to HR management. If embedded into a strategic process it might even foster organizational development; putting people development into a stronger strategic context. Ease of access and user-friendly interfaces help secure acceptance and you might actually save a tree or two.
For leadership such tools provide additional means of communication and a new level of support, of keeping track of the people you develop and grow. But make no mistake. You do not transform managers into leaders using a software tool.

Digital HR Management?

Despite the very strong argument for limiting or at least managing expectations, we have entered a new level offering new possibilities. We might actually have arrived in the world of digital HR or at least knocked on the door. If going through performance evaluations is as easy as checking the newest posts on Facebook and adjusting competency models is easily translated into changed job requirements these things will have an impact on how managers think about HR management.

All the bits and pieces of information can be linked and easily accessed and change quite a lot. In this case efficiency is an enabler of effectiveness. If I can easily access related data it is more likely that I will gather additional information and get a more holistic picture of my employee than if I need to pick up the phone and ask HR to provide additional information or the employees former superior – if he is still in the company.

The risk of this new digital world of easy access, is not fully making use of all the information available and using the convenience of a system which can be accessed anytime, anywhere to take shortcuts in the important processes of HR management.

There is no substitute for personal interaction and management or – in the best case – leadership but this new generation of HR management systems has the potential of utilizing the benefits of a digital world and see us embark on Digital HR Management.

Getting it right

To ensure that the impact of these new systems is as high as possible for an organization, systems have to be incorporated as part of a strategic process. Only once our corporate strategy and HR strategy are in alignment, can we hope to reap the benefits of these new systems. The correct view of what you want to achieve using the system, rather than what the system can achieve for you is key.

If homework has been done successfully, these new systems can be an integral part of a digitalized work environment and work philosophy. Beyond that fulfilling HR management tasks can even be fun for line management while saying goodbye to excel sheets, self-written macros and time consuming validation of information.

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ITIL meets Cloud

Reality Check for the Operation of an HR Cloud Solution

ITIL is a widely used standard for IT management. Yet is that still true for cloud solutions, which in the meantime have been implemented in many corporate divisions? This issue has been analyzed in cooperation with the Bonn-Rhein-Sieg University of Applied Sciences and on the basis of project experience and interviews with experts; the results prove to be highly interesting.
Is the de facto standard ITIL (IT Infrastructure Library) a suitable means of managing IT services for cloud solutions in the HR sector? From the starting point of academic papers,1 appraisals based on project experience are compared with the results from more than 15 interviews with experts from the sectors HR, IT, and compliance. The interviews were conducted in cooperation with the Bonn-Rhein-Sieg University of Applied Sciences.

Regardless of the IT management itself, HR experts point out here that a company must be clear about the differences between a cloud solution and an on-premise solution before it makes a decision for an HR cloud application. This is a critical decision because it concerns an important application for the processing of sensitive data. According to the statements from the experts, a cloud solution that is the closest possible fit to the existing or planned standard processes in the company should be selected. The general characteristics of cloud solutions have been described in extensive detail.2

**Changes in the ITIL phases**

ITIL distinguishes between the phases “Service Strategy”, “Service Design”, “Service Transition”, and “Service Operation”. These phases are broken down into processes that are of significance for the successful operation of traditional IT solutions. The four phases as well as the related processes can imply potential for process changes or changes in significance for the performance recipient (clients) when cloud applications are in use. These two dimensions – potential for process changes and changes in significance – were appraised as major, medium, or

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minor for the survey. The use of the cloud is assessed on the basis of the four phases in the following.

**Service Strategy**

The reference to the Service Portfolio Management is a simple one to understand. This process aims at securing the optimal mix of the IT services used in the company. A review must determine which services will be transferred to the cloud and which ones will not. This process has enormous potential for change and consequently a major impact, especially because of the self-service opportunities, utilization regardless of location, and automation, factors that experts regard as important prerequisites for a cloud solution.

Everything related to cost budgeting is determined in the process “Financial Management”. The cloud benefits most frequently mentioned by the HR and IT respondents are the presumably lower costs. In this respect, it is essential to conclude contractually clear regulations with the cloud provider so that the agreements later required during operation such as the service level agreements (SLAs) are regulated clearly and with binding force.

**Service Design**

In this ITIL phase, the management of “Service Catalog”, “Service Level”, “Capacity”, “Information Security”, and “Supplier” ensure successful operation. “Service Catalog Management” covers all of the services transferred to the cloud and provides an overview of all of the services that are supposed to be in operation. “Service Level Management” negotiates the contractual agreements. Experts rate these two processes as highly relevant. A fundamental reason for this rating is that all of the parameters such as availability and capacity are incorporated into the contracts and monitored in the processes. When using the cloud, there must be the assurance that the capacities of the IT services and infrastructure are adequate. This is regulated in the process “Capacity Management” with the aim of being able to deliver good quality even as client demands rise. If there is greater demand, the capacity in the cloud can be flexibly adjusted, leading in turn to high potential for change in the process. Great importance accrues to the process “Supplier Management” for cloud solutions because the right cloud provider is selected and managed in alignment with corporate processes. That makes this phase highly relevant for successful operation of a cloud solution because the positive satisfaction and awareness of the IT users is fundamentally determined here.

**Service Transition**

In the opinion of Pröhl et al., the phases “Service Transition” and “Service Operation” are the responsibility of the cloud provider and consequently of little significance for the clients and their IT management. The results of the survey, however, reveal that the respondents do not share this assessment. Analysis from actual practice indicates that, above all, the change and release processes are of high significance for companies. A change request moves through the same channels as in traditional operation, but with the difference that the company is dependent on the provider for its implementation. Clients can implement simple changes themselves, but when changes in the part of the system which the company cannot access are required, the provider must be included. Consultation and coordination become necessary.

New releases for cloud applications are generally made available at quarterly intervals. Detailed release notes are sent to the companies about eight weeks in advance. According to the experts, a new release was often not implemented in the legacy on-premise system because of the costs. In contrast, new releases are implemented by the cloud providers after their approval. The companies are faced with the necessity of analyzing quickly the impact of new functions in advance and discussing them (for instance) with the social partners. Moreover, decisions must be made about optional functions, and all of the innovations must be communicated to system users in good time, who must also be taught any required skills. There must also be a review by the IT department to determine whether friction-free operation will be assured after the change of release.

**Service Operation**

According to Pröhl et al., the “Service Operation” phase also lessens in importance for the performance recipients in the case of cloud applications. But again, the statements by the experts make it clear that the view from the practical side is a different one. Service Operation manages the operation. Incident management is one of the most important processes that must also be well organized in the company even for a cloud solut-
on to ensure that the negative effects of any malfunctions will be eliminated and minimized as quickly as possible. Incident management is responsible for IT operation with as few disruptions as possible. A service desk where disruptions are reported should be provided, and it should function on the basis of a support concept as well as document all incidents. An unbroken chain between the users, the corporate units involved, and the cloud provider is absolutely essential for fast remedy of problems. These processes must be adapted for operation of the cloud environment before the go-live so that trouble-free and secure operation is assured.

In addition, the issue of trust when using cloud applications plays a great role: trust in the provider, trust in the solution, and trust in data security. The use of cloud solutions is more than just a question of technology; it is also a question of trust and common understanding.

Cloud solutions are uncharted territory for most companies. Many are currently confronted with the task of developing the appropriate IT service management strategy to deal with cloud solutions. Since a uniform standard for the IT management of cloud solutions has still not become established, many companies are relying on ITIL and attempting to transfer the ITIL processes as far as possible to adapt them to the operation of a cloud solution. Possible approaches are described in this analysis of the present situation; there is a need for further evaluation work, and cooperative efforts are desirable.

**Success factors for operation**

*In the view of the surveyed HR experts, these are the success factors for operation specific to the cloud:*

> Selection of the right implementation partner
> System access using various devices independently of location
> Intensive training programs for the HR administration

*In the view of the IT management, these are the most important success factors:*

> Cooperation with the cloud provider
> Good contacts to the interface partner
> Failure protection

**HR and IT experts both mention the following:**

> Fast and uncomplicated adaptation of functions and cooperation with the cloud provider in the event of malfunctions

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The demands made on future-proof HR architecture are challenging. Building a complete best-in-class HR IT architecture requires combining a number of solutions from various providers and is accompanied by all the complexity and integration costs related to such an undertaking.

If an HR architecture is to be future-proof, it must be designed as a service-based, multi-layer architecture in which every single layer is characterized by specific capabilities. The architecture must be designed in a modular structure incorporating reusable services with open interfaces, and potentially different forms of availability – on-premise and cloud – of specific services must be possible. Provision and assignment of the services to the various interfaces are abstracted via a separate layer. Specific crossover functions such as user management or information security and privacy must be outsourced as separate services that subsume all of the key demands of the infrastructure related to their special areas. Access to the data must be organized via a coherent integration layer. Crossover, consistent, and coherent data management is a mandatory prerequisite for the proper functioning of an umbrella HR IT architecture.

User Interfaces & Touchpoints

User interfaces are subject to constant change. The presentation layer must have the capability to realize current front-end trends quickly (“joy of use”).

Guidelines and specifications for a consistent user experience are important for the design of the user interfaces. Ideally, employees will immediately feel at home in the interface because the important and relevant functions are embedded in
a standard look and feel – designations, layout elements, and color schemes – at every touchpoint.

Simultaneously, specific features and requirements of the individual touchpoints must be observed so that the potential in each case can be exploited optimally.

The number of different end devices is growing steadily. While apps for mobile devices are all the rage today, they have the drawback that they are dependent on the platform. Much as was the case for traditional applications migrating from mainframe to desktop to the web, the evolution of the web will also change the mobile software market. Thanks to techniques such as responsive design, a web application can be optimized for display on various screen sizes, significantly reducing the total maintenance expenditures across all touchpoints.

Business user interfaces must be mapped on various technical “prosumers” and be fed from a standard infrastructure that is longer-lived than the front ends. Prosumers enable users both to consume content and to return content and information which in turn be processed further. It is often possible to use one prosumer for the realization of a number of touchpoints, thus reducing development and maintenance costs and making it easier to ensure consistency among the touchpoints.

Fundamentally, users should be able to generate content in the form of comments, questions, and feedback (user generated content) without having to deal with complicated functions.

Provision & distribution

The answer to the question as to how flexibly and quickly new services can be rolled out across various channels without necessitating in-depth modifications of the fundamental infrastructure is important for investment security.

The provision and distribution of the employee interactions in the technical channels must be abstracted via a dedicated layer that allows web formats, the native development of mobile apps, and the integration into traditional HR applications such as SAP HR.

This layer must be very specific in its distribution of the content provided by the (non-channel-specific) back-end technical services to ensure that the special technical requirements such as format specifications of the various recipient channels are satisfied. This orchestration, preparation, and distribution of content is a task which can be encapsulated by special middleware applications.

The architecture is confronted here with the challenge of providing performance at the right place and avoiding overload by intelligently utilizing caches as buffer storage. There must be clear definitions, right from the creation of the concept, of the points at which information can be stored in the cache and where dynamic or static content is to be supplied.

Administration & Management

Interactions should be created, configured, and organized within a management layer that fills the HR architecture “with life”, with content and services. Cockpits that translate the technical services into business views are needed to support various user groups such as special HR office staff. This layer is where the comprehensive process support in the HR architecture either stands or falls.

Functions that enable an analysis of user behavior must always be available. It is important for processes cutting across touchpoints and channels that these analyses not be limited to the user interfaces; they must extend to the system that manages the processes.

A search engine has an important role to play. It must be capable of mapping the front-end search for users as well as of interacting with third-party systems. A large majority of the cockpit functions for administrators and business users are steered by the submitted queries. In the future, more and more applications will be realized on the basis of search queries. An enterprise search offers functions for indexing data from all of the relevant back-end systems and making them searchable on the basis of authorizations. Enterprise search, however, is not able to perform miracles; it is dependent on clean data inventory and conscientious care of the index.

Integration

Access to the data must be organized via a coherent integration layer. One of the most important premises for the development of the HR architecture must be the avoidance whenever possible of the reconstruction or parallel implementation of business logic in self-services, but instead always choosing a path for integration, as abstract and standardized as possible, of back-end and legacy systems with the dominant logic.

The key requirement for self-service is the provision of back-end information, processes, and functions of specialized software tools in consolidated views. A company must ask itself the following key question from the perspectives of the architecture: How do we want to integrate applications? All of the more
extensive concepts related to the connectivity of applications, messaging, and the routing of information will follow from the answer to this question. In any case, the architecture should be modularized through reusable services with open interfaces and the support of data federation technologies.

Ideally, the HR architecture can at this point be constructed on the pre-existing foundation of a uniform, service-based integration landscape. However, it is not at all unusual to find silo architectures which are independent of one another. In this case, the definition and provision of loosely coupled services that encapsulate access to the legacy systems are imperative so that the future capability of the architecture is not jeopardized.

**Backend**

Crossover, consistent, and coherent data management is a mandatory prerequisite for the proper functioning of an umbrella architecture.

One important parameter for cross-channel utilization and re-use of content and data is the uniform use of metadata that make an unequivocal identification of objects (identifiers) possible. Supplementary technical information such as format, type, and language, a summarized description imparting structure to the content (title, subject, description), information about the author and authorizations as well as the life cycle (time stamp, etc.)
period of validity) must be defined and used as standard. Metadata offer opportunities, never before imagined, for giving unstructured content a quasi-structural character, making it re-usable and locatable. Source, relation, and audience have a special function and role as meta-information for networking. These components can be used to organize the allocation of the services to channels and touchpoints and to link separate services. Moreover, metadata offer tremendous flexibility in the creation of taxonomies and alternative navigation trees for use as administrative mechanisms in a conventional hierarchy.

Crossover functions

Specific crossover functions such as the orchestration of processes, security handling, or personalization must be available across all layers throughout the entire architecture.

Special diligence is necessary during the definition of these crossover functions because minor modifications of the core can always have tremendous impact on the peripheral services and functions.

The connection to an identity management system that supports the authorization and role system is indispensable. It is equally a fundamental prerequisite for the implementation of AAA (authentication, authorization, accounting) concepts and a key prerequisite for SSO (single sign-on) and personalization.

Digital interactions provide many different ways to access personalized information, services, and processes. At the same time, these entry gateways represent potential vulnerabilities for data security. The architecture must make use of comprehensive mechanisms for entry security and access control such as secure SSO, encrypt the connection between the device and servers, and manage and store data in compliance with the principles of data protection. Security requirements must be defined and evaluated with regard to processes as well as to software and hardware.

Personalized content is a given within the context of HR applications. But what are the technical and functional paradigms underlying personalization? How flexibly can content and applications be controlled with respect to user behavior? Are user authorizations transferred to linked content from third-party systems, or do these systems themselves remain responsible for the management of authorizations? During the development of HR architecture, there is a need to clarify whether personalization is to be realized using rules engines such as a portal software or a third-party personalization framework.

One important component of a service-based architecture is process orchestration describing how a number of services are combined flexibly into one services composition, an executable business process. This orchestration must contain a description of the services, the conditions under which they may be called up, and their interdependencies. General transaction security cannot be guaranteed without overall process orchestration. Session handling has an important function in this situation; it serves to pinpoint users and their activities in the system.

HR IT architecture – one tool from a single source?

A crossover HR architecture will always involve the use of systems from various software providers. Many providers sell components, but none of them have a standard suite of programs covering all touchpoints and use cases. For the most part, the separate components from the producers are not integrated coherently, and genuine innovation is more likely to be obtainable from small and niche providers.

The large enterprise software providers are pursuing an aggressive acquisition strategy. As a rule, the speed with which procured software is integrated into the legacy solutions is sluggish; moreover, the commonly observed lack of discipline in realizing cloud strategies – some components come from the cloud, others must be operated on-premise – is a hindrance to joint and integrated utilization “right out of the box”. In addition, a number of producers have piled up substantial functional redundancies from their various acquisitions.

As things stand today, building a complete best-in-class HR IT architecture requires combining a number of solutions from various providers on the basis of several technologies and forms of distribution and is accompanied by all the complexity and integration costs related to such an undertaking.

Steffen Roos is Managing Consultant and advises companies from the telecommunications industry on IT and HR management issues.
What makes Google so fascinating? Frank Kohl-Boas, Head of HR Northwest, Central and Eastern Europe at Google, differentiates very clearly: “While we certainly have company founders who are visionaries, we also offer our employees the opportunity to make a difference, to develop their own personalities, and to make active contributions to the company, without regard for hierarchies and status.” During his interview with Marc Wagner, Partner at Detecon, Kohl-Boas has absorbing answers to many questions that ultimately lead to the one key question: What makes Google different from everyone else?
DMR: Google has once again been selected as the most popular employer in the world. Google is an absolutely top player in the area of digitalization as well. What makes Google different from other companies?

F. Kohl-Boas: Thanks to its visionary founders and corporate leaders like Larry Page and Sergey Brin as well as Eric Schmidt, Google is at the very forefront of the ongoing development of digitalization and the opportunities and challenges arising from this development. What IT engineer would not like to be a part and play a role in developing and evolving the Internet and the technologies based on digitalization that will later be used by billions of people around the world? Even we Googlers who do not work in product development are caught up in this fascination. Our products and services change business models and societies in many different ways. My colleagues in Sales do more than just sell a product or a service; they advise decision-makers in determining how they can use digital transformation to the benefit of their companies. We can say with certainty that there are not many companies in which so many employees have direct contact with customers or with the various interest groups of society and with whom they can discuss issues related to digitalization and its consequences.

DMR: We talk about entrepreneurial spirit in a lot of companies. We need more entrepreneurs in our enterprises, or at least more people who think like entrepreneurs, greater freedoms, and the understanding that we as employees can be a part of something that is greater than ourselves. This is always nice to say, but how do we instill this level of freedom, this entrepreneur mindset, this culture in a company? Specifically, how does Google do this?

F. Kohl-Boas: Demanding entrepreneurial thinking and action from hired employees is certainly very difficult. Everyone who has enough entrepreneurial spirit should become or already be an entrepreneur. At Google, we want employees who assume responsibility and act as if the challenges or resources were their own. That is why we have the internal call to “act like an owner.” That takes us straight to the topic of self-conception, corporate ownership. That is why we have the internal call to “act like an owner.”

To start with, we have in Larry Page a CEO who says, “We know that we are operating in an insanely fast industry. Developments take place more or less overnight. That is exactly why we must be fast ourselves. Anyone who is fast must also accept that mistakes will happen.” What does this statement mean exactly? We do not accept any compromises when it comes to data security, but when there are topics such as voice recognition, there is often a first, second, even third version – we quickly share a beta version with employees and test it. By taking this approach, Googlers throughout the entire company develop a relationship to our products and services and assume the responsibility of improving them by submitting feedback. The culture of mistakes encourages people to take risks, to report mishaps frankly, and to deal with one another honestly and openly in the form of constructive, although still critical feedback.

Another principle that gives every Googler, regardless of seniority, professional experience, and hierarchy level, the opportunity to make a contribution that states “Data Beats Opinion.” When you are looking for the better argument, your personal opinion is irrelevant or, at any rate, secondary. We do a lot of different things so that employees do not have the feeling that they are working in an hierarchical organization. That finds expression, for example, in the very small number of status symbols to be found at Google. Single offices are related primarily to work, not the hierarchy, and they are all the same size. Every employee receives the same technical equipment: cell phone, laptop, but no company car.

We look for employees who want to realize themselves and actively engage in their work, and we try to offer the right working environment for these people. Once you have succeeded in recruiting and securing the loyalty of good people for your organization, you will find that they very frequently act as drawing cards to attract even more good people. Our recruiting is done on a consensus basis as well. An applicant’s résumé is his or her admission ticket for an application interview. The primary question asked in making the later decision is whether an employee is a good fit with Google. We want to employ people who feel at ease in our culture and who continue to mold it. Larry Page and Sergey Brin point out the general direction, but some 57,000 people are actually shaping this corporate culture at this time. The culture today has a different look than it did yesterday, and it will feel different tomorrow than it does today. That is why we give employees a high level of co-responsibility in the advancement of our cultural development. This opportunity is incredibly motivating and documents how happy people are to make a contribution if they are only given the opportunity to do so.

DMR: You have already mentioned the example that employees in all of the divisions test products. Google is a data-driven company, after all. How does Google succeed in turning employees into fans?
**F. Kohl-Boas**: A typical Google catch-phrase: Default to Open. The first step for many companies is to determine who must or may know what when. The second step is to decide, usually on the basis of hierarchy level and department, whether the employee is granted access. Google thinks differently. The basic principle is that every employee has the same access to all information and projects. Information is not an expression of power and is not tied to status. When employees know something or want to contribute to Google or have a concrete idea, they can do anything and everything related to it.

When we implement new HR processes, for example, it is thoroughly possible that not everything will run as planned ad hoc. The colleagues are asked to give as much feedback as possible so that we can improve these processes. We work with the feedback and in turn give feedback to the employees. This back-and-forth results in the perception that this co-responsibility is real. We are naturally proud of the products that every Google user can access when they are successful against the competition and generate the same enthusiasm among other users as at Google.

**DMR**: What criteria are assessed by Google managers within the scope of performance management? How much emphasis is given to the subject of giving feedback and making a contribution, and how is this subject illustrated and operationalized?

**F. Kohl-Boas**: The principle of “Data Beats Opinion” applies here as well. Getting to the core of a matter and not making decisions simply on the basis of gut feeling or experience not only creates a mindset during the decision-making process, but also gives us incredible clout. During our internal project “Oxygen”, we examined the question of what makes management at Google successful. The results were not surprising. They were, however, results from us and for us. We rigorously applied them to the manager selection process and to their assessment and oriented our training programs along these lines. Our performance assessment process is conducted twice a year, and between the assessment periods we have the talent review process. So we discuss people and their conduct, performance, and potential at least once every three months. This is a big step in the direction of a standard of continuous talent management that includes performance management as one component. In addition, managers receive feedback on their leadership attributes twice a year. We ask questions as to whether managers regularly give feedback, share information, conduct career interviews, show their appreciation. When managers receive good results from the feedback, it is a greater honor than any salary increase because it is not possible to buy the opinion of the employees; even manipulating these opinions is difficult.

Naturally, there are managers who receive a poor assessment from their employees. In both cases, the context is decisive. There are some situations in which a low rate of agreement is understandable. So my advice to managers is to take this feedback seriously, but not to turn it into the sole yardstick for their actions.

**DMR**: When is an employee a good Google employee? How do you judge this?

**F. Kohl-Boas**: To start with, we have our Objective Key Results (OKRs). These quarterly target agreements come in large part from project management. Setting the OKRs is more than just defining ambitious targets as such. They give our actions direction-oriented to goals and are intended to animate us to think big. Moreover, we have the previously mentioned semi-annual performance review that focuses above all on the conduct that has been displayed and character traits. It has to do with the manner in which goals are pursued. This can also mean that we honor employees who have not pursued their own targets and consequently failed to achieve them because they have actively been involved in other areas in the company’s interest.

**DMR**: How does Google ensure that employees become familiar with the broadest range of activities possible? Has the subject of rotation, for instance, been institutionalized for HR employees?

**F. Kohl-Boas**: The subject of “rotation” is indeed a core component of our personnel development tools and very popular. We offer various forms of rotation. First, there is an institutionalized global program that gives employees the opportunity to apply for a rotation of three months – generally a foreign assignment for one quarter. Furthermore, we offer local and informal rotation that can be based on the project, customer, or know-how. We would like to use these activities to foster collaboration, the sharing of information, and experience-based learning. This is one way to prevent people from thinking in silos. Moreover, we give the participants the opportunity to hone their high mental agility. Anyone who is repeatedly exposed to new, unfamiliar, or unexpected conditions, conduct, views, and approaches develops a tolerance of ambiguity. This generally leads to the ability to handle complexities and constant change with equanimity and self-confidence and in turn means that we can maintain the “employability” of our employees at a high level.

**DMR**: So rotation takes place proactively at Google and is a component of talent management?

**F. Kohl-Boas**: Right. Of course we do not want to command anyone to take part in a rotation, and such a measure must also
be a good fit for the further development that is desired. In this respect, a rotation (that as a general rule must be applied for) is the result of a career interview and any talent discussion. The rotation is so popular with us because many employees do not want to, or cannot, consider a long-term relocation because of their family situation. If at all possible, this limited mobility should not result in any disadvantages to their development.

DMR: When the issue of intercultural competency arises, foreign assignments play a role in many companies as well. Quite often employees return after making an enormous leap in their development, but there is no structured process for their re-integration, and they must search for a suitable position. Does Google plan more for the longer term than other companies?

F. Kohl-Boas: This is a complex subject, and I think that the re-integration capability is also first and foremost a question of the size of the company. As a former expatriate manager as well as an expat myself, my experience comes from being an employee in a foreign subsidiary that was often not in a position to offer returning employees a job that was suitable for their expectations and skills. This would probably be easier in general for companies whose headquarters are in the country that the employees return come from.

At Google, we try to master these challenges in three ways. First, we do not on principle offer any expat packages. If employees want to go abroad and work there permanently, they are welcome to apply on our internal job exchange. If their application is successful, they will be offered a job at the local terms and conditions. This ensures that, as a rule, financial aspects are not the motivation behind an assignment abroad, and there is no formation of groups of employees who have based their decisions above all on the “package”.

Second, we exhaustively review whether, and to what degree, the tasks can be shifted with or to an employee at the applicant’s job location. When I returned from Australia, I had family reasons for not wanting to move to London for the next professional step. In response, I was given responsibility for the Benelux region that had previously been managed from London. Similarly, today I handle the responsibility for 20 offices in 18 countries from my location in Hamburg. There are also employees who have, so to speak, taken their jobs back to their home country with them. Ultimately, we want to act at peer level with employees. When good employees leave us because they see their prospects for further development elsewhere, we maintain contact to them and are delighted if we are able to persuade them to return with their enhanced experience at a later time. I often hear that managers in Germany in particular feel that employees’ terminations are deeply insulting to them personally. I think this is wrong. When employees are willing, for the sake of their own further development, to accept the risk of a new beginning that is by nature a part of a termination, it shows in my mind precisely the readiness that companies see as desirable when they talk of “delight in innovation”, “readiness to assume responsibility”, and “ownership”. My interest in the further development of people is always aimed at their own benefit, even if this involves the risk of a termination as the attempts to recruit the people away from us intensify. As a result, employees see our appreciation as a part of our corporate culture, and that in itself gives rise to a loyalty effect. Word about it gets around, contributing to our employer value proposition. Former employees who return come with the added value of the experience they have enjoyed while simultaneously sending a positive signal to the current workforce.

Third, our responsibility for employees does not end when they leave us. We try to stay in contact with these employees and to talk to them once or twice a year about their lives and their private and professional intentions. By doing so, we recognize at an early point when there is a possibility of a return or the opportunity to call someone’s attention – a German, for example, who would like to return from the USA – to a position in Switzerland or Ireland. Possibly a return to Europe – as an interim solution, at least – may be enough to combine her expectations or necessities with our desire to keep her or to have her back. I have all of the employees from my region who are not working in their home countries on my latent “talent radar”.

DMR: The scope of your latent talent radar goes beyond the company, doesn’t it?

F. Kohl-Boas: We try to cast a wider net and can steadily improve. I am not the only one who tries to maintain and establish contacts. In the end, everyone – and that is not restricted to the managers – has the task of maintaining and expanding the latent network in the interest of the company.

DMR: A slogan at Google is “Data Beats Opinion”. When you think about management decisions or about the hiring of employees, doesn’t your gut feeling get lost?

F. Kohl-Boas: Data, being facts, are certainly a better basis for a decision than opinions, feelings, and viewpoints. In my view, however, the data per se are not decisive; what matters is the question that you want to answer using the data and the context in which the data are placed to answer the question in conjunction with the question whether sound judgment is also required. Let’s assume that the approval ratings for certain superiors from
Frank Kohl-Boas studied law at the universities in Passau and Würzburg. He began his professional career at Unilever Deutschland GmbH in 1998. From March 2003, he worked as Head of Remuneration for Shell Deutschland Oil before taking over the division DACH and Nordics in the role of Compensation and Operations Manager at Coca-Cola GmbH. In 2007, he went to Australia for Coca-Cola, where he was especially successful in his re-vamping of a corporate culture that Coca-Cola South Pacific was able to use to position itself as a “Great Place to Work” from 2009. He returned to Hamburg in September 2010, and today he is an HR Business Partner for Google and is in charge of the personnel work for the current 20 locations in 18 countries in Europe.

an employee survey on their superiors are especially low. Perhaps this is a consequence of a situation in which the superior had to conduct difficult assessment interviews, or he himself as well as some of the employees, perhaps, were new in the department, so the respondents had not yet formed a solid opinion and checked “neutral”. I cannot interpret the data and ask the right questions or draw the right conclusions unless I know this context.

DMR: Let’s take a look at Google’s HR organization. You hear sometimes that the company gives in to data-driven control mania here and there when it comes to steering employees, with the result that some of the employees are under enormous pressure to perform and the corporate culture suffers definite harm. What do you have to say about such a statement?

F. Kohl-Boas: Who has made such a statement? I have never heard or experienced anything like this from any employees, and I have no reason to think that is the case. We use data to help people when they are making decisions. Where are we now? Should we invest our time for Customer A or Customer B? That is why a data point is a help in making decisions, but is no substitute for making decisions and most definitely not a means for applying pressure.

DMR: Is Google fully structured according to the traditional Dave Ulrich model? If so, what impact does this model have on Google? How should we picture your HR organization?

F. Kohl-Boas: It’s true that we are organized according to the three legs of the Dave Ulrich model – Shared Service Center, Center of Expertise, HR Business Partner. As far as I can judge, nearly all fast-growing startups structure their organization in this way as soon as they reach a certain size. After all, the model supports specialization (such as recruitment) as well as a scaling of the services. Our Shared Service Center for EMEA is located in Dublin and handles all of the administrative duties and payroll accounting. Then we have a Center of Expertise that is also structured according to subject matter. In the CoE Learning and Development, there is a team that takes care of coaching while other teams are responsible for topics such as
“product training”, “leadership”, “negotiating techniques”. As HR Business Partner, I have the role of serving as the key contact for all personnel issues of the managers and of being in charge of the most important personnel processes (assessment, promotion, talent development cycles) on the site. This provides a contact to the internal customer, and I am in a position to recognize a relationship in the diversity of the various topics and to define focal points and fields of action. The fact that I have dealt with many different facets and topics of HR work in the course of my career and bring a generalist understanding along with my legal training to the table is a big help to me in my role. I consequently live my role as a mix of Business Partner and traditional head of personnel; metaphorically speaking, I can conduct the colleagues in the SSC and CoE, even without them reporting to me, like an orchestra, yet I can even play some of the instruments myself.

DMR: What skills must an HR employee at Google have? Is traditional HR experience important?

F. Kohl-Boas: Besides some traditionally trained generalists, we have employees from consulting companies in the HR Business Partner organization, and they have the ability to translate problem situations into concepts and scenarios. There are also some colleagues from the CoE who are growing into this function. We have people just starting their professional careers and lateral entrants in the Shared Service Center, above all in recruitment. The more specialized the CoE is, the more decisive the specific knowledge demands are. We employ statisticians, mathematicians, and social scientists in our “People Analytics” department as well. They examine the question of how social science research results can be used to the benefit of our organizational and personnel development.

DMR: How does HR see itself? Does Google see HR as having a purely support role to play, or is there a separate point in the corporate strategy for the topic of HR and people?

F. Kohl-Boas: Our perception of ourselves is that we have a support function. Our task is to enable managers to fulfill their leadership duties and responsibilities in the best way possible. This means, for instance, that our recruiters have the task of organizing and assuming responsibility for the recruitment process. Ultimately, however, every superior is him- or herself responsible for successful recruitment. When you see how long Google has been acclaimed as a Best Employer, it appears that our support work is really successful and is one reason why (according to the feedback from our managers) we have an excellent reputation.

DMR: Looking at the support task as a strength and foundation for the value contribution you make to the company is an interesting angle.

F. Kohl-Boas: Absolutely. Google’s success is decisively dependent on its employees. Our quality as an innovative company is only as good as that of our products – and they come from our employees. In the age of digital transformation, a major brand name, capital, or infrastructure is not an indispensable prerequisite for corporate success. This is exactly why Google knows how important every single employee is. That is also why we do not call ourselves “Human Resources” within the company, but use the name “People Operations”.

DMR: How do you measure the success of the HR department, and what do you regard to be the most important KPI?

F. Kohl-Boas: We have a lot of performance indicators and target figures. But when all is said and done, the success of the company is the most important KPI for our HR work as well. Ultimately, the objective is for the organization to be successful on the market, and at the end of the day, all of the divisions in our company are measured by this yardstick.

The interview was conducted by Marc Wagner, Christian Hinrichsen and Verena Vinke.
You have one chance to make the first impression

The burden of the past military and political conflicts as well as economic discrepancies might cause significant trust issues in business relations with Western Europeans in the CEE region. It is often the first impression that breaks the stereotype.
Trustful relations with local counterparts are the key when doing business in Central- and Eastern Europe (CEE). The relationship between the West and East carry the burden of military and political conflicts in the past as well as economic discrepancies which still exist. This burden causes trust issues in business relations. Bad news is that the negative stereotype of westerns is rooted deep in the CEE culture. The good news is that you can break the stereotype by acting trustworthy and winning the confidence of locals. Leaving good first impression is the way to go. It is often the first 5 minutes that will tell them whether to follow the stereotype or to leave the cliché out.

This paper provides five practical tips for a good first impression when arriving to CEE, explaining the reasons for common misinterpretation of your words and actions.

1. Arrive like a local

The first impression can be already left before greeting your counterpart…

Travel expenses are one top position in the cost-cutting list. While there are still reasons to justify regular flights of central managers and employees, local business units rarely approve travels abroad. Seeing a western colleague who just arrived from the airport by taxi, pulling his suitcase may be frustrating for locals, who regardless of their ambitions are not allowed to travel. It reminds about economical discrepancies and increases the inferiority complex.

To avoid that, you may consider leaving your suitcase at the hotel first or at the reception in the office building. You may also leave taxi not directly in front of the main entrance and also avoid the details of your journey during your small talk. In that way you express that equality will be base for your future work and relationship.
2. Small talk first

*They actually do want to know how your day was…*

Do you know that awkward feeling when you pass someone in the floor, saying “How are you!” and they actually stop and tell you how they are? If yes, you are most probably not a CEE. In fact eastern and central Europeans practice honest story telling when doing small talk.

The roots of small talking come from communistic history, when people were divided into those who supported the government and those who were against. Sharing some information with the “other” side could have serious consequences, hence one would carefully check if the person they want to make business with is on the same side. Because asking directly was not an option, people used to speak about common topics and observe verbal and non-verbal reactions. Small talk nowadays is no different – a simple discussion gives you the opportunity to leave an impression and build ground for further relationship.

Do not perceive CEEs as malcontents or grippers, when during a small talk (especially with close friends or colleagues) they touch on negative situations, pain, loss or outraging news. This is the mentality influenced by the historical background, where CEEs were oftentimes invaded and gained several negative experiences together. Sharing these pessimistic memories with close friends makes the life easier.

When arriving to CEE safe small talk topics would be: the weather, local sport topics and positive remarks about the facilities, landscape and the city. Avoid business topics, history, religion, politics, and any money-related topics.

3. No Overruling!

*The scepter is in their hands now…*

The historical context of western-eastern relationship is the cause for the inferiority complex: CEEs feel inferior towards western, yet strongly disagree with any statements confirming the superiority of the west. This paradox attitude is the reason why locals are very sensitive to any act of authority by westerns.

An example: a western arrives to the local office and says “I am glad to see you. I have planned our meetings for the following days, let’s start directly!” The enthusiastic attitude of a well-organized and result-oriented project manager can be misinterpreted and perceived as an authority demonstration (“I am telling when and what we will do”).

Knowing that, when meeting your CEE counterpart for the first time ask for their plan rather than introducing your agenda. Adjust to local dynamic first and jointly work out the plan for your stay. Note that it does not mean you need to refuse your plans. It is often the matter of chosen wording or timing. As a rule: let them talk first and then communicate accordingly.
4. Asking and Asking Back

You will get way more than just answers…

In CEE perception it is the west that always stands in the center of interest – stronger, wealthier, better developed, leaving the east far behind. Hence showing attention and interest in CEE country, culture, and business practices can help leaving a good first impression. You can start small talk by saying “The weather is great today. Is it common here?” or “I would love to explore your cuisine while I am here. Can you recommend something?” Most probably at your arrival it will be the CEE who will ask you something first. In this case remember to ask back, shifting the focus to your local counterpart. In this way you will demonstrate your good will and collaborative attitude.

The rule of asking and asking back must not be limited to small talk only. When applied in business context, it can bring important information to the spotlight. You will be surprised what insights you receive when simply asking. An example: when asked “How is the project going?” you may say “We have some challenges but we are moving forward. How do you see the project progress from local perspective? What is the impact here for your company?” By asking back you may receive important information going way beyond the question asked. Time invested will pay back – more background information you receive, the better understanding of your client you will have.

5. Be Authentic

Do not disguise your origin…

As mentioned before, there is a trust issue between the west and the east. Yet, there are many western qualities CEEs value: competence, punctuality, precision, quality of information and work. When adding some new qualities such as honest small talk, modesty and openness and interest in locals, you will have what makes the perfect partner for a CEE.

Hence the last advice is to be authentic. No matter if WE or CEE we are all just humans in the first line and this thought may be the best material to build a bridge.

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Interview with Thorsten Unger, Entrepreneur and Director of the GAME Bundesverband der deutschen Games-Branche e.V.

The drive to play games motivates digital learning

Thorsten Unger, director of the Bundesverband der deutschen Games-Branche e.V. GAME, sees enormous potential for the use of serious games in companies and educational institutions. The drive to play games inherent in human nature activates intrinsic learning motivation, leading in turn to enhanced success at learning. Companies can moreover utilize user profiles for the further development of the employees.
DMR: Mr. Unger, what is the GAME Federal Association, and what does it do?

T. Unger: The GAME Federal Association is the largest association for the German games industry. There are more than 100 companies on its rolls, and the association actively deals with issues related to the general conditions and to the perception of computer games in society. The association represents the interests of companies that develop or market games, supply game components, do research of some form into games, or transfer the technology of games into other environments such as education. So the portfolio is not limited to traditional development; some of our association members are companies from adjacent sectors such as KPMG or Brehm & von Moers. Universities and other educational institutions are also welcome.

DMR: How would you describe the situation on the German games market?

T. Unger: Since there are many players who have a narrow focus on their own profit to the exclusion of everything else, we have indeed a difficult market position – especially for domestic providers. I would estimate that Germany does produce about 1.2 - 1.5 percent of the market volume of computer games traded on the world market. This is subproportional, but there are reasons for it. In part, it has to do with the size of our domestic market, but is also a consequence of a sales market culture that is heavily influenced by the Anglo-Saxon world. It’s much the same as for film. Action or fantasy films from Germany have the same difficulties on the market as games of the same genre that are developed here. Consumers have been socialized strongly in the direction of the USA and UK when it comes to media, and the result is that consumers have certain reservations about German products. That is reality, and there is no point in ignoring it. In contrast, we are one of the largest markets when it comes to sales and currently have a market volume estimated at €3.8 billion in consumer expenditures. Looking at the production side, however, we estimate the revenue contribution of German games companies at about €1.2 billion to €1.4 billion of the world market. In view of a market approaching €80 billion, that is really nothing to be proud of commercially.

DMR: Is this also a consequence of the German culture of startups?

T. Unger: There are a lot of factors that play a role here. First of all, the availability of risk capital is a fundamentally important factor. We do not have a pronounced landscape of capital investment in games in Germany, and even the “digital agenda” will not lead to any long-lasting changes in this respect. Second, the people behind the startups are as a rule creative people, and creative people often have no idea of business. That is why there is a below-average level of business expertise in the startup landscape for this segment. Moreover, companies that have achieved a certain presence on the market tend to be acquired by international groups and are not necessarily developed any further. This means that we lose anyone as a national content producer who rises above the haze and enters the zone of visibility. Third, the market is in itself extremely complicated because the lot size in the production of major Triple A computer games cannot really
be handled in Germany. We have here in Germany only two, maybe three studios that are capable of producing games at the world market level. One of the large companies is “Crytek” in Frankfurt, the other is “Yager” in Berlin. Companies of this size are the exception in Germany. Fourth, we are simply not self-confident enough in the industry. GAME sees itself as a kind of think tank for this reason. We have highly committed, highly experienced members who enjoy an outstanding reputation. The competence exists, and we have work groups who are channeling this competence.

DMR: People are familiar with gaming primarily from their private lives. Can you explain more precisely the relationship between games and the business sector from your perspective?

T. Unger: Games are a technology. They consist of programming elements that can be used in various contexts such as simulation technology. A flight simulator is nothing more than the mapping of a system under conditions of gain and loss. The first step is to accept this thought. Games are being used in the health care sector today for the rehabilitation of patients, for example, where they repeatedly imitate movements. The system assesses the quality of these imitations from the perspective of gain and loss by analyzing the aberrations from ideal performance.

Discussions about education and classroom education reveal that many people agree with the statements of Richard David Precht, who describes the so-called “Nuremberg Funnel”, the frontal confrontation of subjects with the goal of the knowledge communication, as one of the less effective forms of learning. Alternatively, students should be given tasks that they cannot complete unless they discover their own routes to a solution. The process of finding a solution should be supported, but not dictated. This is exactly what happens in games. If I look at the STEM area, this can be represented very well in the sense of play with “interactive whiteboards” because I gain my own personal experience by trial and error.

DMR: Is this one way to introduce games to the subject of “learning at school”?

T. Unger: Absolutely! I believe we agree that the current system definitely runs contrary to creativity and free thinking. Who can realize his or her own potential when straitjacketed by excessive regulation? It is truly interesting to know that the general manager of Amazon and the two founding members of Google were all “Montessori” students. When we think about today’s situation, things are more or less reversed in terms of how people now deal with defeats, failures, and questions. Providing hundreds of students with a certain minimum level of knowledge is beyond any doubt a huge challenge. This leads to the question of how this is to be achieved in terms of operations. None of this appeals to intrinsic motivation, however, and that is where the problem lies.

DMR: Something like Ken Robinson’s “school is killing creativity”?

T. Unger: That statement is verifiable, which is also why I like it so much. This can also be mapped using the performance indicator of divergent thinking. A child that is not “trapped” in school operations can come up with significantly more ideas than is possible for him or her after completion of a school education. This trend declines significantly over the number of school years. Linked to it is the downward trend in the drive to play games. When we come into the world, we cannot do anything except interact and find out through trial and error what results we can take with us for our further development. We cannot write, read, or speak. The next step comes with our ability to speak, and we suddenly begin to ask questions. Then, when we start school, other people ask us questions. It would appear that we lose the ability to ask questions ourselves. People are subjected to a socialization process that tends to make thinking for ourselves more difficult. Moreover, we are strongly influenced by processes of group dynamics. For instance, no one wants to be embarrassed; we want to play an accepted role in society. There is certainly a relationship that leads to the sacrifice of creativity to the benefit of linearity or conformity in the commonly found school model.

DMR: We generally have more of a problem with innovation capability in Germany. During an interview with us, Thomas Sattelberger told us, “We can be efficient, true, but not innovative.” How do you feel about this statement?

T. Unger: The freedom of the mind is the basis for creativity, and creativity is the basis for innovation, whereby innovation in a narrower sense is a recombination of what already exists. Almost all of today’s innovations are based on taking existing systems further or transferring them to other application scenarios. If I accept this, I start to develop freedom of the mind. There are creativity techniques such as Design Thinking or Games Storming that incorporate a moment of play to break the shackles of the paradigms. I think this is highly interesting. So I believe that Mr. Sattelberger is right when he says that we can be efficient, but not innovative. We will not be able to change that unless we break with existing traditions. This is what makes con-
cepts like bar camps (for instance) so great. People arrive without any preconceptions, without knowing what awaits them on the day; they talk to one another and can freely express their opinion. This is a highly intelligent way to shape a conference because the contents are driven by the community and therefore accepted. There is more to this than just the benchmarking of the needs found directly in the group of participants. Ultimately, no one can prepare for any particular topic, but must decide on the basis of the current situation what will be done next. It is striking that these kinds of concepts rarely come from Germany – here, in the land of poets and thinkers, the areas of innovation are neglected, and much is created and explored through discipline. Germans today are still very good at developing existing ideas further or exploring them. But if you just give us a blank sheet of paper, many countries are today literally one idea ahead.

DMR: How can "gamification" and "serious gaming" be of help in the business environment? Perhaps you could start by differentiating between the terms.

T. Unger: When we talk about serious gaming, we are referring to concrete applications that map bodies of rules, and following or not following these rules leads to a certain result. This is true of every game, but during serious games relevant knowledge is utilized in the context of the playful situation. This means – and this is a legitimate criticism of many applications – that there is a design error in the concept of the game if it is not possible to make success in the game dependent on the application of the knowledge. The use of serious gaming as a tool for learning is highly interesting. The example of a "simulation game" has been adequately accepted. Market models can be mapped well using game applications. The situation for simulations becomes borderline – the more playful it is, the more critically it could be perceived. I have realized projects like this for a number of larger corporations and can report from my own experience. Storytelling as a stylistic element in communication of information is today a widely accepted instrument. Interactive story-telling is simply the logical continuation of telling stories and offers the opportunity to influence the story proactively. So we talk about holistic learning media.

This is distinct from "game-based learning", which incorporates elements of play into an enhancement of traditional learning media. Gamification is more a philosophy than a concrete software project. We speak of procedural observation, not software. The key question in this case is how one can anchor playful motivation elements within a process. Knowing why games work is helpful for this. Armed with this knowledge, I can address the individual effect mechanisms with the appropriate concepts – the drive to self-realization, reward, ambition. Gamification can also be understood as an amplifier. People have a certain setting. They “function” in one way or the other. Gamification underlines personal motivation, thereby creating identification. This leads to a problem that is common to both serious games and gamification: the challenge. You cannot turn a butcher into a professional outfitter of motor vehicle technology if he is not prepared to go in this direction. Moreover, gamification has a manipulative character; it is not much different from propaganda or nudging in the way it works. We always speak here about steering motivation to achieve an external goal. It is not my goal that I am pursuing ...

DMR: ... but the goal of the company. The performance assessment system does exactly the same thing in the context of performance management – only it is less flexible.

T. Unger: Exactly. There are people who claim that praise is by its nature a kind of manipulation. When I praise someone, I am congratulating the person on achieving something that I consider to be positive. This is just like sales psychology. There is an economy behind it. We all want to achieve something – a goal. During gamification, we rely even more strongly on the player identifying with the goal. This can be realized by relating a task to an entire group. The group identifies with the task in the sense of a feeling of competition, and this results in the individual identifying with it as well. The most successful computer game of recent years on the German games market is the farming simulator. It’s crazy, but it sells well at a rate that is well over six figures every year. Why is that? People have a certain ambition to create, to design something, and they obviously really enjoy doing that by riding a tractor in a field. It is supported by the yearning for a life style that is completely different from the one they actually have. The game realizes an identification with the target group that enjoys slipping into an active role – the role of a farmer. In terms of gamification and serious games, this describes the task of creating something that generates high identification with the subject in a professional context. This is the challenge that must be faced.

DMR: A trite example: A system of points or bonuses rewards employees who post something to a platform, seeking to encourage the sharing of information or know-how within the company in some form. They might receive credit points, for instance, and when they have collected enough of them, they can redeem them for a training session. That is in the direction of what you are saying, right?
Thorsten Unger is the director of the Bundesverband der deutschen Games-Branche e.V. GAME. An expert for serious games, he has developed a number of award-winning projects in this genre and examined the potential of games and their significance in terms of culture and innovation in numerous expert analyses, interviews, and public discussions. He is the founder of Wegesrand, a network of experts, and, after selling his company Zone 2 Connect, a founding shareholder of Target Games, an accelerator that identifies and supports promising development studios as well as a shareholder of IJsfontein Interactive Media.
T. Unger: This is not a reward for something the employees are doing at the moment; it is a visualization that they have done something. This is a small difference and has to be viewed in the process. A wikinomics approach followed in a project, for instance, strives to promote the sharing of knowledge. Users immediately receive a return. Users do not write at this moment because they must, but because they are interested in the subject and at the moment have something they would like to contribute to it. The points they collect for their contribution are not the driving motivation for the specific action. What can be achieved in this way, however, is a kind of graphic resolution of the engagement. The greatest problem for employees in the company is the lack of self-effectiveness. Essentially, people want to create something of permanence; otherwise, their efforts appear wasted. Of course, it is also possible to draw motivation from the task itself, or motivation comes from personally shaping a process in such a way that it is perfected in the person’s own eyes, thereby creating a sense of satisfaction and self-effectiveness. But workers do not become more productive simply because they receive points for doing so. That is why I do not believe that the simple handing out of discount stamps can give rise to any kind of intrinsic motivation to learn.

DMR: During a game, however, I can determine how the users play and what they are doing?

T. Unger: Right, and it is not even possible not to do so. I can not only determine what they are playing, but I can also see how they play, what they have done well, and what they have not done so well. Here we are now at the important buzzwords for digital learning of the future: “Learning Analytics”. It encompasses the analysis of learning behavior, generally determined through the use of skills profiles. Playful moments create situations in which users accept a situation without giving any thought to the fact that they are in reality in a testing situation. This user behavior can be analyzed by asking “how” and “in what way” users behave. All of this can be recorded and used to generate skills profiles: this is what users did well, this is what they did not do so well, this is where they made mistakes. It is also possible to determine deficits in a certain area by seeing how people act within a situation. These data allow a certain degree of interpretation. That is the purpose of “Learning Analytics”. Taken further, this leads to the question of how companies can develop their employees further on the basis of the user profiles.

This takes us now to “Adaptive Learning”, which revolves around the adaptation of the material to be learned on the basis of findings. Historically speaking, we think in terms of curricula. A static curriculum, however, is actually to this extent an expression of inefficiency because every person, regardless of his or her personal abilities and prior knowledge, is expected to go through this program. In our school system, for instance, the pace at which the material is taught is always based on the one with the weakest educational background – and this hinders the development of the students who are already further along in certain subjects. Logically, what is needed, even in the school system, is a form of learning that is extraordinarily dynamic. This cannot take place in a normal classroom situation, of course. The “Quest School” in New York, USA, for instance, posts above-average scores in the national benchmark tests. It does not have the traditional classroom structure, however. The students are assigned tasks that they must complete with their drive to play games and their imagination. The teachers are more like coaches who help, but the students must come up with the solutions themselves. About the economic dimensions: there are studies that indicate the market for the use of gaming technologies is of a size similar to the market for entertainment software. There is the assumption that by 2020 virtually every larger company will be dealing with gamification processes. There would be whole-hearted agreement with this even today.

DMR: Could you give a couple of specific examples for serious gaming and gamification approaches that you have already been able to develop so that the whole subject can be made a little more tangible?

T. Unger: “TechForce” is a wonderful example for the term serious gaming. This is an interactive story that is aimed at interesting young people in the metalworking and electrical engineering industries and in the job opportunities offered by these industries. Users build a glider during the story. This glider requires various components that are representative for
the metalworking and electrical engineering industries. For instance, the users must install a switch, program a sensor, or cut a piece with a CNC milling machine. They build a glider that can even be flown at the end of the process. In actual fact, this is a kind of assessment for potentially suitable candidates with the question, “How can I spark this person’s interest in the industry?” In another project called “Craft”, learning at machines becomes playfully simple through the communication of procedural knowledge. Here is a curriculum that represents a machine park. Along the way, components for a roller-coaster are manufactured, and users can design and run the ride themselves at the end of the project. The applied educational method is highly advantageous for laying the foundations for training at the machinery.

BA good example of gamification is a project that is highly successful from the perspective of the client. The project is called “My Burger” and is issued by McDonald’s at certain intervals. I regard it as extremely successful because it is a kind of playground – I can play around with this burger configurator and let my imagination run free. This has a lot to do with self-realization. In reality, however, there is a market research instrument hidden in it. People want to be at the center of attention, they want to represent themselves, they want to produce, perhaps they also want to make a funny contribution. This is why some of the created burgers would be impossible to eat. Basically, however, the first point is to satisfy the drive to play games – freedom to design, do what you want, self-realization, engaging in competition, and the ambition to put together the best burger. At the end of the day, what we have here is a big data application that indirectly examines circumstances in specific regions even though this is not the intention of the subjects. There is no question that the Swiss cottage cheese will be more heavily frequented in southern Germany and the jalapeños in the regions where people prefer to take their holidays in Spain. There are correlations here and the tool can ultimately be used to make decisions about product planning for the future. These are very meaningful scenarios. Finally, gamification, because it is separated from a concrete task, can produce indicators of what assignments can be given to people on the basis of their abilities. There is a saying: “If you really want to get to know someone, get out on the sports field with him.” There is a lot of truth in this.

DMR: Let’s take a look at leadership principles or guiding principles. Are these use cases that concretize a subject by my simulating behavior patterns and observing how the particular people react?

T. Unger: Absolutely! It is primarily a matter of soft skills here. I believe we must understand gamification to a certain degree as an opportunity to give expression to the true personality of individuals. When I have opportunities to express myself, they can reveal things sometimes that I have no intention of showing. That is why there are a lot of critics of gamification. If I basically do not accept the proposition that every person is different and chooses different approaches, however, we again have this German problem of avoiding a culture of failure. Critics question the acceptance of gamification – although no one says it out loud – because it is open manipulation. There is this idea that gamification is the inducement of a desired user behavior. If I express this in negative terms, it is nothing other than manipulation. If I try to use positive terms, I say: Everyone is initially free in making decisions.

When guided by KPIs, gamification can work really well in the financial sector. There are a lot of people who are motivated by performance indicators and who display great interest in a company’s ROI. There may be others without the slightest interest in this figure. The interesting thing about gamification in the sense of a view of self-exploration is that the personality is emphasized. We cannot convince someone to do something that the person does not want to do. The degree of resistance to gamification expresses how well the person fits a position or not – or it does so, at any rate, if the gamification system on which it is based is correct.

DMR: So gamification gives truer insights into a personality than a normal job interview because someone can possibly mask his or her persona in these interviews?

T. Unger: Exactly. Unbelievably large sums of money are spent on mimic and resonance training in an effort to determine the true motivation for why someone does something. If we play the subject of gaming correctly – in the truest sense of the word – we will find out a lot about the people.
**DMR:** What characterizes a good game?

**T. Unger:** Ultimately, it is the opportunity to mold something according to a person’s own preferences. This absolutely includes the identification with the game. This can be achieved to some degree by skillfully introducing the player to the game, e.g., by using tutorials. If someone has absolutely no interest in fish, however, it will be very difficult to stir his interest in a game with fish. Nevertheless, the tutorial or the introduction are of highly decisive significance. This is true of everything we learn: if basic motivation is not generated, it will become difficult. A game works especially well when it is understood as a kind of toolkit that makes it possible to come closer to achieving the game objective, however it is done. It must support the freedom of the game. If, for instance, the person is supposed to use an editor to build a playground, the editor must not limit the creativity of the player. Then I must create opportunities for publication so that reports can be sent to other people. Performance must be transferred to a fair assessment system so that I can make comparisons with others.

**DMR:** Can the challenges be designed so that they increase in difficulty over a certain period of time?

**T. Unger:** We call this the flow effect: I create a corridor between demanding too much and not demanding enough. One principle for playing games applies: You have to learn how to play any game. This resolves per se the contradiction between games and education. There is a Dutch management consultancy that goes to companies and sees every client situation as a game. That is an interesting approach. For instance, the game for one client may be the manufacture of shoes. The game is broken down further. Who are the opponents? They are other shoe companies, for example. Then we have a market model. How can the product steps be described in playful terms? What does that mean for the company’s supply chain? One possible game could be to find the supplier with the lowest prices for high-quality soles. The sub-games combine to create the interaction. This is no different from what a traditional consultancy would do; it is merely a philosophical view of the whole. A workforce has maximum identification with a successful game – or with a successful company. In this case, there is already tremendous fundamental motivation to become even more successful and to optimize the business. By the way, there is a complete correlation to the dissatisfaction in the educational system in employee motivation. According to a recurrent study conducted by Gallup, only 15% of all people are satisfied with their everyday lives in their professions. Then we talk about burn-out and other civilization illnesses. I don’t understand this, but I have a different role. I used to be an investment controller until I determined that I no longer fit in this rigid system. I simply found another solution for myself.

**DMR:** That would also answer our last question about your enthusiasm for the subject at a personal level.

**T. Unger:** I am someone who is very unwilling to accept the status quo. Change means for me making a move to another situation. When I think about that for myself now, I have a very difficult time dealing with passivity. I look for challenges and want to grow by mastering them. That is why gamification and serious gaming are topics that could hardly be more welcome to me and that I am glad to work with.

*The interview was conducted by Marc Wagner and Stefan Nanzig.*
The Detecon procedural model featuring elements from agile software development assured efficient implementation and the acceptance of the business departments for the new implementation. The effective realization of the retirement budget freed up funds for the new implementation and saved costs in the long term.
The replacement of IT tools that have grown long in the tooth is a common business scenario in companies. The process frequently involves substituting equivalent software from an external provider for solutions that were once programmed by the company’s own developers. As part of a project supported by Detecon, a procedural model integrating elements from the waterfall model and Scrum was applied. The reasons why this specific procedure was important for the success of the project are described in the following.

General Situation

In the specific case discussed here, a solution which had been developed internally and continuously expanded by the addition of further functions for worldwide skills and resource management over the course of many years was to be replaced by a less expensive standard program offered by an external provider. The challenge here was to map the accustomed scope of functions along with further state-of-the-art add-on functions such as collaborative skills catalog management in a standard Software (standard SW). The requirements for the standard SW program which would be procured focused on the most extensive coverage possible of this functional scope by the standard. The capability of supplementing all of the functions not contained in the standard with client-specific add-ons was another requirement. Acceptance of the system by its users achieved by fulfillment of these requirements would guarantee the realization of savings potential upon scheduled shutdown of the legacy system.

Procedural Model

The three-stage selection process – RfI¹, RfP² und PoC³ – was conducted in collaboration with the business side. The early involvement of the purchasing department must be emphasized as it proved to be very helpful, especially during a later intervention by a well-known SW producer against the selection decision. The provision of information about the replacement project to the social partner well in advance turned out to be important as well.

The procedural model that was selected was a combination of a traditional waterfall model and Scrum. The Table below compares the two procedural models as relevant for our concrete example in a more illustrative form. The mapping of the currently existing core processes in skills and resource management in the new SW program was assured by submitting appropriate documentation to the SW.

<table>
<thead>
<tr>
<th>Features</th>
<th>WATERFALL MODEL</th>
<th>SCRUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical concept available (update or completeness check of the technical concept).</td>
<td>Target image of the product owner determines fundamental functions – detailed description not available</td>
<td></td>
</tr>
<tr>
<td>Contractual basis defines functions in detail for the two parties.</td>
<td>Contractual basis defines basic functions of the end product. Detailed solutions are left up to the Scrum team.</td>
<td></td>
</tr>
<tr>
<td>Pros</td>
<td>Proven procedural model.</td>
<td>Implementation of functions even without detailed technical concept possible. Incorporation of changes as needed.</td>
</tr>
<tr>
<td>Security of contract and content.</td>
<td>Solution for technical challenges on location and within the team.</td>
<td></td>
</tr>
<tr>
<td>High acceptance on both IT and business sides.</td>
<td>High degree of flexibility (agile procedure).</td>
<td></td>
</tr>
<tr>
<td>Cons</td>
<td>Detailed description of the requirements requires extensive documentation.</td>
<td>Contract preparation in large corporations is difficult because detailed acceptance criteria are not available. A relationship of trust between the two parties is therefore essential.</td>
</tr>
<tr>
<td>Lack of flexibility in the event of changes on short notice</td>
<td></td>
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</tr>
</tbody>
</table>

Source: Detecon

¹ Request for information
² Request for proposal
³ Proof of concept
producer, conducting workshops for detailed discussion of the documentation with the business side, discussing mapping variations, and documenting and setting forth in in a contract the technical requirements. During the first stage, detailed documentation (technical concept) was not required for any add-on functions that were desired. Requirements for selected core functions were simply described in rough form and discussed during workshops. White spots in the software were identified by comparing currently available core processes/desired add-on functions with the scope of the functions in the standard SW program and the need for client-specific supplements was determined. As a result, all of the client-specific supplements were based either on a dedicated technical concept or on the description of core functions. The procedural model based on Scrum was selected in particular for the latter part in close cooperation with the SW provider. The SW producer was asked to develop independently a solution (fast prototyping) and to present it to the business side (the display of the results from a resource search, for instance). The results were then reviewed and the solution accepted as an increment. In some cases, the cycle was carried out again. The Figure below summarizes once again the selected procedural model in a more illustrative form.

Figure: Detecon Procedural Model Incorporating Waterfall Model and Scrum Elements

<table>
<thead>
<tr>
<th>Scope of Functions</th>
<th>Offer Process</th>
<th>Technical Concept</th>
<th>Realization</th>
<th>Testing</th>
<th>Migration</th>
<th>Go live</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Existing Scope of Functions</td>
<td>• RfI</td>
<td>• Standard Detailed Description of the Scope of Functions</td>
<td>• Standard Kofiguration nach Vorgaben</td>
<td>• Function Tests</td>
<td>• 1 zu 1 Migration of Employees’ Skills Profiles and Skills Catalog</td>
<td></td>
</tr>
<tr>
<td>• Desired Add-on Functions</td>
<td>• RfP</td>
<td>• Client-specific Supplements Rough Description of Add-on Functions</td>
<td>• Client-specific Supplements SCRAM</td>
<td>• Migration Tests</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• PoC</td>
<td></td>
<td></td>
<td>• Integration Tests</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Performance Tests</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Results:
1. Fit Between Software and Desired Scope of Functions
   • Standard Software Fulfills Scope of Functions in Standard
   • Client-specific Supplements Programming of the Software per Client Request
2. Decision for Software Provider

Source: Detecon
Evaluation

The procedural element taken from Scrum in the context of client-specific supplements had the following benefits for the project:

1. Since the desired add-on functions (client-specific) were described only in rough form, the SW producer was able to exploit the full range of its experience and creativity in developing a solution that was closely aligned to actual practice.

2. A realization that failed to meet actual needs was avoided.

3. It was possible to do without a detailed and time-consuming description of requirements for the business details during the technical concept phase.

4. Taking as the starting point the solution (presented by the SW provider), the business sides were able to work on the solution with more precise goal orientation. Frequently, only very slight changes were required (additional cycle in Scrum).

5. Overall, the selected procedure resulted in substantial savings in costs and time in comparison with a conventional procedure (waterfall model).

An extensive test phase comprising function, migration, load, and integration tests and the separate acceptance test assured the high quality of the SW program for the global rollout. Requirements of data protection and data security were given full consideration during intense exchanges with the data protection officer and the creation of a detailed and documented data protection concept. The social partner was deliberately involved from the startup phase of the project. This laid the cornerstone for cooperative and fair negotiations leading to a new works agreement. The new system provides full support for the familiar processes, but offers a completely new and, above all, user-friendly interface. The extensive project communication and the training programs conducted for specific target groups shortly before the go-live prepared all of the employees, managers, project managers, and, in particular, the resource managers responsible for the core business of project staffing, and user support for its use.

Viewed overall, other success factors can be determined as recommendations for action guidelines when facing comparable tasks:

1. Appraisal of all SW providers on the basis of a comprehensive market analysis.

2. Conduct of a multiple-stage selection procedure consisting of RFI, RFP, and PoC. Scheduling of adequate time buffer for provider presentation and question sessions.

3. Secure active integration of the purchasing department from the very beginning.

4. Far-sighted involvement and continuous information to the stakeholders.

5. Early agreement of a framework for negotiations with the social partner.

6. Limitation of migration risks. One-to-one migration of employees’ skills profiles.

7. Cleanup or revision of the skills catalog only after successful implementation of the system.

8. Careful preparation and conduct of the test phase with the participation of the business sides. No waiver of function, migration, integration, and performance tests.

9. Project communication specific to target groups and training of system users.

Summary

The client-specific supplementation based on Scrum of a standard software program played a decisive role for the success of the project in this example. A procedure based strictly on the traditional waterfall model would have taken too much time, caused extensive coordination work with the business side, and consumed a lot of time for the documentation of detailed requirements. The customizing of existing core processes using Scrum exclusively, however, did not appear very promising, either; the results proved that the middle road chosen here (traditional procedure in combination with Scrum elements) proved to be the golden path.

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How companies can acquire the skills they are looking for and prepare for the future

Companies are in a contest to recruit the most talented employees. Acquiring the skills they are looking for in this “War for Talent” will require them to find a new, smart form of recruiting. Companies can utilize the digitalization of the HR world to their advantage and prepare for the future.
Digital transformation of the working world does not stop at the door of the HR departments. New HR and recruiting trends leave personnel departments no choice but to redefine themselves and strike out on new paths. In the past, recruiters were occupied with operational and administrative activities in personnel procurement, but today they are confronted with a broader and more complex range of tasks: candidate experience, social recruiting, mobile recruiting, active sourcing, and talent analytics. These are only some of the areas that companies must learn to master in today’s world if they are to be successful in the competition for the most talented young employees. Digital transformation is a challenge that can either have a negative influence on an employer’s image or offer opportunities to have the right employees at the right place at the right time in a working world of increasing flexibility. Detecon has developed the Smart Sourcing model to be used as an aid in exploiting the opportunities of digitalization.

The basic idea behind Smart Sourcing

Having the right employees at the right place at the right time presents an enormous challenge in daily practice. It is becoming more and more difficult to respond flexibly to the constantly changing demands of the market – whether in a startup or a DAX 30 corporation. Companies often overlook the fact that they do not need to recruit external resources to cover their skills requirements – or they do not know how to solve their quandary. If the skills already available internally were transparent and accessible, companies could fully exploit the potential of their employees and carry out specific re-skilling of teams. They would not have to fall back on external resources until the second step. The prerequisite for this is a shift in mindset, away from recruiting people who come equipped with the required skills set and to flexible sourcing of skills that are not bundled in a single person. The solution can be found in an innovative and dynamic marketplace that provides a platform on which supply of and demand for skills encounter each other. Offered skills of both internal and external resources are recorded with the help of a skills database based on HR data while the demand for skills continues to come from the business departments. A business department can enter a simple description of its requirements such as “We are looking for a network technician” in the skills database. Based on the data structures that have been fed in, the skills database cascades the search query into the sought skills and suggests potential profiles. The central contact point to the profiles is played by a team (“career advisors”) that con-

![Diagram of Smart Sourcing](image-url)
ducts specific “active sourcing” both internally and externally by searching the skills database. Active, smart, social, and mobile – in the following we will shine a light on the way companies can use this model to integrate the latest recruiting trends into a holistic digital transformation strategy.

**Defining the strategic need for skills**

It is already becoming obvious today that many jobs will be lost while new jobs will be created as the process of digital transformation continues. Additional impact on what skills are required comes from factors such as industry, size of the company, and competitors. This situation makes it all the more important for companies to establish what skills are required now and what skills will be required in the future. The general principle is to distinguish between “basic skills” and “in-demand skills”. “Basic skills” are those that every employee must have. “In-demand skills”, on the other hand, the skills that are necessary because of specific requirements for a certain area of work, need not be a part of the qualifications expected from every employee. Although the identification, classification, and definition of such skills is a time-consuming task, it is indispensable for strategic workforce planning. The support of talent analytics is especially helpful here. Talent analytics analyzes the skills and attributes of the high performers currently working in the organization, and the results are used as a basis for determining skills requirements. For one, it is possible to analyze what “basic skills” are required in the company. They can be determined by viewing the relationship of study majors, professional experience, and the duties and responsibilities of positions to promotions, revenue targets, or fluctuation rates of employees, for instance. For another, the “in-demand skills” can be derived if the software establishes a connection between product development and HR, for example.

The introduction of a “basic skills set” will consequently ensure the fundamental know-how of skills in the company for each employee. This is an enormous success factor, especially because of the increasingly great demand for flexibility and dynamics on both sales and job markets. “In-demand skills”, on the other hand, are specific and apply only to a certain range of duties and responsibilities. The decision for procurement or own development is dependent on the factors of time and cost.

**Focusing the attention of the business departments on skills**

Time and costs are also the core factors in the “skill staffing process”. In the future, the purpose of the process will not be to fill a clearly defined position by hiring one person. It is already becoming apparent today that, depending on the complexity and specification of duties and responsibilities, the filling of a position by one single person is almost impossible to realize. Securing added value for a company will lead to ever greater emphasis on developing an open, transparent marketplace that is regulated by supply and demand. Supply will no longer be offered primarily by one person, but through the skills of a number of people. The point here is not to have exactly one employee who can provide all of the required skills. The solution can also involve a distribution of the skills requirements and the range of duties and responsibilities among several people.

Demand will come as usual from the business departments, but the possible supply will be significantly more diversified than in the past because of the orientation to skills. In the past, the classic approach has been the hiring of a new permanent employee, the hiring of temps or freelancers, or an in-house change; in the future, the first step will be an analysis of what skills are needed and, above all, how long these skills will be required. The time period in which skills are in demand in particular will become shorter and shorter because of market dynamics and product life cycles. In the future, the solution will no longer be to hire specialists for specific areas on the basis of indefinite-term contracts for a number of years. Their knowledge must be dispersed much more widely throughout the organization.

In addition, it is necessary to differentiate between what kinds of skills are required. Are they the so-called “basic skills” or the “in-demand skills”? All of the company’s employees should have the “basic skills” so that there is a large pool of internal candidates who can possibly make a change when a request for resources is made. What skills are to be counted among the “basic skills” is an individual matter for each company. In a corporate consultancy specializing in knowledge of markets and industries, for instance, project management and consulting skills would fall under the heading of “basic skills”. “In-demand skills” include specific requirements tailored to a concrete activity. In the case of the aforementioned network technician, they would
include skills in storage, backup, IT security, and so on. It is an advantage for flexible skill staffing if the proportion of “basic skills” among the workforce is higher than the proportion of “in-demand skills”. Assuring this means continuously comparing the “basic skills” defined in the company with the current requirements from the business departments.

In recent years, the opinion that in the future the major part of the specialist positions in companies will be held by freelancers, support processes will be assumed by outsourcing partners, and only a fraction of the positions will remain as permanent positions in the company (“liquid workforce”) has become more openly manifest. This approach leaves open the question, however, of whether a know-how advantage over the competition can be generated. This will play an important role in the future as well, in particular as a consequence of the growing competition from the USA, China, and up and coming emerging economies such as India or Brazil. Moreover, neither Generation Y nor Generation Z wants to be perceived as “numbers” in the company and are demanding the right to a certain amount of control. Is this at all possible in the role of a freelancer who works on various projects for various clients at short time intervals?

One possible way to reconcile the aforementioned “liquid workforce” with the demands of Generations Y and Z as well as the circumstances of digital transformation is to build up a skills database within the company that has interfaces to external platforms such as XING and can consequently offer the greatest possible flexibility and proximity to candidates. The skills of both internal and external profiles are maintained in the database.

Both companies and employment seekers benefit. In the opinion of the Top 1,000 companies, the decline in importance as a component of an application will not be limited to the traditional application cover letter, but will extend as well to the straightforward, seamless CV. Six of ten surveyed respondents are of the opinion that, both for today and looking ahead to the future, the CV should contain only the most important information and should be kept brief. Simultaneously, applicants assume that references to brief profiles in career networks will grow in number as components of applications.* So applications without CVs? That is exactly what could become possible with an in-company skills database whose interfaces

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to external platforms make the time-consuming preparation and submission of individual cover letters and CVs redundant and focus attention on the most important information. If a “Looking for-Offering profile” has once been created on a platform like XING, employment seekers can decide whether and what companies will be allowed access to the profile and can integrate it into the in-company skills database. Companies can in turn make use of “smart screening” (specifying “knock-out” criteria or “must have” requirements, for instance) to filter out the appropriate candidates and to integrate their skills automatically into the company databases. Depending on requirements and target group, the skills database can also be “docked” onto all kinds of social networks and is consequently capable of “social recruiting”.

It is self-evident against the backdrop of current recruiting trends that the integration of a profile in a skills database must also be possible on mobile devices. If that functions smoothly and if profiles on external platforms can be integrated (in the applicants’ view) simply and quickly into in-company data bases, the first step of a positive candidate experience will have been created.

“Career advisors” key contact points between supply and demand

The individual skills matching between supply and demand is the responsibility of a team of in-company “career advisors” who ensure that the subsequent process has a positive impact on the candidate experience and runs efficiently. Career advisors have exclusive access to the skills database and can compare supply of and demand for skills with each other. The principle here is always the same: the right skills at the right place at the right time – and choosing the least expensive option possible. Overviews, updated daily, showing what employees with what skills have been assigned what tasks and how long these tasks will be performed can be prepared with the aid of talent analytics. The overviews are automatically prepared by the skills database. The artificial intelligence of the database is based on the data made available by the company.

The business departments send their skills requests to the skills database in advance. The request is transformed into a skills profile showing what is wanted on the basis of the data structures that have been entered. The skills database creates initial profile proposals on the basis of this skills profile. The career advisor then analyzes the skills profile. If a match has been found, “active sourcing” – more precisely “internal headhunting” – is carried out. The career advisor contacts external and internal candidates and notifies them about the relevant positions. The career advisor is thus the first point of contact and represents an important position of trust before the requesting business department learns of the matching. At this point, the focus is on the following questions. Is the candidate interested? When is he or she available? What skills, if any, must be recruited or developed elsewhere? The contact between candidates and the requesting business department is not established until the candidates have agreed.

Headhunting within one’s own company – a thought that may appear outlandish at first and certainly will require a cultural transformation in companies. Seen within the framework of “Smart Sourcing”, however, it is an approach that can be used to close skills gaps more quickly, exploit internally available skills to the full, and at the same time offer new opportunities and an additional communication platform to people who are interested in making a change.

Stimulus for the future

The recruiting of external employees is a major part of HR work. This article is intended to stimulate a departure from the traditional staffing procedure using job profiles. Companies will not become future-capable until they utilize the advantages of digital transformation to their benefit and to generate optimal results from the skills that already exist. Smart Sourcing is a model that provides the right skills at the right place and the right time and which companies can use to avoid possible excess personnel: an integrated skills database building on HR data; an internal skills marketplace regulated by supply and demand; stricter orientation to internal active sourcing; and the integration of current recruiting trends in a holistic, digital transformation strategy.

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Detecon Management Report 2 / 2015