Global Best Practices in Culture and Capability Building

Jaidev Rajpal, Partner
Significant percentage of leaders and organizations see capability building as a priority

50% of CXOs rank capability building as a top 3 priority

However, majority of the leaders acknowledge that they are far from being effective at capability building.

Leaders want a drastic change in how their organizations develop employees.

Leaders believe they are “very effective” in preparing employees to drive business performance.

Fortune 500 CEOs see clear business impact of Learning & Development interventions.

Varied millennials – preparing for a new reality

Millennials are the generation of people born between 1980 and 1994 (26-40 years old); by 2025, 3 out of every 4 workers globally will be Millennials.

Core value drivers

<table>
<thead>
<tr>
<th>Idealists</th>
<th>Want-it-alls</th>
<th>Status seekers</th>
<th>Bread-winners</th>
<th>Family-focused</th>
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<tbody>
<tr>
<td>Meaningful work</td>
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<td>Varied exposure</td>
<td>Salary</td>
<td>Flexible working</td>
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<td>Prestige</td>
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<td>Career advancement</td>
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Source: McKinsey Global Institute, McKinsey Business Institute
Millennials have different standards and ways of working as they have grown up in a hyper-connected world

**Digitally native**, at ease with many communications  
**Globally connected** with more choices and information than ever before  
**Witnessing rise of start-ups** – the emergence of entrepreneur ‘rock-stars’  
**Experiencing harsher economic and geo-political realities**  
**Affected by ‘other’ aspects of work i.e. having meaningful work**

SOURCE: McKinsey Global Institute, McKinsey Business Institute
Globally across industries 6 common “failure modes” are observed in unsuccessful capability building

“Capabilities for capabilities’ sake”
Vague link between the performance you are seeking and the capability you want to build

“No time to plan”
Rush to launch a program unconnected to your strategy due to performance pressure or overly simplistic view of what to change

“Just give me the playbook”
Reliance on instruction without buy-in, applied practice, and addressing mindsets as well as behaviors

“Nice pilot but …”
Failure to hit the tipping point of scale because of time requirements, resource needs, or complexity of roll-out

“One hit wonder”
Deliver a great course or academic experience, but fail to capture full value by building into a full learning journey

“Missing the mark”
Failure to measure and track organizational-wide impact resulting from capability-efforts

Source: McKinsey academy
Specifically in the Indian pharmaceutical context, there are 5 key challenges to capability building at scale that are observed:

- Complexity in operations
- Reliance on read & understand SOPs
- Mass vs. specialized capabilities
- Attrition
- Ineffective assessment

Source: McKinsey academy
Given these trends and challenges, how can organizations build capabilities?

“Can you be little more specific with step two?”
Best-practice capability building journeys follow a 5-step approach

<table>
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<tr>
<th></th>
<th>Diagnose</th>
<th>Design</th>
<th>Develop</th>
<th>Deliver</th>
<th>Drive impact</th>
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<td><strong>Definition</strong></td>
<td>Defining business needs and assessing current status</td>
<td>Designing future state of capabilities and creating a roadmap</td>
<td>Developing a learning experience that “sticks”</td>
<td>Delivering seamless learning at scale</td>
<td>Ensuring impact of the solutions continuously</td>
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Source: McKinsey academy
8 learnings from global companies that have successfully been through this journey

1. Diagnose systematically, at an institutional and an individual level.
2. Ruthlessly prioritize, the few capabilities that will deliver greatest value.
3. Focus on experiential learning, to link skills to day-to-day work (model factories).
4. Leverage digital, to increase outreach of capabilities at-scale.
5. Adopt rigorous change-management approach, to make it ‘stick’.
6. HR and BUs to be co-owners of capability building.
7. Align, and link with performance management; i.e., link learning goals to promotions.
8. Monitor impact and course-correct regularly.

Source: McKinsey academy
Impact of capability building is typically observed at 3 levels

1. **Self reported**
   - Post training effectiveness questionnaire
   - Post training quizzes

2. **“Boss” reported**
   - Performance management
   - Regular reviews

3. **Outcomes**
   - Overall business outcomes
   - Functional / departmental outcomes
   - Individual performance outcomes

Several tools / approaches exist for self and ‘boss’ reporting to track impact of capability building efforts; e.g. barometers, training effectiveness assessments

Source: McKinsey academy
What do you think about capability building.. (1/2)

Q1: Which is the most critical challenge you face today, in building capabilities at-scale in your organization? – press the appropriate number on your phone

Options

1. Complexity in operations
2. Reliance on read & understand SOPs
3. Mass vs. specialized capabilities
4. Attrition
5. Ineffective assessment
What do you think about capability building.. (2/2)

Q2: To build capabilities in your organization at-scale, what would focus the most on?

Options

1. Competencies
2. Tools
3. Processes
4. Governance
What do you think about capability building?

Which is the most critical challenge you face today, in building capabilities at-scale in your organization?

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