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Global Best Practices in Culture and Capability Building

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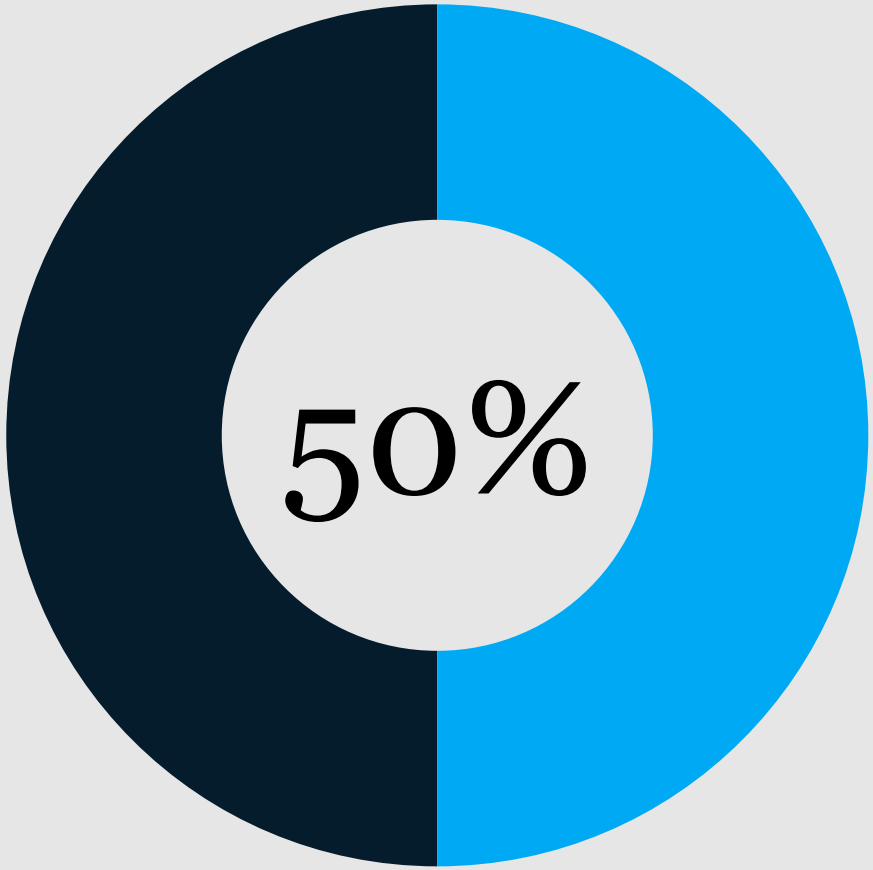
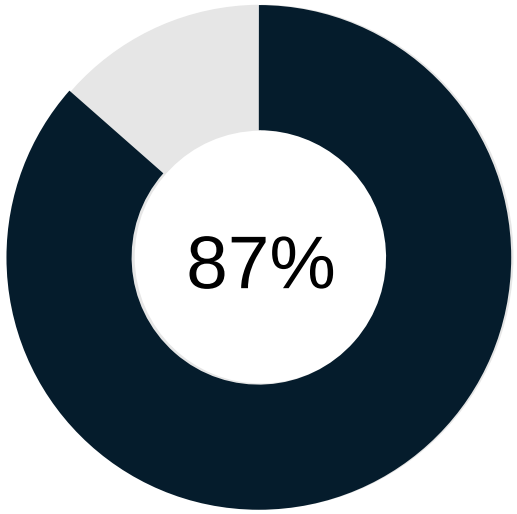
Significant percentage of leaders and organizations see capability building as a priority



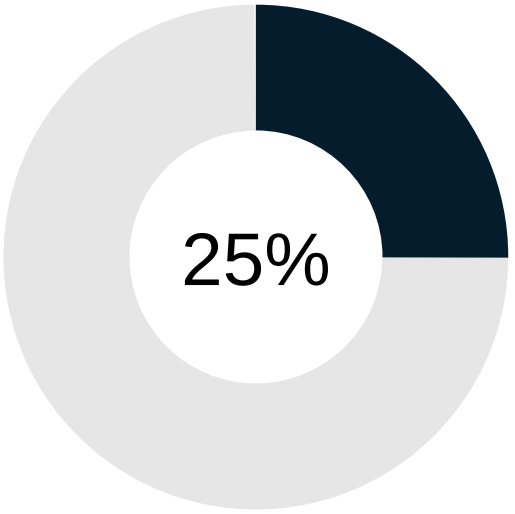
of CXOs rank capability building as a **top 3 priority**

Source: McKinsey Capability Building survey 2014

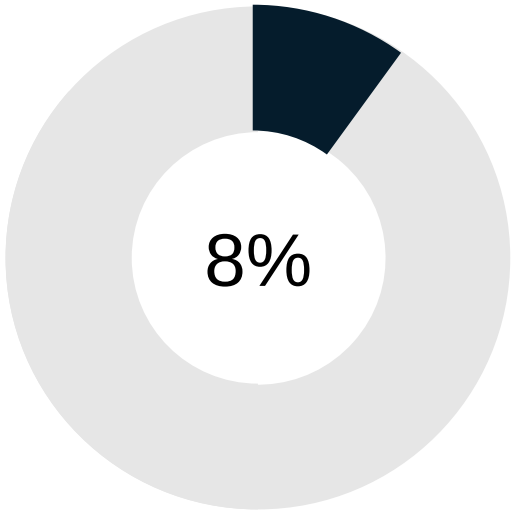
However, majority of the leaders acknowledge that they are far from being effective at capability building



Leaders want a drastic change in how their organizations develop employees



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



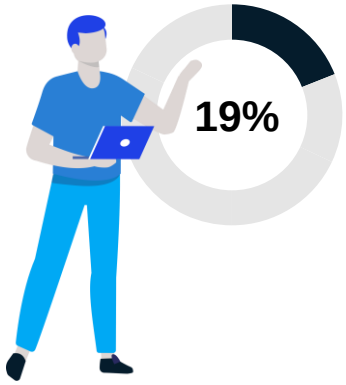
Fortune 500 CEOs see clear business impact of Learning & Development interventions

Source: McKinsey Capability Building survey 2014

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

Idealists



Core value drivers

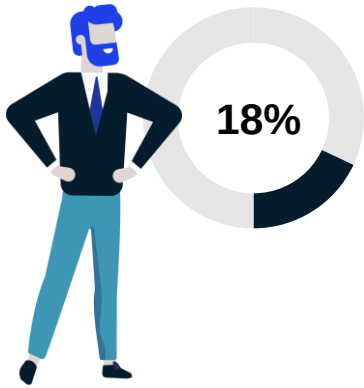
- Meaningful work
- Prestige

Want-it-alls

Core value drivers

- Meaningful work
- Varied exposure
- Flexible working arrangements
- Prestige

Status seekers



Core value drivers

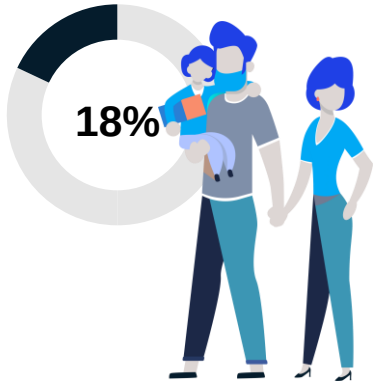
- Varied exposure
- Career advancement
- Salary

Bread-winners

Core value drivers

- Salary

Family-focused



Core value drivers

- Flexible working arrangements
- Meaningful work

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”

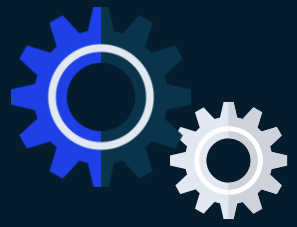
Deliver a great course or academic experience, but **fail to capture full value** by building into a full learning journey

“Missing the mark”

Failure to measure and track organizational-wide impact resulting from capability-efforts

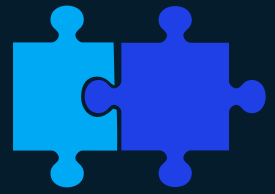
Source: McKinsey academy

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

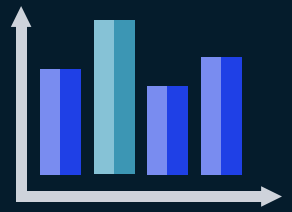


Complexity in operations

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

	Diagnose	Design	Develop	Deliver	Drive impact
Definition	Defining business needs and assessing current status	Designing future state of capabilities and creating a roadmap	Developing a learning experience that “sticks”	Delivering seamless learning at scale	Ensuring impact of the solutions continuously
Questions to consider	Audiences? Specific capabilities?	Objectives? Personalized formats? Learning journey?	Adult learning principles?	Needs for delivering modules?	Success measurement? Governance and budget requirements?

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 manage-ment**; 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

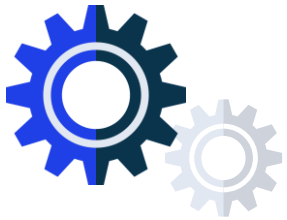
Source: McKinsey academy

What do you think about capability building.. (1/2)

Mentime
polling to
incorpora

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

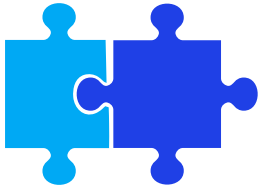


1

Complexity in operations

2

Reliance on read & understand SOPs



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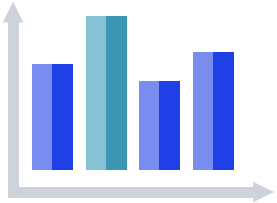
Mass vs. specialized capabilities



4

Attrition

5

Ineffective assessment

What do you think about capability building.. (2/2)

Mentime
polling to
incorpora

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

Options

1

Competencies

2

Tools

3

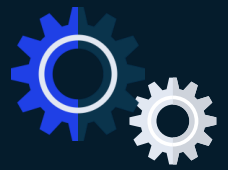
Processes

4

Governance

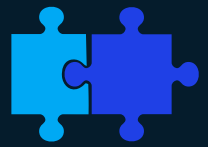
What do you think about capability building?

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

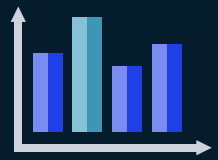


Complexity in operations

Reliance on read & understand SOPs



Difficulty in building Mass vs. specialized capabilities



Attrition

Ineffective assessment

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

Competencies

Tools

Processes

Governance

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