



SAP Ecosystem and Partners

TALENT FOR FUTURE SUCCESS
ROUNDTABLE AND PANEL SERIES
SAPPHIRE® ORLANDO 2008, MAY 5

THE BEST-RUN BUSINESSES RUN SAP™



INTRODUCTION

Talent for Future Success

The Talent for Future Success series reflects the results of different roundtables and panel discussions initiated by SAP. It aims at fostering open dialogue with partners and the SAP ecosystem regarding the current and future challenges of talent sourcing. How to attract the most promising graduates and best experienced professionals in today's evolving global marketplace? Every brochure of this series provides exclusive insights and information on different challenges, points of view and ways to future success.

Is the "War for Talent" truly a war – or merely a skirmish? Are companies around the globe facing the same issues, and if so, how are they responding? These and similar questions were discussed at SAPPHIRE® Orlando during the first roundtable discussion of the Talent for Future Success series on Monday, May 5, 2008.

TALENT FOR FUTURE SUCCESS

ROUNDTABLE SERIES, SAPPHIRE ORLANDO 2008, MAY 5

Central to the dialogue at the roundtable during SAPPHERE 2008 Orlando were the challenges and opportunities presented in a SAP-commissioned study by the Economist Intelligence Unit (EIU): "Talent Wars: The Struggle for Tomorrow's Workforce." Participating in the event were Jason Corsella, blogger; Liz Herbert, Forrester Research; Simha Magal, Grand Valley State University; Mark Willford, Accenture; Claus Heinrich, SAP executive board member; Bernd-Michael Rumpf, SAP head of Field Services; Bill Yoh, Yoh Talent and Outsourcing; John Reid, consultant and manager; Ed Frauenheim, editor of Workforce Management; and Barney Beal, SearchSAP. The group represented industry, consulting, and academia.

Few differences below the line

The EIU study explores the talent shortage in developed countries and the challenges that face businesses globally in recruiting and retaining employees with the skill sets necessary to succeed in the future. EIU surveyed 900+ C-level executives and HR managers in the developed markets of France, Germany, Japan, the

United Kingdom, and the United States. A second study – focusing on the emerging markets of Brazil, China, India, and Russia – will follow. The discussion led off asking executive board member Claus Heinrich about the global demand for talent and for an explanation of how SAP uses its global operations to meet demand in market segments and geographies. Heinrich said he sees few differences in the overall bottom line – which is to provide exciting jobs for people. It's not only about the use of HR tools, he noted, or where talent is sourced, but focusing on how to keep the best people: If companies provide their workers with assignments that carry responsibility, those employees find fulfillment – and remain with the company.

Soft skills as important as IT skills

Then the discussion moved on to which skills companies are seeking and what skills workers bring to the companies. The EIU survey stated that 47% of respondents found IT skills necessary, but even a larger percentage said that soft skills are critically important – communication, thinking strategically, and knowing how to solve problems. Mark Willford of Accenture agreed that this is a critical component: There is a need for both specialized skills and soft skills – clients want specialists, not generalists; but soft skills develop a strong value proposition for the client. Being able to see the client's goal and working collaboratively are fundamentally important.

"47% of respondents found IT skills necessary, but even a larger percentage said that soft skills are critically important – communication, thinking strategically, and knowing how to solve problems."

EIU-Study "Talent Wars: The Struggle for Tomorrow's Workforce"

Sourcing this diverse talent requires a multi-level approach. At the entry level, companies such as Accenture bring top university-level students in-house for training. SAP also looks to college graduates as a source of tomorrow's talent, as evidenced by its University Alliances program. Still, there is a need for mature industry knowledge; consultancies sometimes pull from industry to meet their needs. Vertical market knowledge can also produce an overall skills portfolio that includes technical and functional capabilities.

Providing stimulating jobs

A common theme was the need to provide this educated workforce with stimulating jobs that test their intellect and provide opportunities for growth. Providing them with management and coaching in a team environment makes them less likely to switch jobs frequently. All participants also agreed that critical roles within organizations need to be defined. Bernd-Michael Rumpf of SAP described SAP's rearranging consultant profiles and mapping talent requirements to fit business needs. This idea is relevant to both the IT world and other industries.

“Critical roles and getting companies to understand what they are, from my perspective, is becoming very important within organizations,” said blogger Jason Corsella: “Typically, when companies start understanding what their critical roles are, they are not usually what they anticipated in the beginning.” He sees a major focus on defining critical roles and developing support with bench strength over time to handle succession planning. “This is exactly how we built up our HR strategy,” said Heinrich. “From the beginning, we looked at not only managerial skills but architectural skills. Critical roles are not necessarily the highest management roles. They have the ‘deep smarts’ that make everything run. It’s very important to have this dual program. An architect plus manager career concept is very important.”

Developing a long-term vision and keeping a balance

How can talent strategies be managed in an economic downturn? All participants agreed that it is crucial to work with a long-term vision and to keep a balance –



Roundtable at SAPPHIRE 2008 in Orlando

understanding the necessary skills to meet marketplace needs and adequate forecasting avoids many pitfalls in a shaky economy.

“If you think about it, we are managing a matrix of 30 to 40 SAP skill sets by geography and by experience level, which gives you a pretty sophisticated model,” said Willford. “It’s important to forecast the skills you need and make adjustments on demand, increasing or decreasing to avoid layoffs.” Heinrich concurred, stating that

this model is about sustainability and being a “long-term reliable partner” for your employees.

Need for collaboration

Companies can no longer function in a vacuum. The EIU study pointed out the need to work with partners at all levels of collaboration. A prime example is the growing SAP ecosystem of 200,000 consultants. To meet the needs of the marketplace, an

additional 30,000 up to 50,000 people will be added to the partner ecosystem in the next three years. These future consultants are coming from universities through the University Alliances program; also, through the SAP Foundation program in the BRIC countries where new graduates learn basic SAP skills and some soft and project-management skills so they become employable to partners, SAP, and customers. In the ERP days, single-subject expertise was acceptable, but Yoh Consulting sees current demand mirroring changes in SAP. “Today, enterprise SOA and SAP NetWeaver® stress collaboration,” said Bill Yoh, “and

“Talent must be able to integrate and think across platforms the same way the software you are working on is designed to do.”

Bill Yoh, Yoh Talent and Outsourcing

TALENT FOR FUTURE SUCCESS

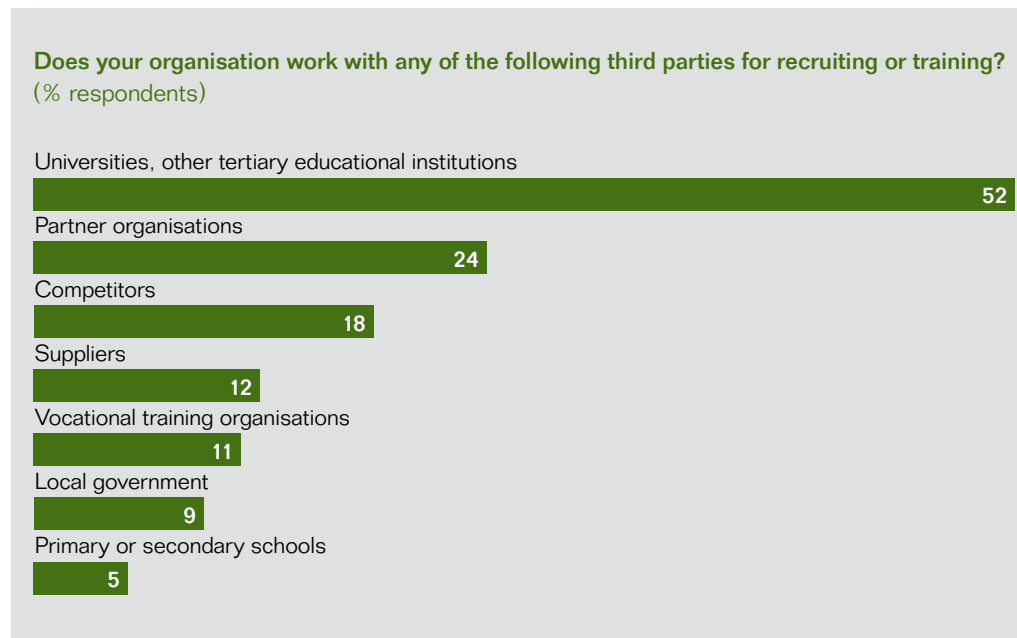
ROUNDTABLE SERIES, SAPPHIRE ORLANDO 2008, MAY 5

talent must integrate and think across platforms, the same way the software you are working on is designed to do.”

Collaboration is important, but it can fly in the face of typical “pay for performance” structures in HR. How do you determine pay for performance, and does it get in the way of teamwork? Companies like SAP cascade team incentives to encourage teamwork, paying a percentage of salary for company performance, a percentage for team-based objectives, and an amount for individual KPIs. That way, employee contribution recognizes both team goals and personal performance.

Reach out to universities

Collaboration extends into academe through programs like SAP University Alliances. A pilot at Grand Valley State University, Michigan, USA addresses talent issues in partnership with local companies. Together, they discuss recruitment and retention, and how to translate these issues into something that can be taught in the classroom. They hope to encourage curriculum changes that will deliver value to students and employers. “It is critical for com-



Source: Economist Intelligence Unit, Talent Wars, 2008

panies to reach out to local universities to attempt to solve this problem at a local level,” says Simha Magal. Since nearly half of the EIU respondents say they are looking to work with their universities, this becomes a tipping point to prepare the next generation of skilled workers.

But are graduates really coming into the marketplace with the right skills? – Yes and no: The best and brightest talent, especially as defined by technical skills, is easy to spot and recruit in most markets. But finding soft skills is more of a challenge. Accenture uses behavioral profiles to see

how candidates would perform in certain situations. This enables the company to look broadly at what type of individual will be successful in what type of role. Others cite the need for training in intercultural-awareness efforts, diversity programs, and others. This is especially relevant in countries like India, where the concern is not technical skills, but the lack of soft and social skills.

Different people, different cultures

Intercultural awareness cannot be ignored in building a strong workforce that can easily navigate today’s world. Considering the need to work across time zones and cultures and to meet the needs of special interest groups, it is vital that employees truly understand how their coworkers operate. SAP invests significantly in intercultural training at all levels of the organization. Rumpf states that companies used to believe that intercultural awareness was only a manager’s skill, but in today’s world, all employees must demonstrate some form of this capability to work effectively together. Diversity also involves the recognition of special-interest groups and

looking to them to contribute to the overall culture of an organization.

Yoh Consulting must source from a wide talent pool to be competitive in their recruitment, making a broad, versus narrow, approach. This lets them find the best talent and also aligns their customer workforce with people who can connect culturally with their customers. To that end, Yoh network groups have come together to focus on people of color, veterans still serving in the military, people with disabilities, young professionals, or working parents. By encouraging these groups through funding and support, Yoh comes out the winner with “an amazing wealth of ideas” that help make them an employer of choice.

Collaboration extends into academe through programs like SAP University Alliances.

A growing responsibility for executives

To win the war for talent, talent management needs to leave the HR department and take up residence in the C-suite. Numerous examples indicate that this has already begun, from Accenture’s evaluation of its senior executives through reports by managers’ employees, peers and superiors, to a University Alliances’ kickoff meeting at Grand Valley State attended by C-level executives – not HR managers. Heinrich agreed, saying, “Everyone says people are most important assets. How can you measure? Ask how much time that manager dedicates to people (recruitment and retention). Only the manager and the employee can make this work. HR can help, can provide tools, but managers at all levels are important in hiring process.” The consensus indicated that executives must bear a growing responsibility in the talent arena, but that it is also HR’s role to help leaders understand why recruiting and succession-planning are important. And this must be fully supported from the top. Heinrich emphasized sustainability – the notion that companies must remove them-

selves from a sole focus on “quarterly” thinking to a long-term view of the health of the organization.

Dever concluded the hour by stating that the discussion was an excellent starting point, yet only the beginning of talking about the many subjects brought forward in the EIU survey.

Conclusions

- Despite the continued need for technical skills at all levels, soft skills cannot be ignored. As companies work in stronger collaboration, people with solid communication and strategic skills are increasingly sought by businesses of all sizes.
- Education is of growing importance, with more than half of the EIU respondents – and several of the roundtable participants – describing the need to use the university community to fill the talent pipeline. Whether through in-house training programs or the SAP University Alliances program, opportunities are advancing to develop young talent to fill a variety of organizational roles.
- The concept of critical roles, and how they help drive the business, is significant

in building the right pipeline for talent. These critical roles exist at multiple levels in an organization and must map to the changing needs of the entity over time.

- Diversity is not just an HR buzzword. It is a very real organizational effort that builds a better workforce and is an attractive differentiator in recruitment efforts. Recognizing and respecting uniqueness and cultural differences in your employee base is a motivator and can be used to develop into an employer of choice.
- Recruitment and retention must be the responsibility of the C-suite as well as the HR department. HR can be a supporter and educator of management as they work together to tap the best talent for their organization.

Further information

Find out more about talent challenges and opportunities at www.sap.com/ecosystem.

07/2008

©2008 by SAP AG.

All rights reserved. SAP, R/3, xApps, xApp, SAP NetWeaver, Duet, PartnerEdge, ByDesign, SAP Business ByDesign, and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP AG in Germany and in several other countries all over the world. All other product and service names mentioned are the trademarks of their respective companies. Data contained in this document serves informational purposes only. National product specifications may vary.

These materials are subject to change without notice. These materials are provided by SAP AG and its affiliated companies ("SAP Group") for informational purposes only, without representation or warranty of any kind, and SAP Group shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP Group products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.

www.sap.com/contactsap

THE BEST-RUN BUSINESSES RUN SAP™

