Creating Talent Management that supports Strategy-Building and Execution in your organization

HR Directors Summit Europe

Amsterdam, May 30th, 2017, Presentation by Hays Steilberg

BERTELSMANN

Bertelsmann SE & Co. KGaA

B

First-class media content, services and education offerings
Market-leading positions in the core businesses of TV, books, magazines, media services, print, music rights and education

International focus
A globally operating company with 116,000 employees in some 50 countries

Corporate culture
Shared aims and basic values: partnership, entrepreneurship, creativity, citizenship

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Bertelsmann at a Glance –
Overview

€17.0 billion Revenue	**€2.6 billion** Operating EBITDA
€1.1 billion Group profit	**116,434** Employees

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Media	Services	Education
RTL GROUP	arvato BERTELSMANN	Bertelsmann Education Group
Penguin Random House	Bertelsmann Printing Group	
G+J		
BMG		

BI Bertelsmann Investments

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Bertelsmann at a Glance –
Media-Divisions

RTL GROUP

A Leader across Broadcast, Content, Digital

Broadcast	RTL
Content	America's got Talent
Digital	STYLEHAUL

€6,237m	€1,405m
Revenues	Operating EBITDA
13,150	Luxemburg
Employees	Headquarters

Penguin Random House

The world's leading trade book publisher

Authors	
Bestseller	
Publishers	

€3,361m	€537m
Revenues	Operating EBITDA
10,594	New York
Employees	Headquarters

G+J

One of Europe's Largest Magazine Publishers

Magazines	
Digital offerings	BEEF!
Brands	VOGUE

€1,580m	€137m
Revenues	Operating EBITDA
10,877	Hamburg
Employees	Headquarters

BMG

The world's number 4 in music rights

Artists (recording)	
Artists (publishing)	
Labels	

€416m	€95m
Revenues	Operating EBITDA
597	Berlin
Employees	Headquarters

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Bertelsmann at a Glance –
Service-Divisions

A leading international service provider

- Service portfolio: CRM services, supply chain management, financial services, IT services

- more than 1,1 billion parcels delivered a year

- 600 million customers serviced in customer loyalty systems

- 170 million online credit checks performed per year

- Runs more than 70 online shops for numerous international fashion brands

€3,838m Revenues	**€359m** Operating EBITDA
68,463 Employees	**Gütersloh** Headquarters

Europe's Biggest Printing Group

- Produces books, magazines, catalogues, brochures and calendars

- Gravure and offset printing plants in Germany and the UK and in the United States

- Offers services in the fields of media creation, replication and digital marketing solutions

- Around 2 million books produced daily

- More than 3 billion brochures printed per year

€1,624m Revenues	**€118m** Operating EBITDA
8,138 Employees	**Gütersloh** Headquarters

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Bertelsmann at a Glance –
Education: Innovative online learning offers with global potential

Bertelsmann Education Group

€142m Revenues	**€-17m** Operating EBITDA
1,488 Employees	**New York** Headquarters
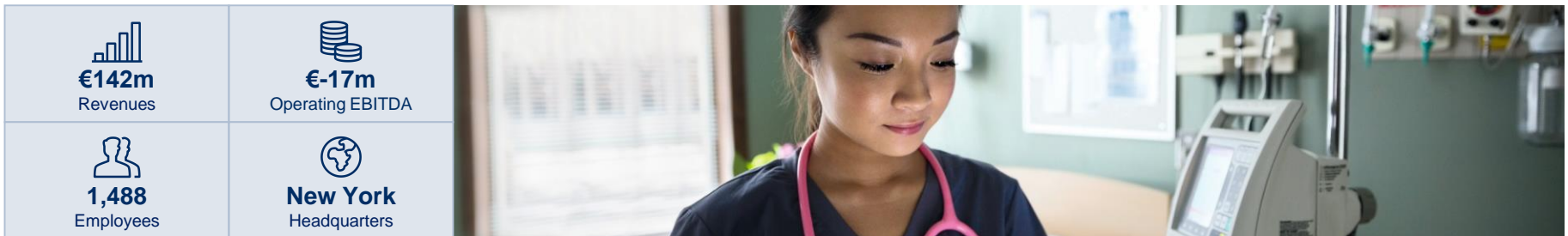
RELIAS LEARNING

E-Learning in the Healthcare sector

- Leading US provider of e-learning in the healthcare sector
- >3,000 online courses, >3 million users, >30 million courses completed per year
- Building a global e-learning company

UDACITY

E-Learning in the Technology sector

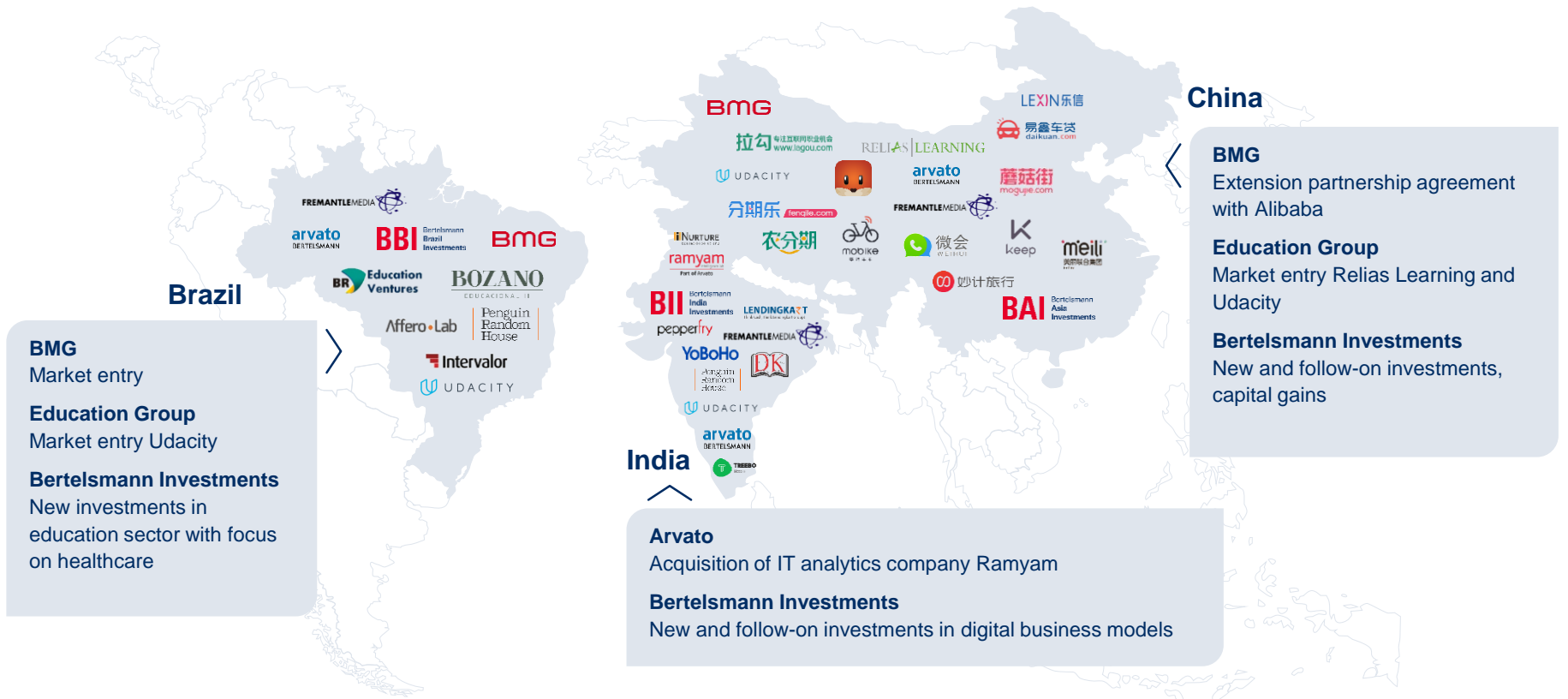- Innovative online learning provider ("University of Silicon Valley")
- Graduates in 168 countries; "nanodegrees" in cooperation with Google, Facebook, Amazon
- Valued at >1 billion USD

HotChalk

Online services for Universities

- Online services provider for universities; curriculum development with the universities, marketing, student recruitment
- 7 partner universities in the United States

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Growth regions – **Expansion of existing activities, additional investments in digital and education businesses**

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Brazil

BMG
Market entry

Education Group
Market entry Udacity

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New investments in education sector with focus on healthcare

India

Arvato
Acquisition of IT analytics company Ramyam

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New and follow-on investments in digital business models

China

BMG
Extension partnership agreement with Alibaba

Education Group
Market entry Relias Learning and Udacity

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New and follow-on investments, capital gains

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The Corporate Strategy

Megatrends

Digitization

Two-speed economy

Education

Business process transformation

Healthcare

Demographic change

Target Portfolio

- Higher growth

- More digital

- More international

- More Diversified

Four Strategic priorities

1 Strengthening the core

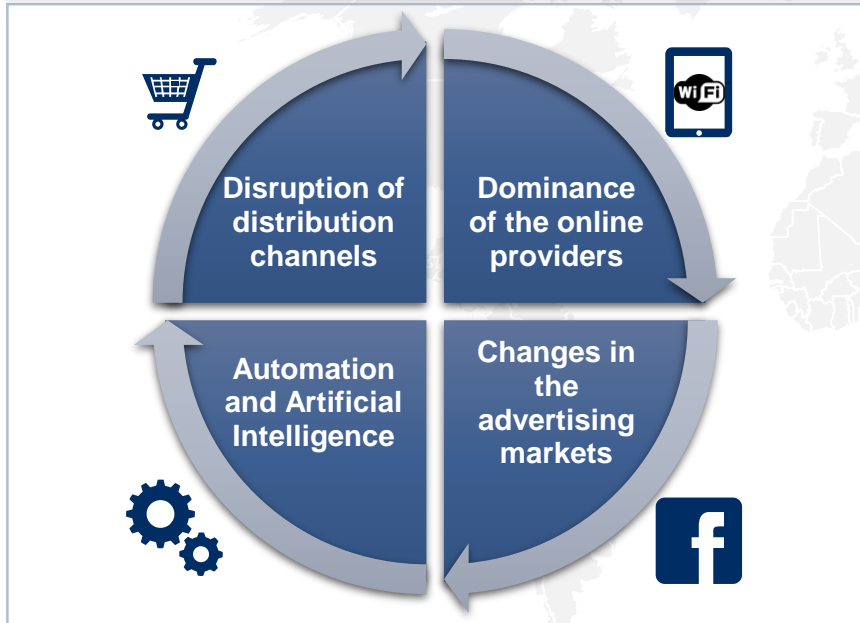**2** Digital transformation

3 Growth platforms

4 Growth regions

Digital Transformation of industries –
How leaders and organizations can respond

Digital Transformation –
What is digital disruption doing to our businesses and how do we respond?

Main forces in the markets

- Disruption of distribution channels
- Dominance of the online providers
- Automation and Artificial Intelligence
- Changes in the advertising markets

Media convergence is a reality

amazon Prime instant video

NETFLIX

BuzzFeed

Product limits disappear

Digital Transformation –
Link your People Strategy with your Business Strategy

*What kind of **experiences** and **skills** do my top-employees and managers **need**, to **be prepared** for this change?*

People Strategy

Business Strategy

Digital disruption

➢ Mastering the three dimensions of growth in the digital age:

- ❖ **Investing**
- ❖ **Creating**
- ❖ **Performing**

***Where** should the **insights for transformation** come from?*

***Who** is going to be doing the **work**?*

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Bertelsmann People Strategy –
Learning as important factor for digital transformation

Digital Transformation affects all of our industries

- We need to develop new business models

- We need to upskill the workforce

- We need to be more agile and flexible

- …

Learning

Learning supports the digital transformation:

- Roll-out of **group-wide LMS** (SAP's SuccessFactors)

- Promote a more **self-directed learning** culture e.g. by unlimited access to > 8.000 video courses

- Promote **upgrading digital skill-level** throughout entire organization (e.g. by sponsoring Udacity nano-degrees)

- Perfect addition to ‚digital' in-person **learning formats** (bootcamps, hackathon, etc.)

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Bertelsmann People Strategy –
Future-oriented learning architecture with priority for "digital first"

Bertelsmann **University**

BU
Strategy Campus

BU
Leadership Campus

BU
Function Campus

BU
Individual Campus

Bertelsmann Talent Management Project –
Setting the stage

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Bertelsmann Talent Management –
Why we started the group-wide talent management project back in 2013

- Focus on internal talents

- Well-filled talent pipeline

- Broader experience of top executives

- Fast talent development

- Optimized talent retention

- Superior internal and external employer attractiveness

- Communication and positioning of values

- Better IT support for talent management

Support of Bertelsmann strategy execution by enhanced talent management

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The Talent Management Project was based on four work streams to ensure our shared vision of best-in-class talent management at Bertelsmann
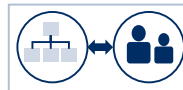
Systematic talent identification

- **Common** and objective **criteria** for **performance and potential**

- **Standardization** and **harmonization** of **HR processes**

## Systematic placements

- Based on a **common language** regarding competencies

- Better **matching between talents and vacancies**

- More **targeted development of talents** (horizontal and vertical moves)

Integrated Talent Pools and mobility

- **To secure well-filled talent pipelines** and individual and **targeted development**

- To enable **early talent development**

- To foster **mobility** and **broad experience on all levels**
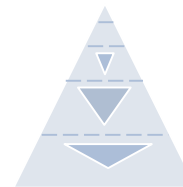
Integrated IT-Platform

- **Automation** of processes

- Introduction of all relevant TM-relevant **Success Factors modules**

- **Adjustment** of the **entire HR IT** architecture

peoplenet
Learning · Development · Networking

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Implementation of new HR Tools
and Follow-up Processes –
How do your people conversations work – is job history job fate?

Implementation of new HR Tools – **Talent definition is based on evaluation of performance, potential and mobility**

Elements of talent definition

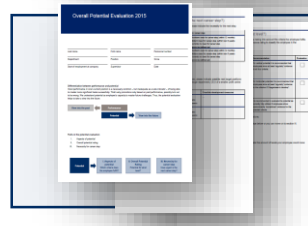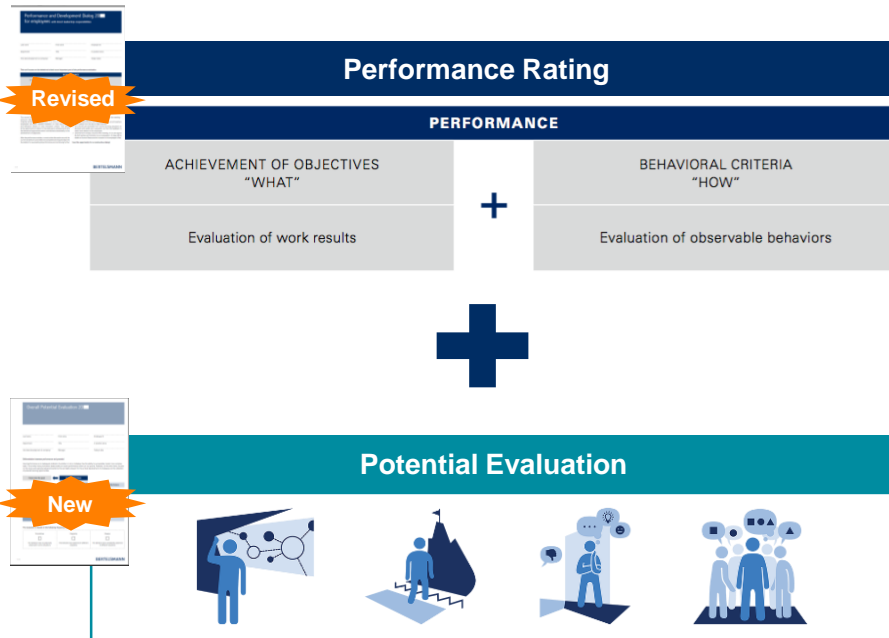|			
High Perfor-mance	Exceeds performance requirements		Performance & Development Dialog
High Potential	Demonstrates vertical potential according to criteria		Potential Evaluation
Mobility	Exhibits willingness to be mobile (at least in one dimension - region, function, company)		Performance & Development Dialog

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Implementation of new HR Tools – **Management Portfolio ensures targeted development, succession planning and placements**

Performance Rating

Revised

PERFORMANCE

ACHIEVEMENT OF OBJECTIVES "WHAT"	BEHAVIORAL CRITERIA "HOW"
Evaluation of work results	Evaluation of observable behaviors

+

+

Potential Evaluation

New

Potential	Management Portfolio				
Vertical development opportunities	• Appropriate Support and Development Actions		• Group-wide Talent Pools (if Mobility is confirmed)		
Horizontal development opportunities			• Bertelsmann University Programs • Individual Development Measures/ Incentives		
Potential currently fully utilized					
Potential evaluation currently not possible					
	Insufficient	**inconsistent**	**successful**	**excellent**	**outstanding**
	Does not meet basic requirements	Does not meet all requirements	Meets all requirements	Exceeds most requirements	Consistently exceeds all requirements
	Performance				

❖ **New competencies developed**

❖ **HR IT Support via** peoplenet
Learning · Development · Networking

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Bertelsmann Succession Planning –
How do you run your placement processes?

Bertelsmann Succession Planning – **Talent Management at Bertelsmann consists of four Major Steps while Succession Planning sets the Basis for Placement Decisions**

Placement

Succession Planning

Talent Development

Talent Identification

Talent

Talent Pool

Successors

Career Step
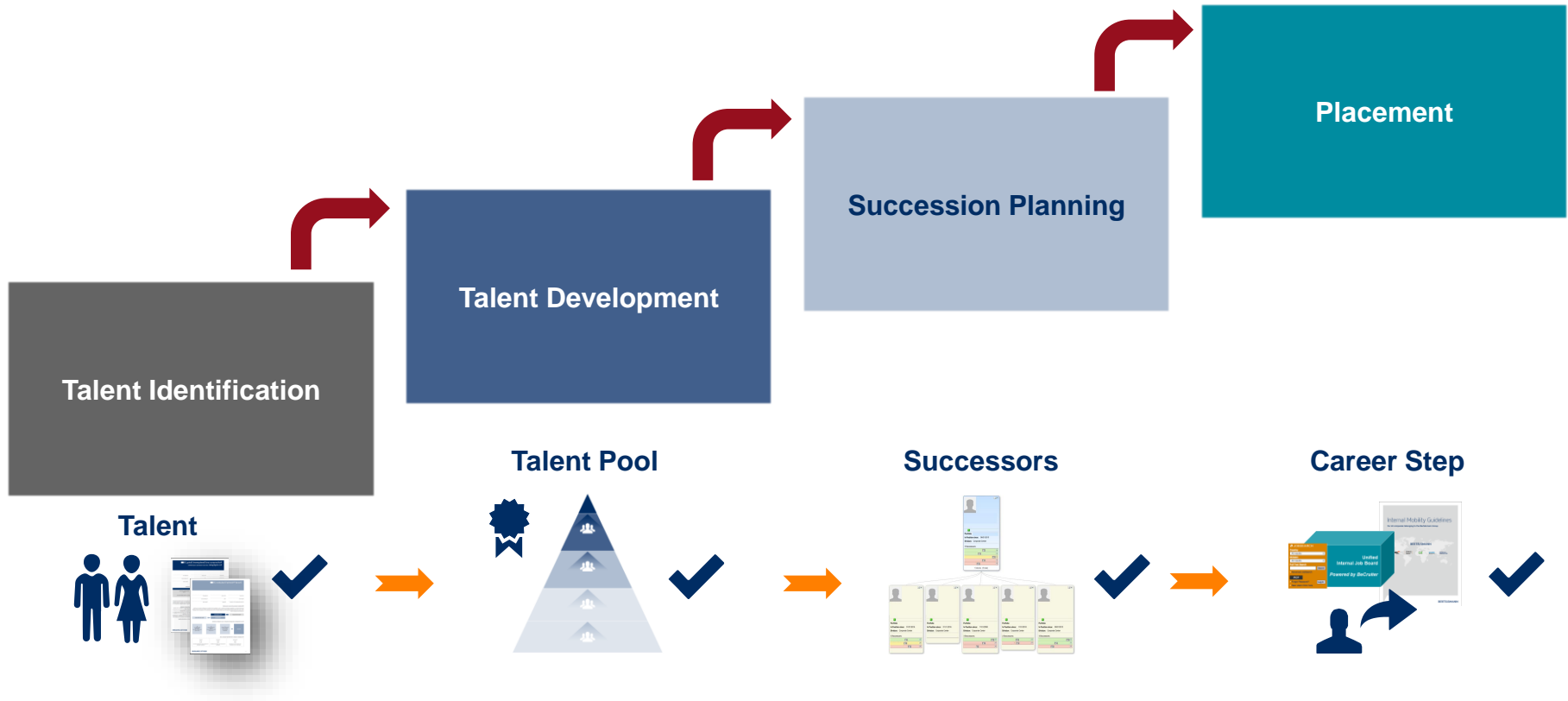
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Bertelsmann Talent Pools – **Four different talent pools are created to fulfill various needs in the respected target group**

Executive Board

Top Management

Senior Management

Management and Experts

All Employees

4 Chairman's Council

3 Top Management Pool

2 Senior Management Pool

1 Career Development Pool
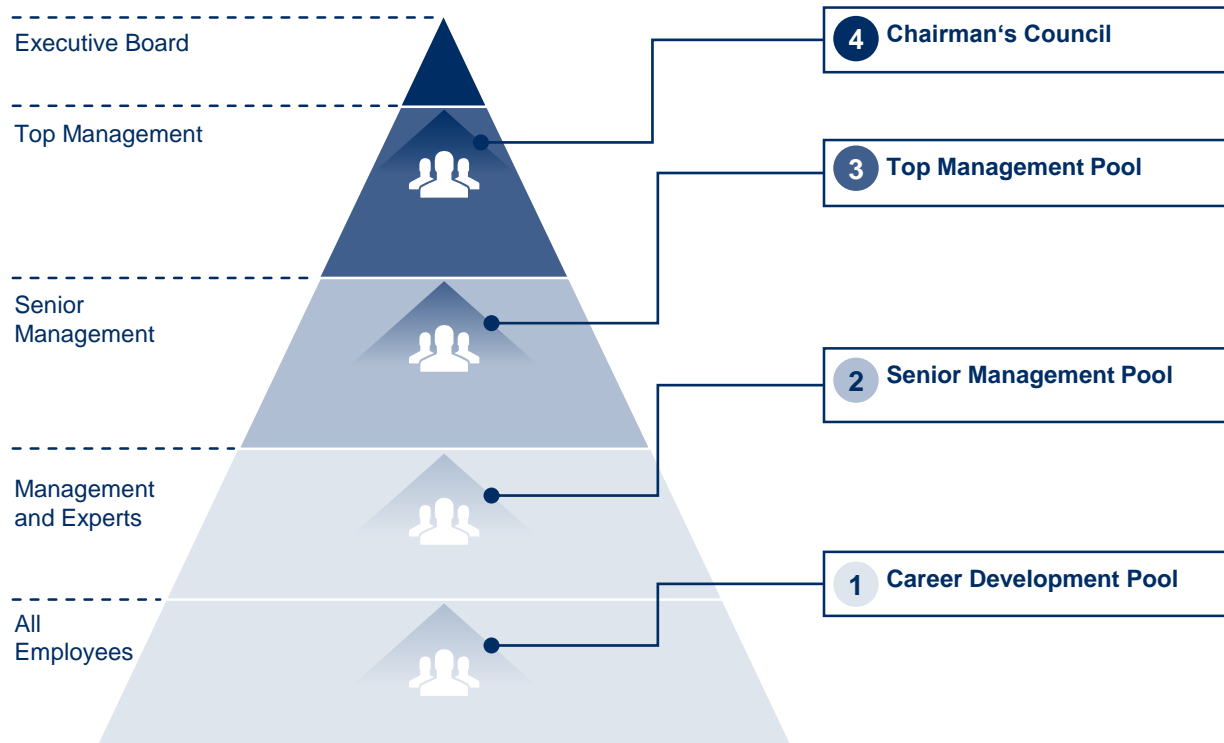
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Bertelsmann Succession Planning –
Systematic Succession Planning for Top Management Positions

Succession Planning

✔ Systematic succession planning by definition of key positions, role-specific competencies and identification of top performers/high potentials

✔ Short-, medium-, and long-term successors confirmed in calibration sessions with the Board

✔ Fostering cross-divisional movements
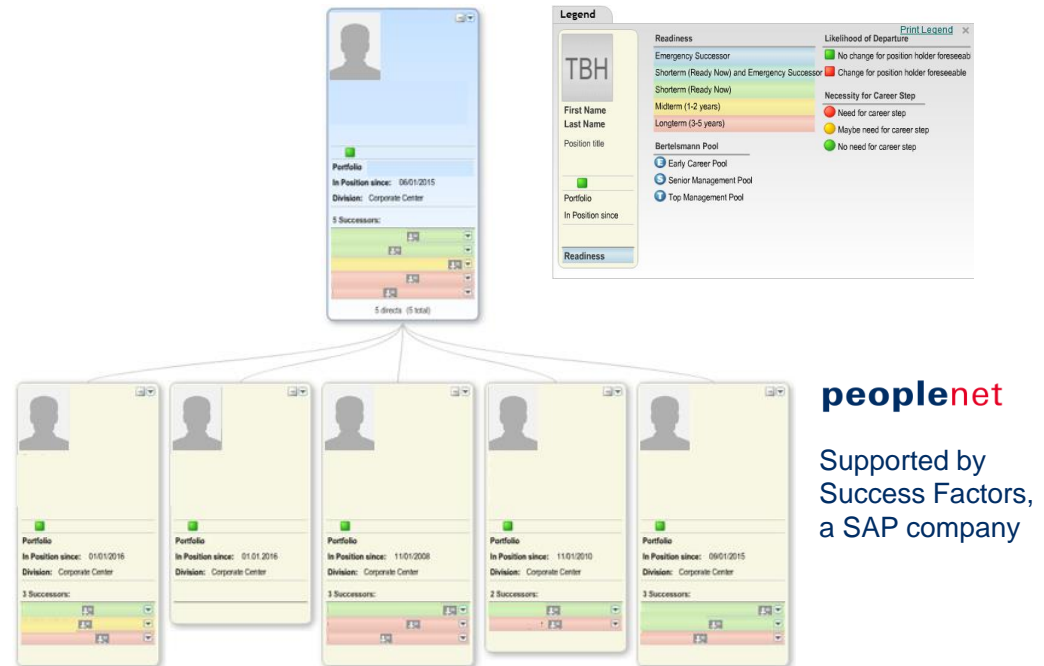
peoplenet

Supported by Success Factors, a SAP company

Objective:
At least three successors for each position (Emergency/Short-term, Mid-term, Long-term)

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Placements Top & Senior Management – **Established process for Top Mgmt. Positions / Process for Senior Mgmt. Positions is on its way**

Defined Placement - Process

supported by board policy
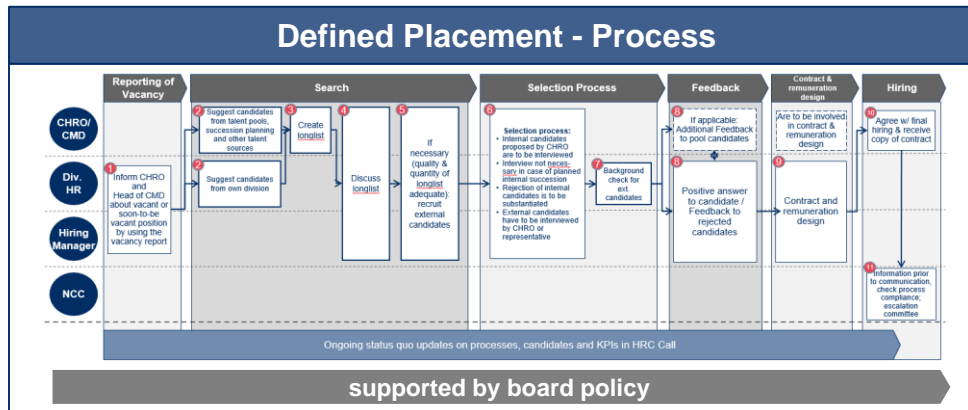
Clearly defined Placement-Objectives

➢ **≥ 80% internal placements**

Triple-Two-Criteria:
✓ cross-divisional – (2 Divisions)
✓ cross-functional – (2 Functions)
✓ cross-regional – (2 Countries)

Objectives:
➢ **≥ 70%** of candidates fulfill at least one of the criteria
➢ **≥ 35%** of candidates fulfill at least two of the criteria
➢ **≥ 10%** of candidates fulfill all three criteria (triple two)

Use Case Top Management Pool –
Link between Business Strategy and People Strategy

Top Management Pool Program 2017 –
Replacing the classic business school approach

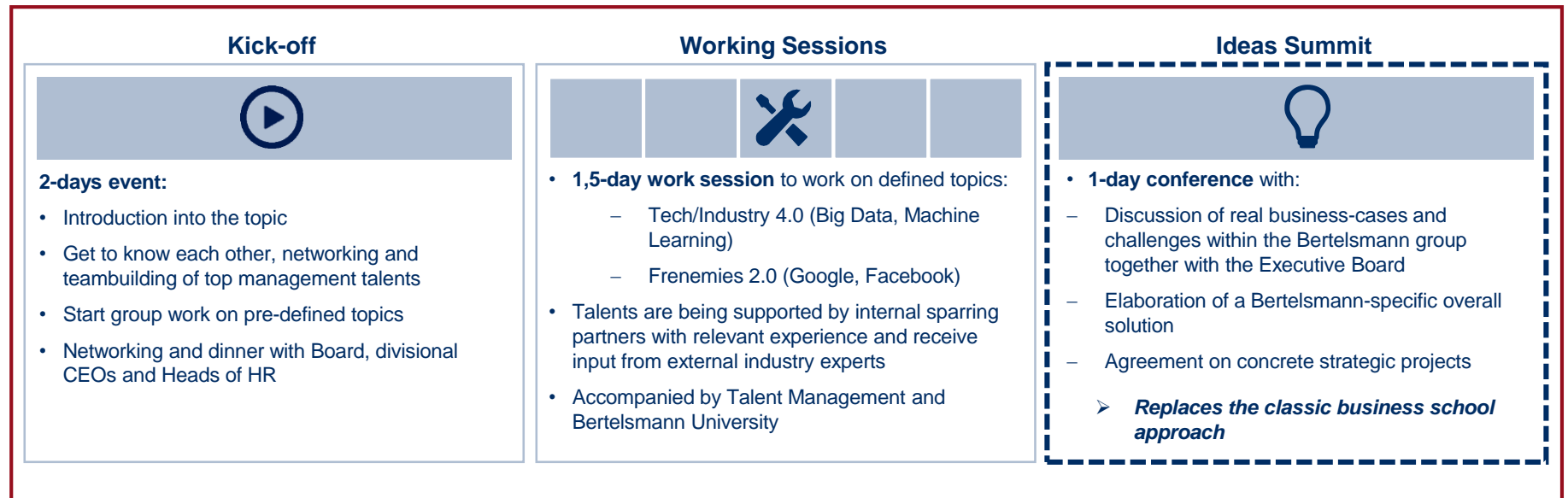| Nomination and Validation | Communication of the pool program and information of the participants | Career Consulting through corporate TM | Board Dialog | Succession Planning | Networking |

Kick-off

2-days event:

- Introduction into the topic
- Get to know each other, networking and teambuilding of top management talents
- Start group work on pre-defined topics
- Networking and dinner with Board, divisional CEOs and Heads of HR

Working Sessions

- **1,5-day work session** to work on defined topics:
  – Tech/Industry 4.0 (Big Data, Machine Learning)
  – Frenemies 2.0 (Google, Facebook)
- Talents are being supported by internal sparring partners with relevant experience and receive input from external industry experts
- Accompanied by Talent Management and Bertelsmann University

Ideas Summit

- **1-day conference** with:
  – Discussion of real business-cases and challenges within the Bertelsmann group together with the Executive Board
  – Elaboration of a Bertelsmann-specific overall solution
  – Agreement on concrete strategic projects

  ➢ *Replaces the classic business school approach*
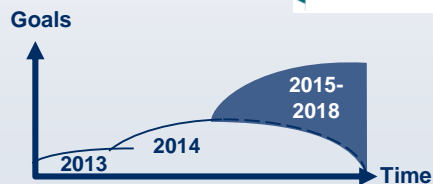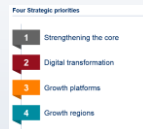
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Bertelsmann Talent Management –
Don't become the prisoner of your systems… keep prototyping

Bertelsmann Talent Management –
Don't become the prisoner of your systems… keep prototyping

2013 …	… 2017 …	…

2013 …

➢ **We started the group-wide talent management project back in 2013 to support the Bertelsmann strategy execution**

Four Strategic priorities

1 Strengthening the core
2 Digital transformation
3 Growth platforms
4 Growth regions

Goals

2015-2018

2014

2013

Time

… 2017 …

➢ **Review of implementation-process ongoing**

Interviews
➕
Survey
➕
ticket system
peoplenet

… lessons learned about to be implemented

… keep prototyping

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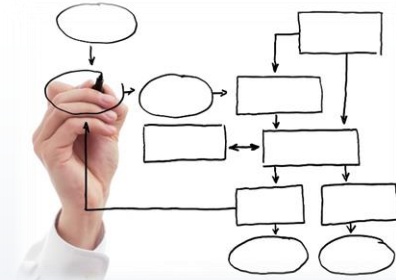
Backup

Implementation of new HR Tools –
Competencies become more advanced according to the target group

| Employees | Managers | Senior Management | Top Management |

4 competencies for all employees and managers

3 additional competencies for all managers

6 role-specific core competencies for all Top and Senior Managers

2 additional division-specific competencies

Employee

Manager

Bertelsmann Top Executives
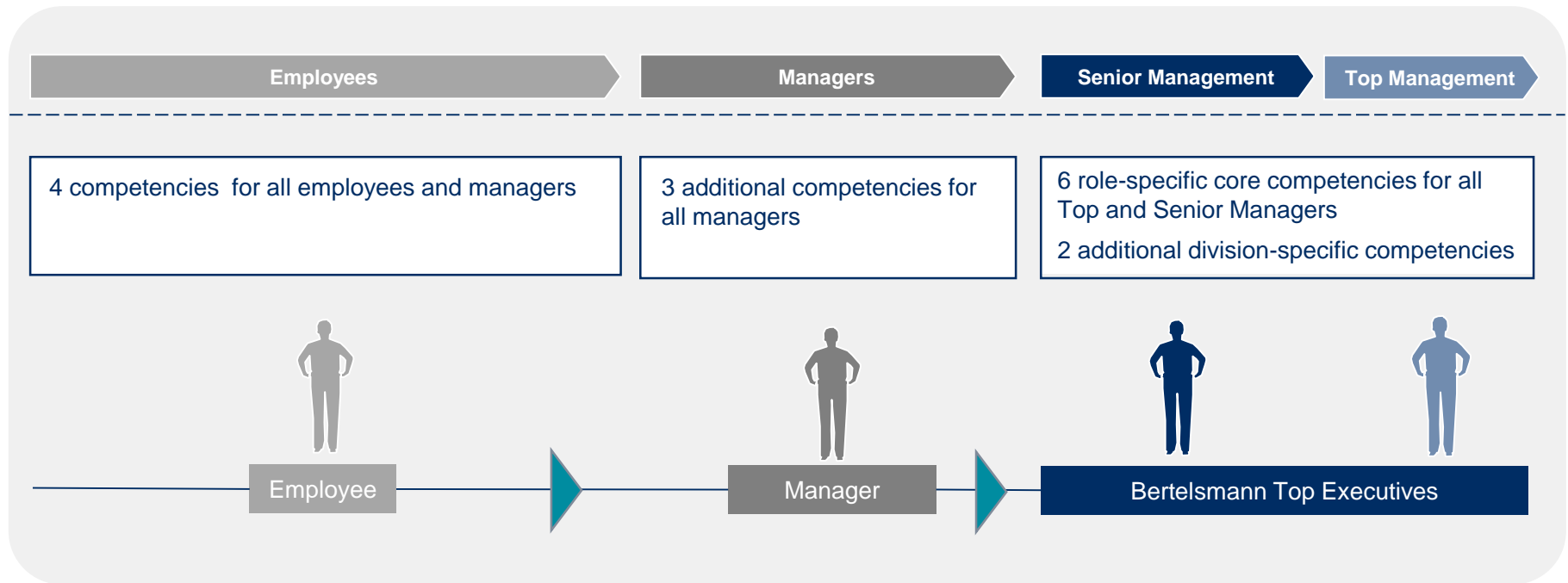
Placements Top & Senior Management – **Established process for Top Management Positions / Process for Senior Management Positions is on its way**

Position
(Job Profile)

- Business Description & Business Facts (Turnover, Span of Control)
- Responsibilities
- Long-term Goals
- Role Purpose Statement
- Knowledge, Skills & Experience
- Special Know-How
- Competencies

Person
(Employee Profile)

- Performance
- Potential
- Mobility
- Education
- Knowledge, Skills & Experience
- Work-history (internal / external)
- Employee Survey Results
- Noteable Facts
- Succession Planning

Standardized Job Profile

Defined Placement - Process

Standardized Employee Profile

supported by board policy

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