

How Novartis used skills to become a Dynamic Organization

Lauren Gardner:

Hello, welcome in. Happy Valentine's Day. We're very lucky to have you all here on Valentine's Day, very lucky. Hello to our on-demand viewers, as well as our live viewers. Welcome, officially, to the Dynamic Organization Case Study Webinar, how Novartis put skills at the center of their strategy. So this is the first dynamic organization case study webinar we'll be doing, but we have more that are upcoming, so stay tuned. We're very excited to share the Novartis story, but a quick plug before we get started.

Gloat Live, our annual transformation summit happening March 4th through 6th, is officially sold out for the in-person experience. It's sold out for in-person, so we are thrilled. With that said, you can still register virtually. You will have all of these fantastic speakers here that you'll be learning from today featured. You don't want to miss it. I will drop a link in the chat to register for the virtual experience, but without further ado, what you're actually here to learn about the Novartis case study.

Please welcome Josh Bersin, Kathi Enderes and Markus Graf. Thank you all for being here, and we're so excited to learn about this case study. Over to you, Kathi.

Kathi Enderes:

Awesome. I think Josh, you're going to get us started, right? Should we kick it off?

Josh Bersin:

Yes, so let me take a minute and set the stage and then turn it over to Kathi and Markus. We do lots of research on lots of things, and one of the most interesting studies we did in the last year, and it was produced in the late of last fall, is something we call building a dynamic

organization. If you really think about the way work operates today, 2024, and just bring yourself through the time machine back 10 or 15 years, it is really different and not only as individuals. Of course, we've been through the pandemic and we have Zoom and remote work and mobile phones and all of that, but the workforce and the business models of companies have dramatically changed. Traditionally, companies were designed as hierarchies. Kathi is going to show you this in a minute, with functional hierarchies and career paths that basically traverse the hierarchy during your career, and people tended to stay in one organization for a long time, oftentimes their whole career.

Well, that approach to running a company doesn't really work very well anymore. It works in some industries but not very many because things are changing too fast. New technologies, new business models, innovators, startups. AI is just one example of many, many things, to say nothing of the fact that the labor market is getting more and more and more difficult to hire and the number of skills and the depth of skills is changing so rapidly that you can't run a company that way anymore.

So this new model, which we call the dynamic organization, is something that really is facilitated by products and platforms like Gloat, so not only is it a new way of thinking about how to run a company. It changes the way you think about leadership. It changes the way you think about rewards. It changes the way you think about careers, and it dramatically improves the performance of your company. In fact, the companies that perform at Level 3 and 4 in our model, I believe that the ratio is something like 31 times higher in employee experience, 14 times higher in innovation, seven times higher in profitability and so forth. So, I'll let Kathi take you through it, but that's really the context for this. Then we're going to hear much more from Markus on how they do this at Novartis. Kathi, over to you.

Kathi Enderes:

Thank you, Josh. Yeah, so as we're thinking about the dynamic organization, the really big shift that we are seeing here is the shift in the talent model. At the heart of this dynamic organization is this fundamental shift of the talent model where you're thinking less about jobs and roles and more about people and skills. How do you manage your workforce? This is usually in the traditional way, in the industrial age, it's about slotting people into these structured jobs in the hierarchy, or in the post-industrial way, in this new way of the dynamic

organization, it's much more about what every person brings, how they bring their unique skills, their experiences to the company.

This is a really, really big change in how you operate, what leadership models you have, how you pay people, how you recruit people, how you train people, how people have a career, and it also impacts everything from your HR operating model to your HR technology stack. Why are we doing this or why is this so important?

The reason for that is because it used to be that in the Industrial Age you hired enough people, right? If somebody didn't work out in one of your structured hierarchical jobs, basically they just left, or you just basically let them go and you found another person. As you hired enough workers, that was easy to do, but today we're in this ongoing labor shortage that's getting worse and worse. It's around the globe, right? We are not just talking about the US. It's really happening around the world where you have to think less about what jobs you can slot people in and much more about how you bring the skills that every person has to the work that you have to do in a new more modular way, in a much more agile way.

That's why we call this the dynamic organization because when you modularize from the job to the person and the skills that you have, that's when your organization model and your organization structure and how you lead and how you develop people becomes much more dynamic, much more agile. Let me give you just one brief example, and then I'd love to turn it over to Markus to hear from him about the story and what they did at Novartis. But one story that we heard, for example, that really explains the concept of matching people's skills to the work is we talked with a tech company. We asked them about one of their most important jobs. It was a product manager job. When we talked with them, they said, "The most surprising thing for us when we were going less with the jobs and the experiences that people had in product manager roles, much more to the skills that people had where the best product manager that we have is actually by training a sommelier."

A sommelier is somebody, if you've done this, a wine tasting person that helps you taste the best wines. You wouldn't think that they would be a good product manager, but when you get down to it, they are really good at empathizing with your needs, understanding what you are looking for, organizing a lot of complex information to really a simple way of getting you to your requirements. That's exactly what a product manager does, so thinking less about

people just having experience in the jobs that were done before and much more about the skills that people could bring to the table and adjacent skills and then train them up on the technical things of a product manager in this case. That happens in every industry, and Markus has some great examples on that, too.

For that shift to happen, it really also changes the hierarchical job architecture because it can be very limiting if you just think about hiring people into jobs when the talent just doesn't exist basically. So, it also goes to basically you think about how you use technology as well. So your traditional HR platforms, they are built around relational databases to just slot people into these jobs. That's why platforms like Gold Talent Marketplace, for example, that really understand people's skills and then match them to the work that needs to be done in very modular way is the future of the dynamic organization. So, this is really a big shift as well. Let me talk a little bit about what we are seeing, how ready organizations are for this shift. This changes, of course, everything in HR as well. It changes every domain in HR. It changes, for example, how you recruit, how you hire. When you traditionally usually just hire for your very clearly defined, very detailed job architectures, job descriptions in a skill-based approach, you shift your focus on identifying the skills that you need to achieve your business goals and then find the candidates with those skills. Of course, that broadens your talent pool infinitely, but as you see here from our dynamic org study, only one in five companies are doing this well, and it goes down from there. So, one in five is just for the hiring, for the recruiting.

Same with learning of course. Learning and development, for example, having in a skill-based organization, so when you think about skill-based ways of working and doing HR, learning and development initiatives really focused on helping employees to build the skills that they need for the future of the careers that they want to build, as well, and matching them based on their skills to the right learning opportunities, to the right mentors, to the right pay strategies, of course as well.

Skill-based pay is a big theme that a lot of organizations are trying to go to because it also helps you be less biased and helps you with pay equity. It's almost impossible to do pay equity well if you are not focusing on skills for your pay scenarios, but only one in 10 organizations are doing this. So really the entire approach around skills, we call this a skill-based meritocracy, where we basically say regardless of where you sit in the

organization, the best ideas win, and your skills dictate what career you can build, what pay you have, what learning and development opportunities you have, and really where you go in an organization. It helps the organization match those skills with the needs of the organization.

That's a little bit about the theory, but now we want to really hear from you, Markus, and how you did this skill-based transition at Novartis. Well, as we get started, just tell us first why skill-based? What was the problem that you were trying to solve with that?

Markus Graf:

Thank you so much for sharing the research and all the insights. I feel really inspired. Novartis is a company with 75,000 people reaching 280 million patients. We really all inspired by really the purpose of creating new and better medicine to improve and extend patients' lives. I think as a matter of fact, by definition you always need to come up with new and better medicine. That's the business of innovative medicine, so we always need to research and develop better medicine to address unmet patient needs in fields like cancer or multiple sclerosis.

I think another element is we do not only need to be innovative in new skills at research and development, but it also applies to how we manufacture products. For example, there are very new manufacturing technologies in the field of radioligand therapies, but also how we commercialize products with very new go-to-market models. The old days in pharma where somebody carried a pack and went to the physicians are over, so we really also need new skills to basically commercialize our products.

Last but not least, I think we heard a lot from Josh and you around AI and how it is shifting. I think the skills that are required and these pan-industry trends are also very, very relevant for Novartis as any other company, I think, out there. Maybe I'll share a little bit of how we then translate the business context to what it means for us from a talent standpoint. I think we really do this in this anchoring around how do we unleash the power of our people so that we really then come up with new and better medicine. For us, I think it's all centered around this objective of ensuring that Novartis has that talent, skills, and organizational capabilities to deliver on their business strategy, so it's very clear, all centered and all in service of making sure that the company has the talent, skills, and organizational capabilities to deliver the strategy.

With this in mind, we came up with this talent strategy, and it has five Big Bets. I'll talk briefly about them. Precision Talent is around focusing on the roles and teams that create this proportionate value, that really bring these fantastic new medicines to patients. Leaders of the Future is around assessing and developing the leaders so that they're really set up for success today and tomorrow. The third element is around Talent Experience and really fostering this career and development for everyone so that they can drive their careers and grow. That's also enabled through the talent marketplace with Gloat, but also Future-reading the Workforces around and also predicting the capabilities and skills that we will need tomorrow. Then how do we build, buy and borrow them? The fifth Big Bet is around Employer of Choice. How do we strengthen our attractiveness as an employer internally but also externally from early career to experienced executives?

All of these Big Bets are enabled through skills, so the skills operating system, as we call it, is really front and center. So, for us from a culture standpoint, as we really want to unlock the development of our people, Gloat's talent marketplace was really critical that we can unlock the development of people at scale so that we match talent with opportunities. Opportunities could be jobs, could be projects, could be new mentors, could be also learning content. That's what we have accomplished. I think that has helped us a lot to really become more dynamic and move people to where work needs to be done.

Kathi Enderes:

This is fantastic. When I heard you talk about your five Big Bets, and you said it before, skills really go through every single talent area, right? So can you explain a little bit more how you see the skills go through every single area and maybe some examples of that, too?

Markus Graf:

Yeah, absolutely. Maybe I share with you a very concrete and specific example of how we brought it to life because a lot of people say, "How do you bring it to life?" Let me share one example from our finance department. It's a department of roughly 5,000 people and how they approached the skill work. It was very simple in a few steps that happened in a few months. Step one was really to think through what are the critical capabilities? You can define this for any area, but of course you can also define this for a finance organization. For us it was

around, for example, shareholder value creation. It's corporate finance. It's around operational excellence, so that's step one.

Step two is then you double click and say if you have these kinds of capabilities, how do you then match the skills to the opportunities? You see this all here, a little bit on this screen at the left side. You really match them to job posting, the job architecture. You also match it to mentors. You match it to learning content, do gig opportunities but also to people and associates.

Step three is then really to match these people with the opportunities that arise in real life. I think that's where the power of Gloat into the mix, where you can really then match people at scale. As we talk about thousands of people that really engage thousands of opportunities, thousands of mentors, I think this is where you really need to rely on technology to really make this matching happen real-time. That has worked really, really well for us, so people now start to use the platform to find their next opportunities.

What I love most about the approach was it was led by the business, so the CFO was really keen with the leadership team to say, "How can we accelerate the development of our people? How can we break down the silos? How can we enable people to move within the finance organization but also to adjacent areas, for example, internal auditing or digital finance and the like?" I think the skill-based approach has really helped us a lot. I think you then also look at some of the metrics. I'm happy to share also some of the metrics, but the CFO was so happy, the project team got recognition, so that's always an indication of success.

Josh Bersin:

Markus?

Markus Graf:

On top of that, I think I'm happy to share a few metrics for the organizational role, and I think all these indicators resonate with the business, so let me share a few. More than 30,000 people signed up to be part of this movement. I think that's in itself a really big accomplishment. Number two, we see hundreds, more than 500 gigs were completed in the flow of work, doing work that needs to be resourced. I think that's another big accomplishment. We also tried to

quantify it, so we multiplied the amount of projects with the hours spent with the average cost per hour so that we can also quantify how much value have we unlocked? For us that's over 10 million, and these are KPIs that probably resonate with any CFO around the world in any industry. I think that gives us a sense of the impact, but also when it comes to development, more than 1,000 people found a mentor. I think that's super powerful. We also see that, I think when it comes to engagement. People who find development opportunities are more engaged. Josh, that's what you always say and what you always preach to us. For us, we have real data on this.

Josh Bersin:

Hey, Markus? Can I stop you for a second because we only have 30 minutes. There's a bunch of questions I want to just raise here that came up in the chat.

Kathi Enderes:

In the chat, yes.

Josh Bersin:

It sounds like you guys have had a huge success with gig work, project work, mobility, mentorship, but there are a number of questions about the skills stuff. You've heard me talk about skills versus capabilities. How do you decide what skills are important, if you do assess them, and who's involved in the governance of that? There's about 15 questions on that topic, and I just wanted to get a little bit into that gritty stuff while we have you.

Markus Graf:

Awesome, absolutely. So look, for us, I think there are many, many skills. When you look into a skills catalog that you could get from Gloat, there are probably 50, 60,000 skills in there. Some of them are more relevant to the nature of our business. So, I think we apply the lens of what are critical capabilities? If you double click, then you find some skills underneath. So if you were to double click, for example, on shareholder value creation as a capability, as a big theme, we will find specific skills like critical thinking, strategic decision-making, so to say, underneath. That helps us to focus on what are the skills that matter most for us in an organization.

Josh Bersin:

Do you actually have a team of people or a governance process for deciding what skills are relevant to different roles? How do you do that?

Markus Graf:

That's where we use the leadership team. It's not something that we can do on our own in HR in a back office team. This is where we have the conversation with business leaders to really say, "Based on where you are today and where you want to go, what are the skills that matter most to you?" So, that's a strategic dialogue frequently centered around what we do in strategic workforce planning, but also annual talent reviews where we bring it up.

Josh Bersin:

Okay, so I just want to make that point because there must be a whole bunch of questions about this, but this is not something the software does automatically. There's human beings involved.

Markus Graf:

Yeah, human beings are involved in terms of prioritization, absolutely, because the technology will not necessarily know our business strategy and can do it automatically, but the technology will help them as we agree on what are the skills that matter most. As we promote opportunities that are more in line with these kinds of skills, then the matching will happen automatically. I think that's where AI comes to life.

On your second question on the assessment, Josh, I think that's very relevant, very, very relevant. So people have the opportunity to self-assess them so they find the skills they can add to their profile. That's very simple. We have a four-point rating scale from basically foundational to thought leader, and we also empower managers to also share their view on the skills of employees. We also encourage people not only to use technology, but you can also pick up this kind of skill assessment in regular career and development talks, and that helps to have this conversation around that, but the technology captures it as information and again, helps to make even better recommendations of suitable next opportunities. Does this broadly make sense to you, Josh?

Josh Bersin:

I just want to make a comment and get your feedback on one thing, and Kathi, I'll turn it back over to you. There is a belief in many companies that we have to assess skills with a test or a certification or some kind of a validated process. Of course that's true in some jobs, but my experience with this is just doing the things that you mentioned, people self-assessing, managers contributing to that is a massive improvement around where you are today, which is you have no data at all about this. Would you agree more or less with Markus or have I missed anything here? Was that your experience on the assessment side?

Markus Graf:

I think it is also our experience. I think the access to data that we have now I think is so much better. I think with this approach, I can give you another example. With the approach that we have now, we get in two months more quality data on our people than in four years with the former approach, so that's a massive step forward. It also helps us with, for example, strategic workforce planning because if you only have a list of people with the jobs that may not necessarily give you enough insights to understand what are the skills that they have and also what are the skills that they want to develop. So, we have much better data and insights into our people than ever before. There is always room for improvement. We always want to have more and more and more, but I think where we are today is that we are in a much better position now.

Josh Bersin:

One of the things we found in the dynamic research, which we talk to companies about all the time, is the cultural barriers between mobility and the cultural barriers between departments. Did you already have a culture of sharing and mobility and multifunctional work, or did this facilitate that? Where does culture fit into this for you?

Markus Graf:

Well, culture for us is very, very relevant because we want to build a culture that is very inspired, careers unbossed. Unbossed also means that people are empowered to explore different parts of the organization. We really want to break down the silos. I think I want to

give you one more data point. When we looked into those people who had a successful assignment through our Gloat talent marketplace, we learned that afterwards they have a 132% higher likelihood to move into another part of the organization permanently. So it really sets up people for having this cross unit, cross country experiences, and that's basically really fully in line with our ambition to break down silos.

Kathi Enderes:

Yeah, there's another question actually that goes to that, too. Did you make middle managers let their high-performing employees move on? I think every organization that gets to this starts with the talent marketplace or thinks about skill-based mobility has this question, so how did you do that? It goes a little bit with the culture piece obviously, a little more.

Markus Graf:

Yeah. That was not an issue that I faced because I think a lot of leaders, managers here take pride in seeing their people develop further, so there was no eagerness to hold them back. I think it was also with the notion especially of the gigs that people may work in another part of the organization two or four hours a week. It doesn't mean that they're completely lost and gone, so it's probably more of an opportunity that you share a bit. A lot of our people were so excited to do a gig on top of their day job so that they were really, really motivated to engage in these additional opportunities that were facilitated by the Gloat talent marketplace.

Josh Bersin:

Markus, now the idea of being unbossed, I think was a C-level theme before this, right?

Markus Graf:

Yes, absolutely.

Josh Bersin:

Do you think the culture comes first and the platform supports the culture or vice versa?

Markus Graf:

To me, I think the culture-

Josh Bersin:

Because I'm watching the comments here, and I know some companies are nervous about this kind of thing.

Markus Graf:

Well, I think culture and technology reinforce each other, and I think you cannot, at least from my perspective, match talent with opportunities at scale without technology. I think you certainly need technology, but I think for us it was very clear that we really want to develop and showcase that we make real steps into this culture and bring it to life and have real proof points and examples that become more unbossed then, I think. This is where a talent marketplace can really help, so to me, they reinforce each other, but certainly Gloat has helped us a lot to bring this notion of unbossed more to life in addition to a lot of other things.

Josh Bersin:

One more thing, I want to go back to the research at the beginning. I mean, I think if we go back, Kathi and I talk about all the companies we talked to about the research, this idea of unbossed or individuals with a sense of autonomy about their careers and taking responsibility and doing new things, or employee activation is another concept that we've now talked about is a big part of this. This is not a command and control model. It's like Airbnb versus Marriott. At Airbnb, the network builds itself, and that's really the way dynamic organizations operate. They change as demand and market conditions change, so it's a whole different way of thinking about leadership.

Markus Graf:

Absolutely.

Kathi Enderes:

And about culture and the whole thing, the whole organization. Exactly. No, absolutely. I mean, I think we answered a lot of the questions actually that we had in the chat, and thank you for all this. It's a super active chat, which is great. Markus, maybe another question that we had, and we could maybe go to the last point here. How do you measure success? What are the KPIs? What benefits do you get out of here? We had some questions on how do you measure the ROI savings, but then also other ROI measures. How do you know it's successful?

Markus Graf:

I think to me it's like how many people are going to be part of it? So I think that's the registration. That's step one.

Kathi Enderes:

Yes.

Markus Graf:

Number two is how many hours do you unlock? For us, there's more than 200,000 hours of work being unlocked where people moved into other parts of the organization. We also track the net promoter score. I think that is very, very positive. To me, another piece that is really important is that people see that they can develop themselves within the organization. So, when you look into the engagement score of people who had a successful opportunity through the talent marketplace, their engagement score is 6% higher than the engagement of the general population. So that also is an indicator to me that people are happy with these opportunities, and it increases our ability to retain them. So I think those are all measurements that help to track and report the success to audiences including senior management like a CFO.

Kathi Enderes:

That's exactly what we saw in the big research as Josh mentioned, too, that empowering people, giving people all these opportunities actually has a much bigger impact on engagement and retention than just focusing on one-off employee experience solutions.

Josh Bersin:

We have time for one more, or are we out of time, you guys?

Lauren Gardner:

We're technically out of time, but we can stay on for just whoever is still-

Josh Bersin:

One more. Gerry Crispin, who's a very senior talent acquisition analyst who I know has asked a question I think is important, Markus. How does talent acquisition learn from the data in the system to better go out and find the right people for these roles? That's probably another benefit that you probably didn't predict.

Markus Graf:

Yeah, absolutely, we gain much more additional insights. Currently for us, we use it mainly internally to really surface candidates internally, but in principle, you could also then use it externally. Absolutely. I think these are steps in the evolution of how a company can bring it to life, and I think the technology can also help to find candidates externally over time.

Absolutely, yeah. I think that's very relevant for companies. I think from my point of view, there's also a need to really develop talent within the organization because if there's the perception that it's easier to find a job outside than inside, that's not helpful to retain the best people. So for us, I think we really wanted to focus first on making sure that there is a lot of good internal mobility. Then I think there are absolutely opportunities also to tap into this data externally.

Josh Bersin:

Yeah, and I think in addition to that, you now see the skills that are in the most demand. So if there is a shortage of skills and it's not possible to fill them internally, it's easier for the talent acquisition people to see that data. Yeah.

Markus Graf:

Absolutely.

Kathi Enderes:

Well, and you can even compare what other companies are basically hiring for, so you don't just see the internal data, but maybe the external data, too, right? Markus, we talked about that too, how you could see basically the evolving skills of other pharmaceutical companies. Then you could say, "Well, we benchmarked there and now we are going to find these new skills that we maybe didn't even think about as well," so it gets the inside-out and the outside-in view as well.

Markus Graf:

Absolutely. I think you're so right, and we see it internally what skills people have versus what they want to develop. Also, the competitive intelligence that you get in terms of what jobs are posted outside, I think gives us a really good sense to make more strategic decisions. I think also to elevate the dialogue with the business because we can really use the data to inform the conversation.

Thanks so much to you for having this conversation today and all the research that you do so that you can inspire us as practitioners of what's next.

Kathi Enderes:

Well, thank you, Markus. This was fantastic. I think we could keep going, and people have tons more questions. So, Gloat Live, I think Lauren, you said it's coming up, and we have three sessions with Novartis, so see you all there. Thank you so much. This was great.

