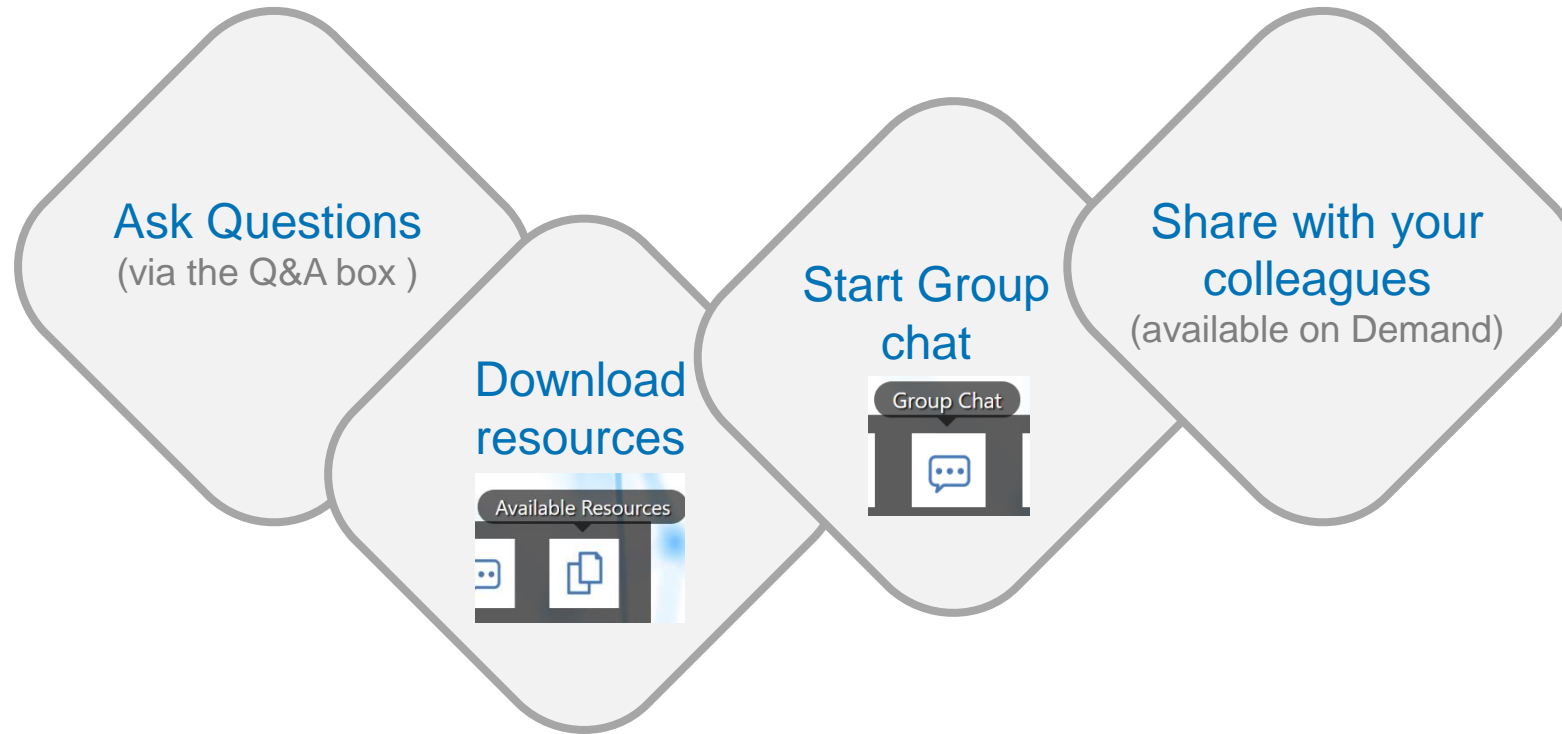


# Integrated Skills-Based Approach for Human Capital: Insights from Merck KGaA

May 17, 2022 09:00 AM ET [09:00] (New York), 03:00 PM CET [15:00] (Brussels), 09:00 PM SGT [21:00] (Singapore)



# Making the most of the webcast



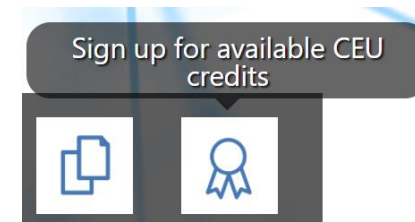
Tell us about your experience to help us improve our future program



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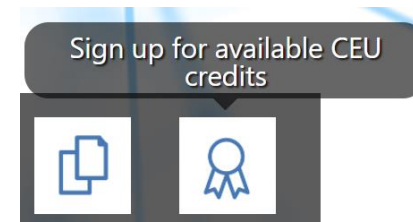
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## Panelists:



**Christiane Dietz**

Senior Lead Strategic Workforce Planning, Skills and Well-being  
& Solutions  
Merck KGaA

[Bio](#)



**Kristy Kucharczak**

Head of Strategic Talent Management  
Merck KGaA

[Bio](#)



**Marion Devine**

(Moderator)  
Senior Human Capital Researcher, Europe  
The Conference Board

[Bio](#)

# Work is transforming: continuous learning, reskilling, upskilling and redeployment are the 'new normal'

85 million jobs may be displaced by a shift in the division of labour between humans and machines - but 97 million new roles may emerge



The UK is heading towards a "catastrophic" digital skills shortage "disaster",

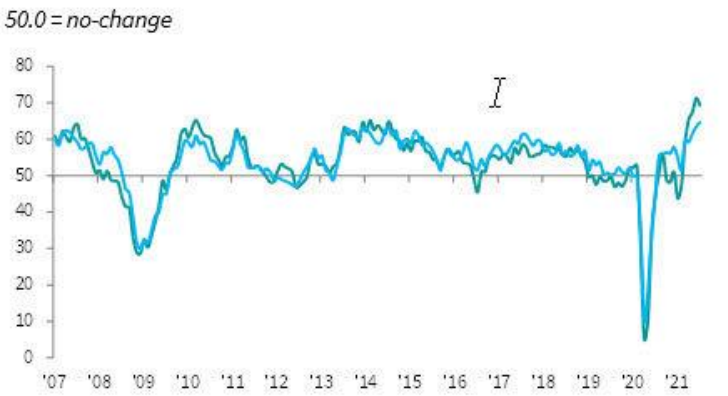


## Skills shortages:

- 50% of all employees globally will need reskilling by 2025
- 40% of workers skills are predicted to change in next 5 years

Source: World Economic Forum *Future of Jobs 2020*

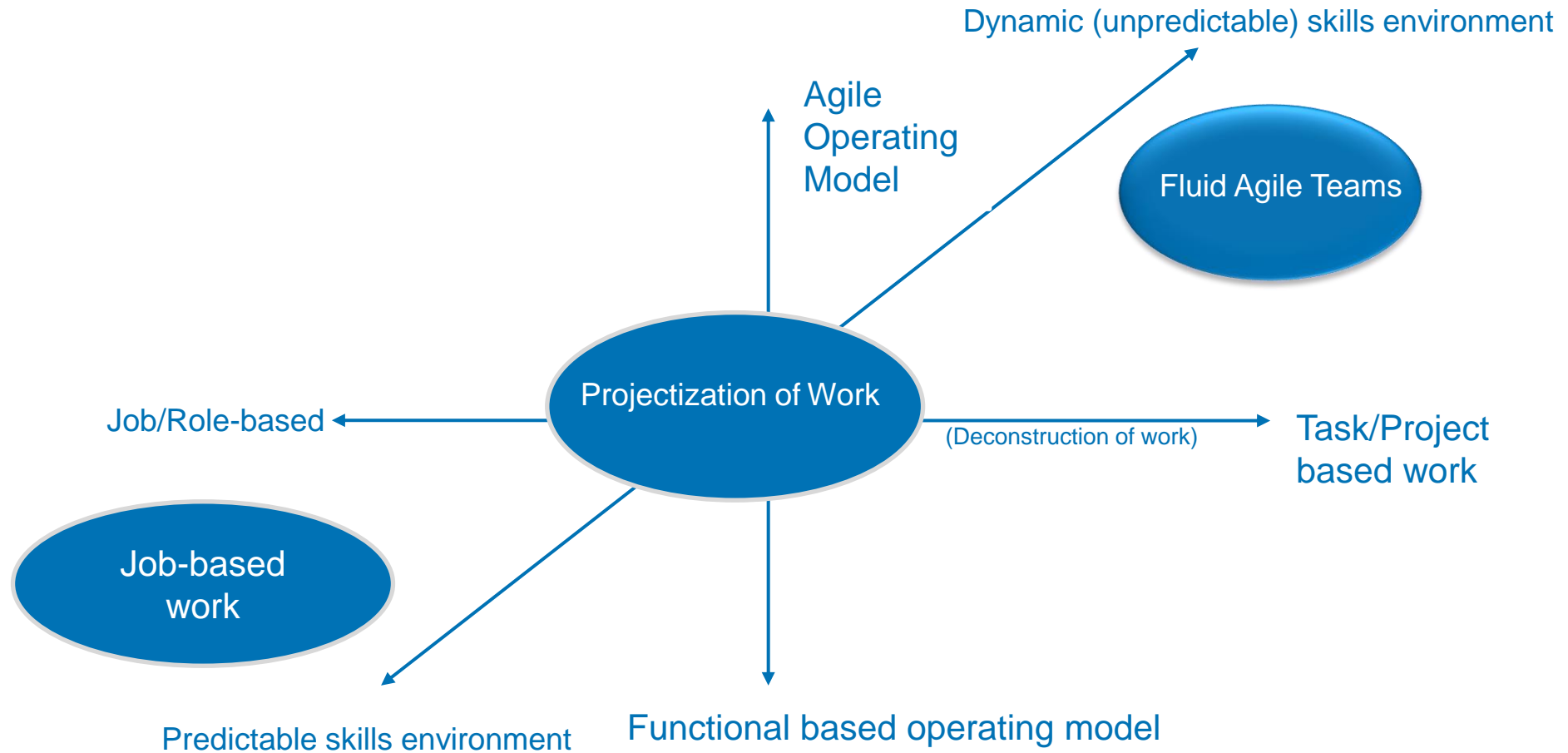
## Permanent Placements / Temporary Billings



Sources: KPMG, REC, IHS Markit

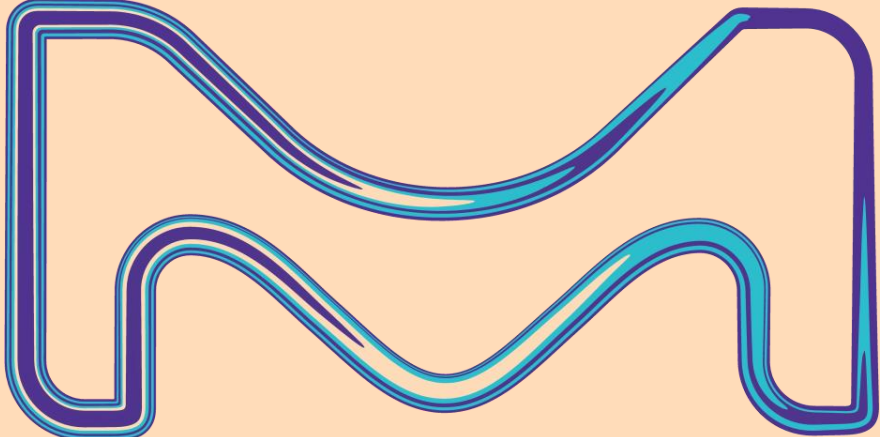


# To What Extent Do you Need to Pivot from Jobs to Skills?



Insight: Deciding on if and to what extent you need to pivot to a skills-led approach depends on your operating model, need for strategic ability, and ability to anticipate how skills are changing in your competitive environment



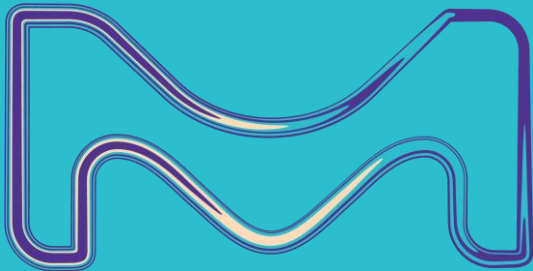




# Integrated skills-based approach for human capital

**The Conference Board Webcast**

Kristy Kucharczak & Christiane Dietz  
May 2022



# Your presenters today

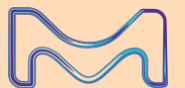
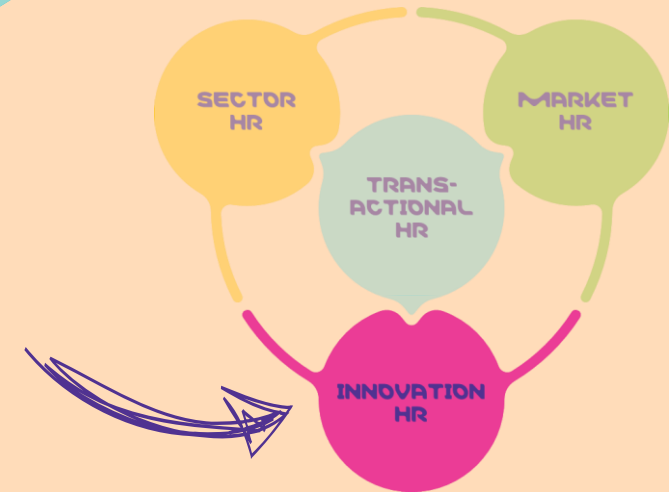


**Kristy Kucharczak**  
Head of Strategic Talent Management



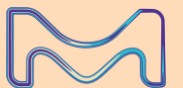
**Christiane Dietz**  
Strategic Lead SWP, Skills and Well-being Solutions

## Merck HR



# Agenda

1. Merck and the start of our skills journey
2. 2021 Skills Pilot
3. Outlook E2E Skill Ecosystem
4. Q&A



# We are Merck

Science is at the heart of everything we do.

We develop technologies for a better life – and offer high-quality, specialized products in the areas of **Healthcare, Life Science** and **Electronics**.



~**60,000**  
employees



**66**  
countries



**19.7 € bn**  
Sales in 2021



Over **350**  
years  
(founded 1668)



**publicly listed &**  
majority **family-**  
**owned**



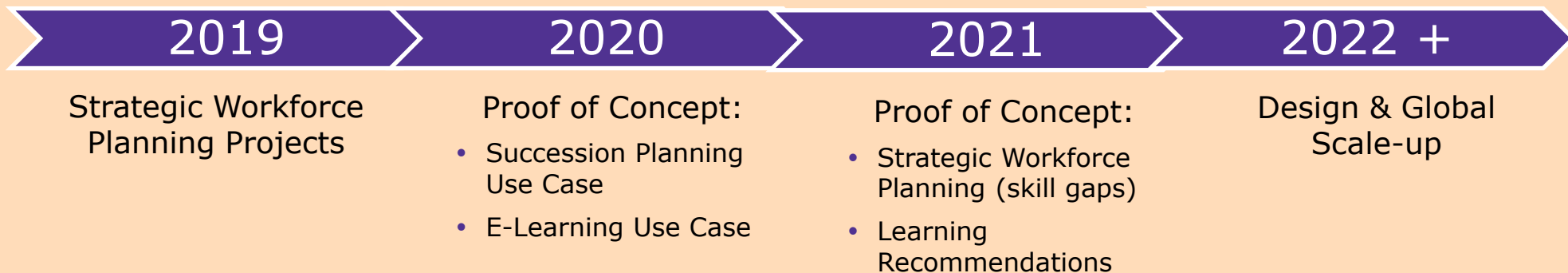
01

# Insights into Our skills journey

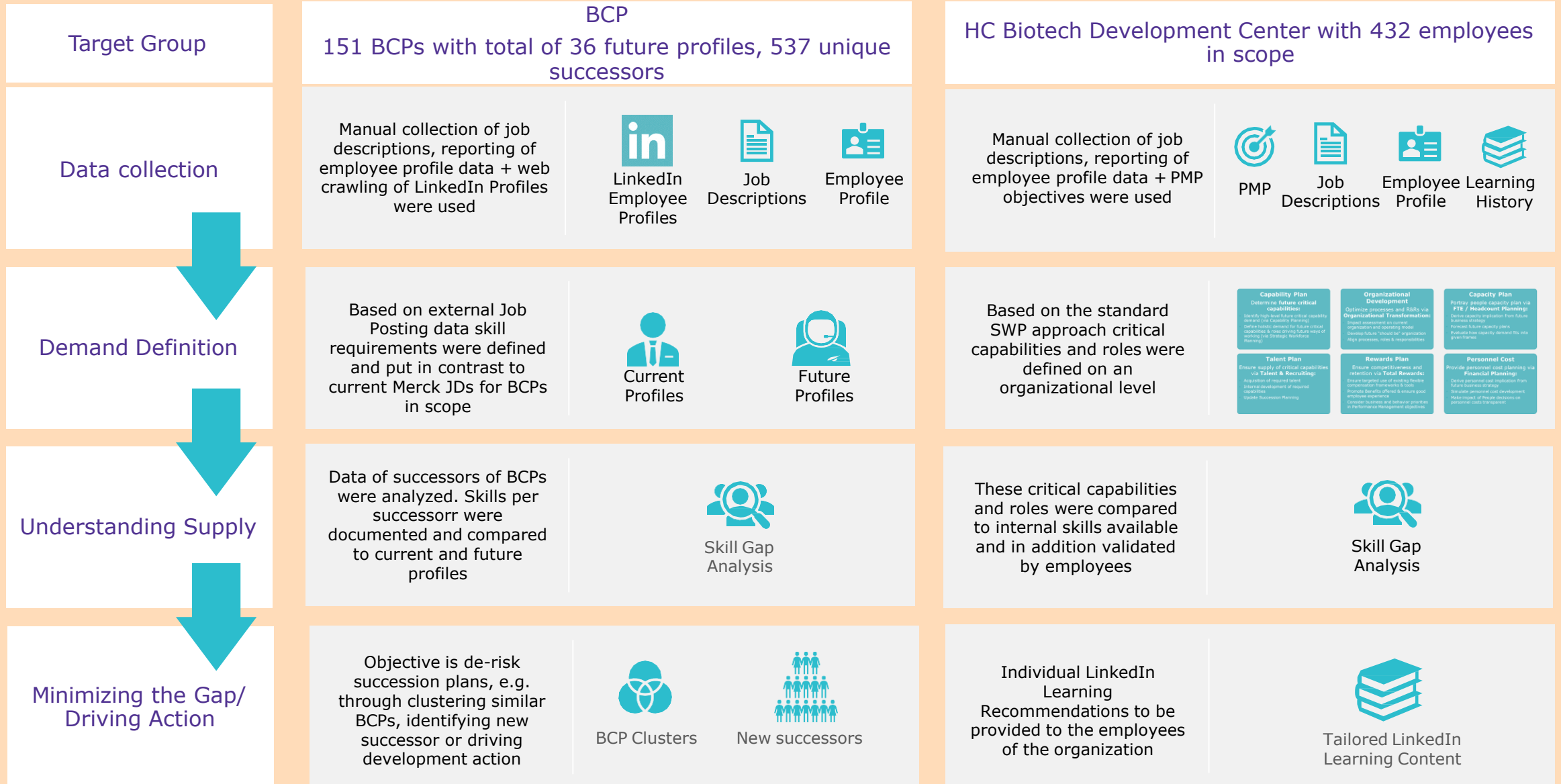
## An overview of our skills journey

### MERCK KG&A's INITIAL BUSINESS CASE

- The evolution of skills is accelerating like never before. Defining and subsequently **acquiring critical skills will continue** to be key to stay ahead of the curve in an innovation-driven environment.
- At the same time, there is the need to **up-/reskill existing workforce** segments whose skills are in decline e.g. through automatization, offshoring of jobs or strategic realignment.
- Powerful **AI driven technologies** have radically transformed our **private lives**, similar methodologies have now been entering the realm of professional people solutions.
- **Major investments in the space of AI-driven skill-based technologies** have been made by venture capital firms, as well-established players to allow a more holistic approach.



## Capability Matching Algorithm



## Summary:

# USING SKILLS IN OUR HR SYSTEMS COULD YIELD TREMENDOUS BENEFITS

### Senior Management/ Organizational perspective

#### People Planning:

- Support execution and tracking of people plans for critical capabilities
- Understand critical organizational skill gaps

#### Sourcing and Staffing:

- Expert identification – e.g. for project staffing or sourcing of candidates



### HR perspective

#### Talent Management

- Inform future-proof job design for critical roles, based on market insights/trends

#### Succession

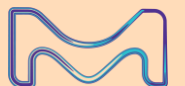
- Broader pool of potential successors, based on skills
- Assessment of readiness of candidates



### Employee perspective

#### People Development

- Driving internal talent mobility through AI based Job proposals for employees
- More impactful Learning offerings, through personalized learning content, based on organizational needs (e.g. People Planning) and Web Crawling of trending skills on the market
- More targeted development planning, based on organizational needs





02

# 2021 Skills Pilot Approach

\*

*\* Based on technical set-up as per Merck's RfP requirements and contractual agreement. Please contact Degreed, Inc. directly for general tool inquiries.*

**Merck KGaA**  
Darmstadt, Germany

# Linking strategic skill demand coming from People Plans to skill supply strategies

## BRIDGING THE SKILL GAP

Business Strategy  
HR People Plan

### STRATEGIC WORKFORCE PLANNING

- ✓ **Future skills & roles external demand forecast**

#### Understand demand:

- Translation of strategic business priorities into future demands for workforce critical capabilities and roles
- 3-5 years horizon strategic planning, with on-going reviews
- Input for developing supply strategies to build critical capabilities and close gaps identified (internal/external pipeline)

### GAP ANALYSIS

- ✓ **Pre-requisite: Finalized SWP analysis**
- ✓ **Internal skill gap analysis (future demand vs. status-quo)**

#### Leverage data & analytics as to:

- Identify as-is skill data of Merck's workforce (un-used skill pools)
- Analyse external skill data and pools (HR-F, LinkedIn Talent Insights)
- Connect data points for GAP analysis incl. skill ontology



### SKILL SUPPLY:

#### BUILD OR BUY DECISIONS

- ✓ **Tap into "missing" skill pools**

#### Supply options:

**Clarity:** Skill & data focused-approach vs. (pre-)defined through person or job

**Transparency:** about internal and external skill pipeline

**Reveal:** un-known skills and create skill pools within our workforce (e.g. BCP cluster talent pools, talent sourcing)

**Identify:** skill "hubs" @Merck (support flex skill allocation e.g. cross-location & sectoral)

#### Focus area options:

- Skills-based talent dev./ learning
- Skills-based internal job mapping (e.g. Transformation scenarios)
- Recruitment: LIR recruitment "toolkit", targeted talent sourcing

### CAPABILITY PLAN

→ Determine **future critical capabilities**

### TALENT PLAN

→ Ensure supply of critical capabilities via **Talent & internal Recruiting**



## What is the use case?

By **leveraging data** and **AI** as well as a **state-of-the-art technology** we focused on:

- 1 *assessing the **as-is skill status** of the employee population,*
- 2 *do a **skill-gap analysis** to map to future critical skills (from SWP) followed by*
- 3 ***closing this skill gap** through recommending **personalized learning suggestions** to our employees.*

## Key pilot facts

### **Pilot Groups:**

Selected business units with successfully completed SWP project in 2021

### **# of pilot users:**

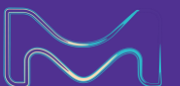
Approx. 900 employees, across >22 countries

**Data & Tech Vendor:** Degreed

**Timeline:** September '21–January '22

### **Learning content interlinked:**

LinkedIn Learning, Degreed and functional business training platforms into Degreed's frontend solution



# Exemplary user experience journey

## SKILL PILOT 2021



Employee Journey

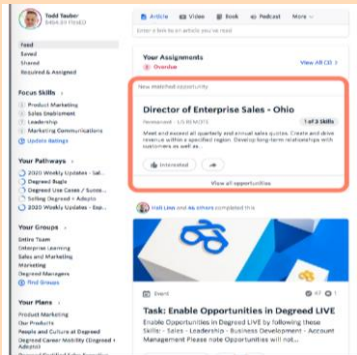
Merck & vendor match Merck jobs to vendor job/skill taxonomy

Platform is prefilled with existing data (e.g. job titles, employee profile data, etc).

AI technology builds and enriches the employee's profile & skills from ingested data sources.

After initial communication/enablement, employee logs into the platform and provides consent.

Employee can upload LI profile or resume as additional



Manager Journey

The platform recommends individual learning or development opportunities to close the skill gaps.

AI technology analyses individual skill.

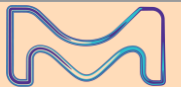
Employee can ask for manager and/or peer feedback (optional).

Employee validates his/her own suggested skills and adds/adjusts to complete skill assessment.

The platform provides aggregated picture on available Merck internal skills, skill gaps and gap closing for direct reports

Manager can review dashboard to analyze data on aggregated level for direct reports and drill down as needed by skill, org etc.

Manager/Leadership can see how their team/individual employees develop skills over time and can take informed decisions about future workforce strategies



# 2.1

Skill Pilot  
key outcomes,  
Lessons learned & user  
feedback

# Skill Pilot

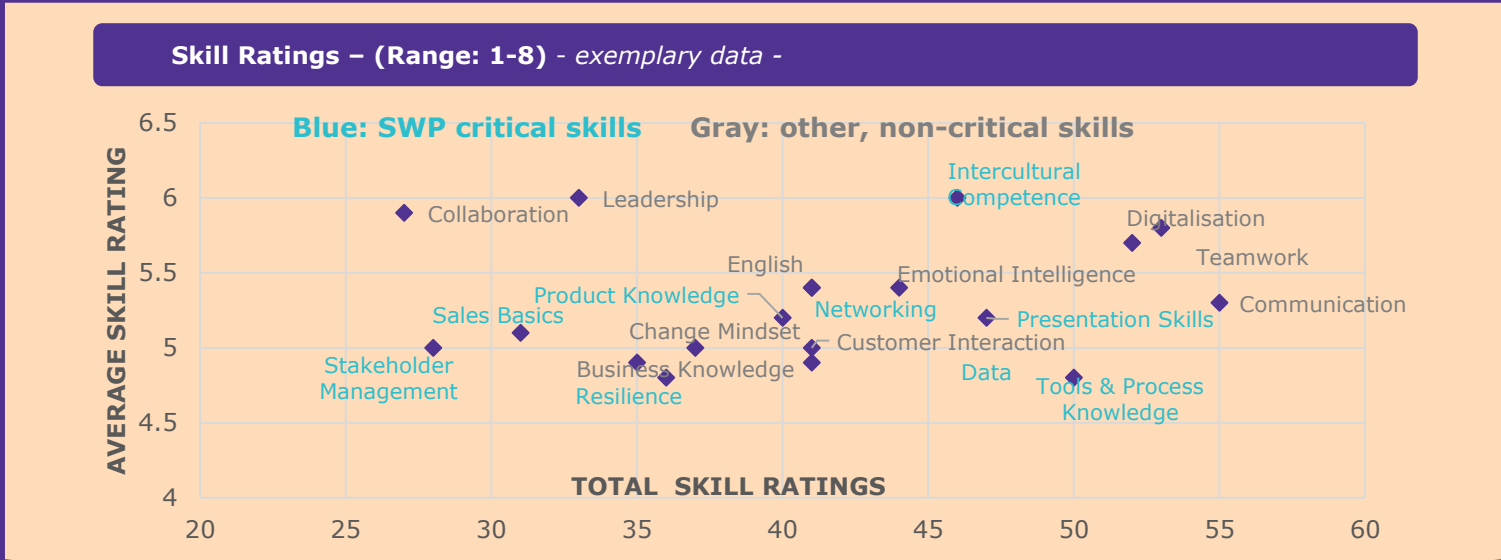
## KEY OUTCOMES

**69%**  
Active users\*

Overall survey  
satisfaction rate /  
recommendation rate  
**7.2**

**9.8**  
skills rated per active  
user with rating of  
~4.8 (scale 1-8)

**85%**  
of viewed learning items  
have been completed by  
active user  
(Avg. 9 viewed /  
7.6 completed)



## Skill Pilot Recap

### USER FEEDBACK

"For certain future skill sets required, understanding how many of our employees have this kind of skill set. This gave us a **digital index for our organization.**"

- Senior Management

"That's **HIC culture.** We need more transparency and openness and that's where it helps."

- Senior Management

"The **engagement rate and feedback** was way beyond than what I was expecting. That was the most exciting part for me."

- Senior Management

"This is one of the **best approaches** to look into people's development that we have ever had."

- Manager

"For the first time we would have the chance to really have that **one-stop shop for the whole employee life cycle.**"

- HR Leader

"I don't think we need new tools, I think we rather need a consolidation and many use cases on one tool and then really **more on the culture change.**"

- HR Leader

"It was this **natural next step to the SWP** exercise. It helped me with the execution of the talent plan."

- HR Leader

"A skills tool is essential for us as an organization with such a strong growth ambition to fulfil our broad potential. With Degreed we can support the business in understanding the value of the workforce and we can integrate learning and development into a **new habit in our daily business.**"

- Senior HR Leader

USER FEEDBACK

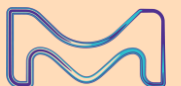
## Skill Pilot Recap

### WHAT WE HAVE LEARNED



#### Lessons learned:

- **Senior leader and manager buy-in**
- **User centric enablement & communication is key for adoption**
- **It takes time for users to adopt to making learning a habit**
- **Combining functional and HR learning content**
- **Local language availability**
- **Consolidation and integration of various tools**
- **Cultural Change on top of a new tool to be considered**
- **Availability and relevance of learning content**





03

outlook: global scale-up  
vision of an 'E2E Skill  
Ecosystem'

# Making re/upskilling a priority

## KEY ENABLER FOR SUSTAINABLE BUSINESS IMPACT & GROWTH

### 1 The challenge

- **How do we know** if Merck has the necessary **future critical skills** to support a **fluid workforce, improved employee development & lifecycle experience** and business growth in a scalable way?

### 2 Our today

- Fragmented insights, with manual approaches. Not holistic and scalable.
- Voice of business reflects these needs for a corporate solution.
- Short-term reactive vs. long-term impact.



### 3 Targeted solution

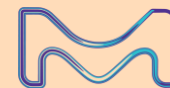
- 'E2E Skill Ecosystem' as **strategic and enabling connector between workforce and fulfilling business needs**, as basis for a successful 'High Impact Culture' at Merck and ensuring future critical employee development needs.
- Incorporate insights from Skill Pilot into further concept.

### 4 Targeted results

- Identify & know the (skill) assets residing within Merck's workforce, allocate to business and employee's lifecycle needs.
- **Democratize development, workforce agility** and build connection to **holistic and integrated people solutions**.
- Step-change in the way we will plan, build, buy, and borrow talent.



THANK YOU!



**Christiane Dietz**

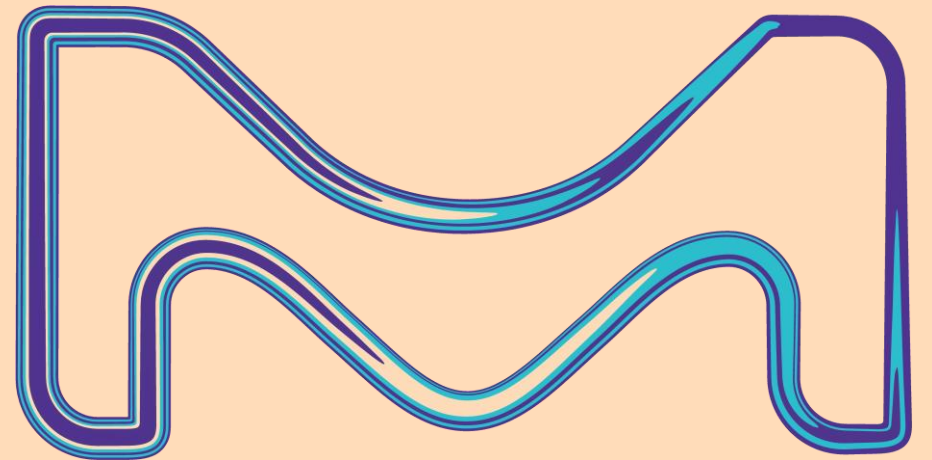
Strategic Lead SWP, Skills and Well-being Solutions

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## Related Resources

### Upcoming webcasts:

#### [Navigating the Future of Work Part I: CHRO Voices](#)

June 8th, 2022 10:00 AM CET (Brussels), 5:00 PM SGT (Singapore)

#### [Navigating the Future of Work Part II](#)

October 12th, 2022 10:00 AM CET (Brussels), 5:00 PM SGT (Singapore)

### [All Upcoming webcasts](#)

### [On-Demand \(Recorded\) webcasts](#)

### [Podcasts](#)

### Reports:

#### [Navigating to a Skills-Based Approach to Talent Development](#)

#### [Future Skilling: Preparing Talent For The Future And What To Consider](#)

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