

Why competence management is crucial in modern organizations

Solutions and good practices to support strategic objectives, processes and tasks



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Overview

- Fraunhofer-Gesellschaft and the Fraunhofer IAO institute
- Global trends as hints for smart organizations to navigate in turbulent markets
- Why is competence management so crucial for organizations?
- Solution and good practices

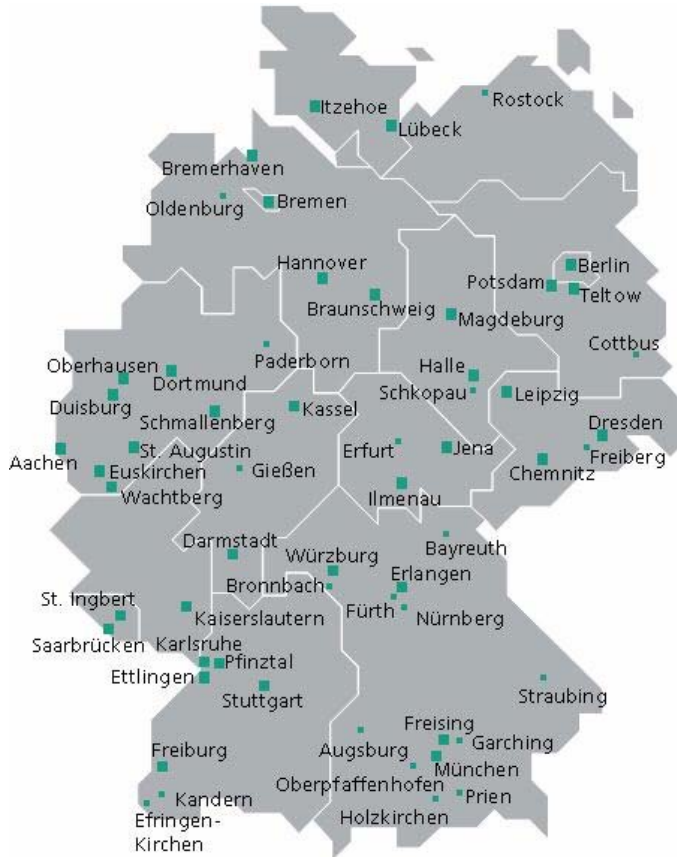


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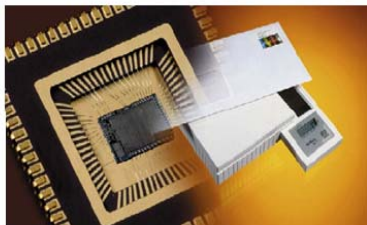


Profile of Fraunhofer-Gesellschaft



- **Founded:** 1949
- **20 000 employees**
- **More than 80 research institutes,** of which 60 operate as independent profit centres
- **Europe:** Brussels (Belgium), Moscow (Russia), Budapest (Hungary), Jönköping (Sweden), Bolzano (Italy), et al.
USA: Boston (Massachusetts), Pittsburgh (Pennsylvania), Plymouth (Michigan), Providence (Rhode Island), College Park (Maryland), Peoria (Illinois)
Asia: Ampang (Malaysia), Beijing (China), Jakarta (Indonesia), Koramangala Bangalore (Indien), Seoul (Korea), Singapore, Tokio (Japan)
Middle East: Dubai (United Arab Emirates), Cairo (Egypt)
- **Head of Fraunhofer-Gesellschaft:** Prof. Dr.-Ing. habil. Prof. E.h. Dr.-Ing. E.h. mult. Dr. h.c. **Reimund Neugebauer**

Profile of Fraunhofer-Gesellschaft



■ Research & Development

- Applied research to the direct benefit of private and public enterprises and of interest to the society
- Applied research
- Research on behalf of the German Federal Ministry of Defence

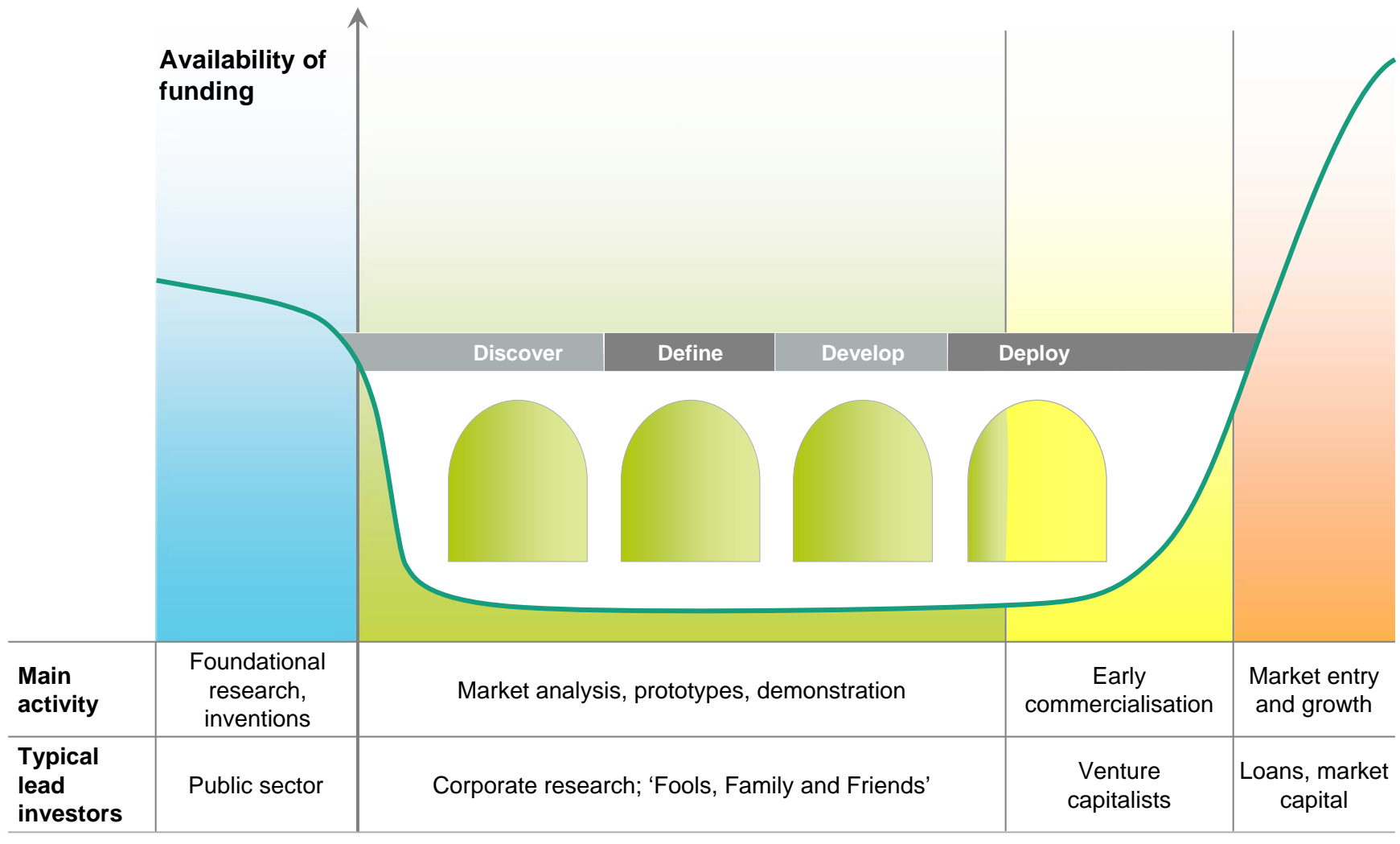
■ Entrepreneurial mindset

- Institutes operate as profit centres
- Spin-offs by Fraunhofer researchers are actively supported

■ Contract partners / Customers

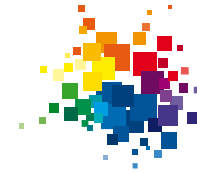
- Industrial and service companies
- Public sector

Fraunhofer 4-step approach to bridge the »Valley of Death« between research and industry

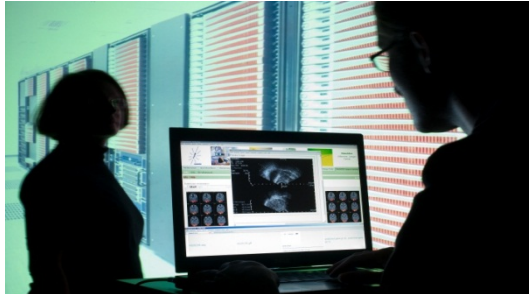


Profile of Fraunhofer IAO and IAT

www.iao.fraunhofer.de – www.iat.uni-stuttgart.de



30 Years
Fraunhofer IAO



- **Founded:** IAO – 1981
IAT – 1991
- **Head of Institute:** Prof. Dr.-Ing. Dr.-Ing. E.h.
Dieter Spath
- **Budget:** 31,7 million Euro, of which 36,2%
are generated from industrial
contracts
- **Staff:** 490 employees

Main topics

- Corporate Development and Work Design
- Service and Human Resources Management
- Engineering Systems
- Information and Communication Technology
- Technology and Innovation Management

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Business and work is changing – some global trends

Technological innovations

New products

New production methods

Rapid time-to-market and declining product life-cycles

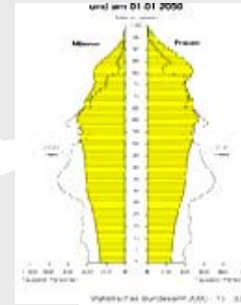


Demographic change

Job design acknowledging an ageing workforce

Changed age patterns in companies

Skill-shortage



New work systems, changed labour organisation

Organisation along business processes

IT as enabler for distributed work

Demand for process-oriented and competence-based learning solutions



Information and knowledge as crucial resources

Learning co-operations

Increase of knowledge-intensive service activities

Decrease of “physical” work



Global trend - globalisation

Characteristics

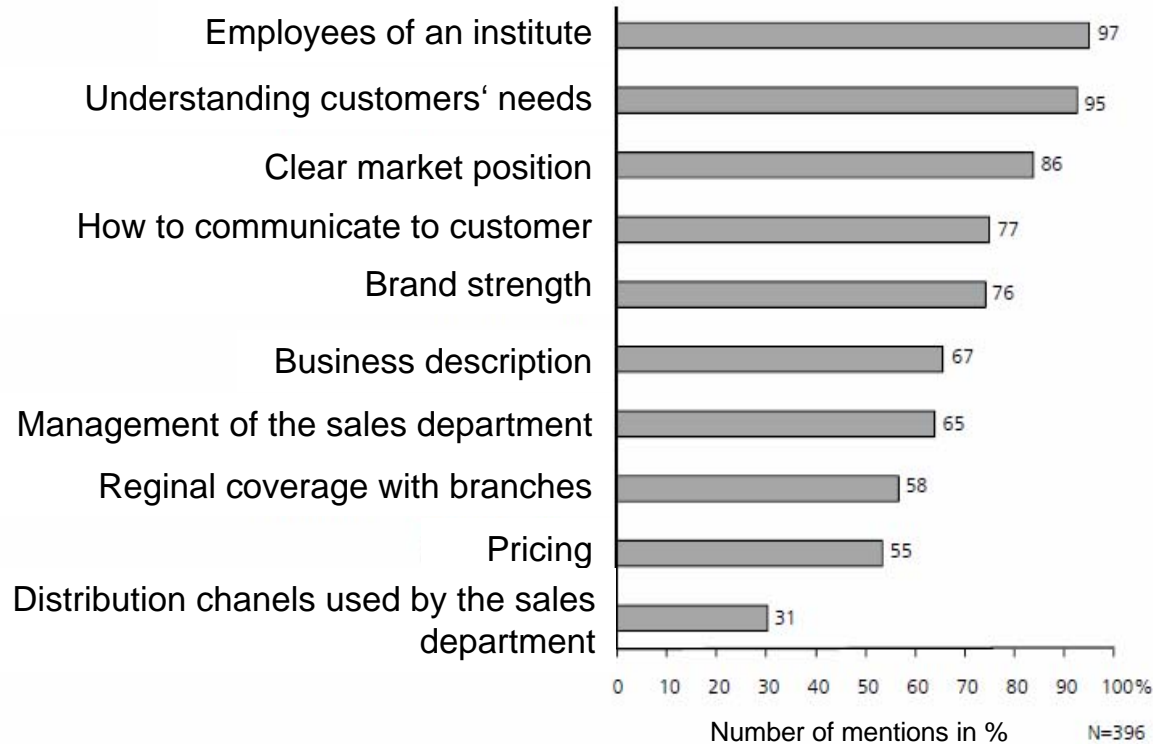
- Transformation from local to global value chains
- Increase of outsourcing and offshoring activities
- Increase of cross-border cash flow

Consequences

- De-regulation of market barriers for sectors that used to be secured
- Competition with higher density
- Importance to analyze competitors and markets increase
- Global allocation of work, human capital and real capital



Critical factors for success e.g. in the banking sector



Quelle: Spath, Praeg, Vocke, Engstler (Hrsg.): Trendstudie »Bank & Zukunft 2010«

Concerning global trends

Dr. Pierrin Vincenz CEO Raiffeisengruppe Suisse

- Intensified competition, changing customer behaviour (e.g. decrease of customer loyalty) and new market regulations as a reaction of financial crisis situations need a re-adjustment of bank business models and a clear market position.
- Distinguishing feature of our institute is competence and trust.



Quelle: BankersCom 2010, 24. September 2010, Rüschlikon/Zürich

Conclusions

- Global trends are the basis and the framework for future activities of organizations
- Global trends influence organizations and their employees
- Organizations are hardly able to implement new strategies, processes and work tasks, if employees are neither qualified nor able to bring strategies and new processes into action
- Well educated and competent employees are the most important resources of companies
- Competence management is the key enabler to bring strategy into action

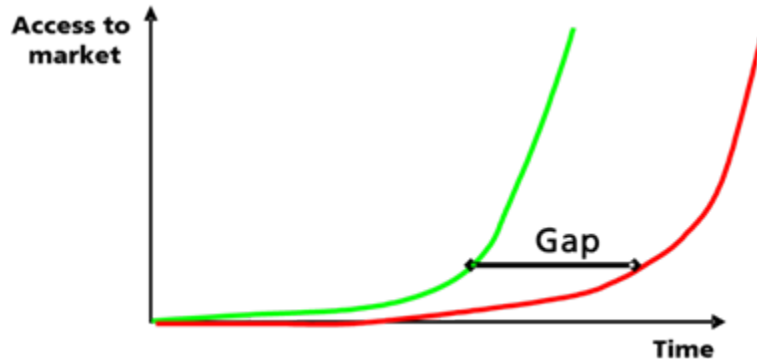




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Challenge: Performance gap as a result of a non-integration of learning and business needs



-  Technologically possible development
-  Possible development with training today

- The supply in training and learning does not fit actual business needs / come too late
- The management is not fully aware of competences required in order to run the business processes
- Organizational changes are being decided without knowing the competence gaps and without defining appropriate learning offers

Learning and business process management are still “separate worlds“
.... and competence management can bring these worlds together!

What is competence management?

Concerning competence management

- There is yet no generally agreed definition of competence management

Work definition

- Competence management can be seen a systematic approach to enable organizations and their employees to initialize, implement and carry out strategies, processes and work tasks by means of adequate competences
- Competence = ability of organizations and employees to cope with business needs

Scale and scope

- Non-sector specific
- Not restricted to any company size



What are the benefits of strategy-oriented competence management? (1/2)

Smarter Resource Planning

- Whether an organization is up-sizing, downsizing, or reorganizing, it is important to know where the organization's critical skills, competences, and certifications lie.



Optimized Tracking of Employee Knowledge and Job Skills

- An organization will realize significant cost savings and higher productivity by identifying and tracking employee's core competences, skills and knowledge; assesses any skills and knowledge gaps - and then deliver a learning action plan to close those gaps.



Improved Standardization and Employee Mobility

- Organizations dispersed across continents and cultures have to develop and maintain standards for enterprise-wide functions. Competence management standardizes roles, tasks, and competences over the entire organization, ensuring that any employee have the same training, skills, and certifications.



What are the benefits of strategy-oriented competence management? (2/2)

Greater Efficiencies

- By implementing competence management, certifications and re-certifications can be implemented and managed in a transparent way. Furthermore training sequences allow the development of vertical and horizontal career paths.



Talent identification and Development

- Effective leadership pools can be developed by identifying specific roles with associated competences for leadership at any level. The result is a basis for further **Talent Management** activities.



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»Fraunhofer Kompetenz-Kompass«

According to DIN PAS 1093



»Fraunhofer Kompetenz-Kompass«

1 Strategic alignment

Identification of strategic aims as a starting point to align competence needs to strategies and organizational processes

Strategic alignment is crucial

- Preconditions for employees when new strategies and processes are implemented are often unclear
- Organizational change is often implemented without knowing which learning needs are necessary for the organization
- The skills and competences needed to master new processes and work tasks are in many cases not available

Strategic alignment by an opportunity map

- Description of customer needs today and tomorrow, the market, competitors and technological developments
- To analyze and to identify critical issues where competence management can support such processes and strategies
- To decide which processes should be supported by competence management

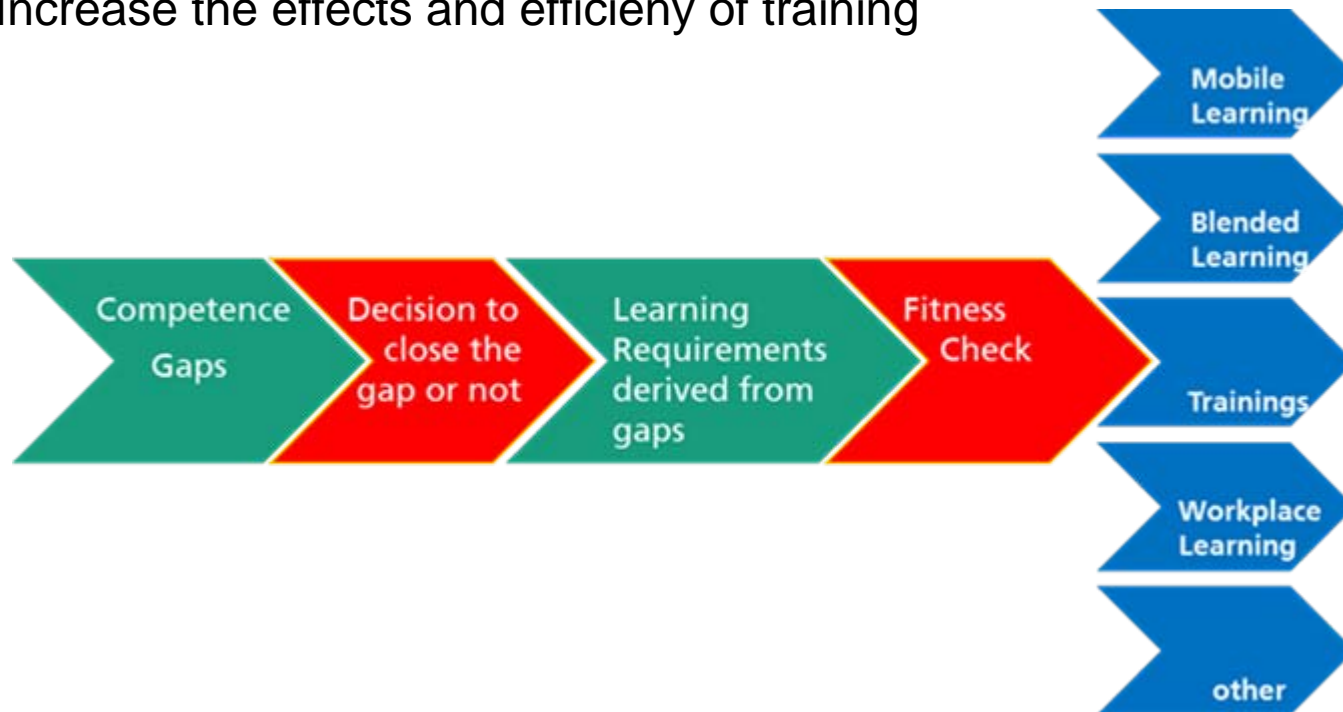
»Fraunhofer Kompetenz-Kompass«

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5 **Competence development** Training and learning activities aligned to competence gaps

Objective:

Increase the effects and efficiency of training



Benefits by using the Fraunhofer competence compass

On the strategic level

- to enhance the relationship between high performing employees and the organization they are working in (avoid shortage of skilled staff)
- to fasten implementation processes for new or modified strategies

On the process level

- to increase productivity by strengthening employees ability to do the right things in a defined period of time
- to reduce training cost by focusing in effective measures
- to enhance the satisfaction rate of employees by supporting them to do their work in an effective way



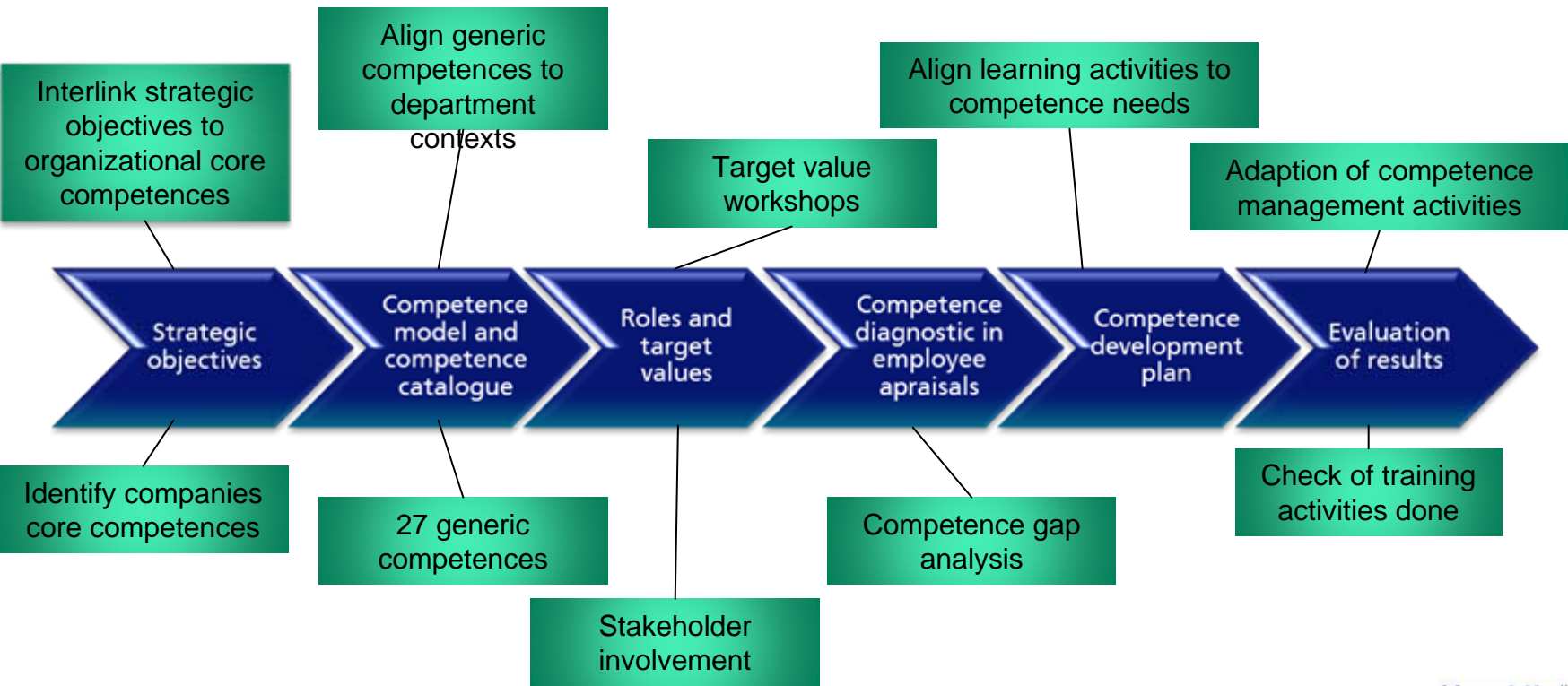
Energy provider example: scope of activities strategic competence management



KomMit Kompetenz für Mitarbeiter und Führungskräfte

EnBW

Energy provider example 2 – approach and results



Fraunhofer IAO offers to enhance companies' performance by competence management

Studies

- trends, activities, diffusion, software
- target Groups: HR-manager, middle-management, CEOs

Seminars and courses

- Enabling organizations to understand and use competence management

Consulting

- Support organizations in competence management activities, roll-out, specific issues and topics....

Network

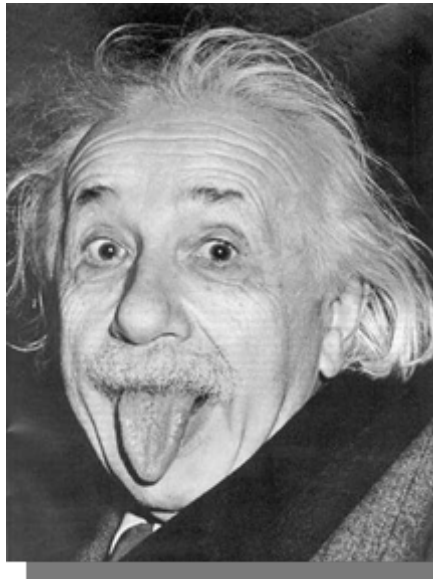
- Learning from „good practices“, joint R&D of leading edge solutions and facilitating exchange between companies

International Network Competence Management

- To identify the latest trends in Europe and to exchange experience with national and international experts, networking between companies and research, establishing international projects



Insanity: doing the same thing over and over again and expecting different results



Albert Einstein

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**Easy and friendly
questions are
very welcome...**