

Digitizing industrial.

Across the enterprise, it's all about the talent.



Introduction

Across the industrial supply chain, software is disrupting the way companies do business. Technology has dominated as companies incubate, develop, and acquire new digital capabilities. But technology alone cannot transform the industrial supply chain. Interviews with nearly a dozen industrial leaders—chief executive officers (CEOs) and chief operating officers (COOs), as well as C-level executives in human resources, supply chain, procurement, and information technology—emphasize the importance of talent.

Whether their companies are well-established in their digitization strategies or are in the initial stages of transformation, executives agreed on a central point: Talent is often an overlooked element. But not just any digital talent. The secret to sustainable success is having the right people who are energized by helping transform the industrial space. These insights, corroborated by a survey of supply-chain executives, reveal a three-point talent strategy:

1. Develop an employer brand around digital transformation and use technology to address real-world problems
2. Blend industrial and technology talent, combining existing engineering and manufacturing knowledge with the cutting-edge digital expertise
3. Develop digital and information technology leaders within industrial firms to “have a seat at the table” as enterprise-wide strategy is being set

By implementing these strategies for both internal and external talent, industrial companies will better position themselves to capitalize on the potential of the digital supply chain.

“We no longer view ourselves as industrial companies. Many of us see ourselves as technology companies, deriving a significant portion of our revenues from software and apps, edge control, and connected products.”

—Annette Clayton, President and CEO, North American Operations, and Chief Supply Chain Officer, Schneider Electric

Employer branding—not just industrial anymore.

Attracting and developing digital talent is a significant shift for industrial companies. Historically, these firms attracted people with manufacturing or engineering backgrounds. In the wake of the financial crisis and the Great Recession of a decade ago, many industrial companies focused more on cost savings than on generating growth. In fact, during the global downturn, it wasn't uncommon in some firms for marketing and product management to be reduced or even eliminated. Now, as industrial firms drive growth and embrace a tech-enabled future, they recognize the need for more digital talent, both recruited externally and developed internally.

From the pioneers of the digital supply chain to companies that are still implementing their game plans, all shared the same advice for a successful

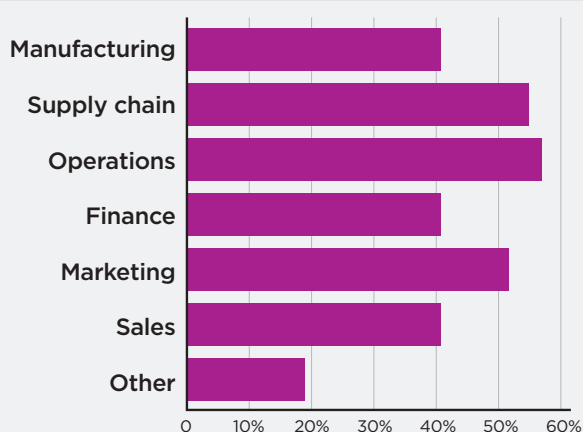
transformation: Rebrand the company. Industrial companies are casting off old images of slow-moving processes and long product cycles. Digital transformation of the industrial supply chain paints a picture of world-class technology and vast amounts of data to be captured and analyzed. For digital talent, especially those recruited from pure-play tech companies, these are compelling opportunities. Moreover, digital transformation is occurring across industrial organizations—supply chain, operations, and manufacturing, as well as marketing, finance, and sales (Figure 1).

Two leaders in the industrial-to-digital transformation have been General Electric (GE) and Siemens. GE began rebranding itself as an innovator in the early 2000s and then founded GE Digital in 2011, as part of its plan to become a top-10 software company by 2020 (*The Economist*, 2016). “I was the tenth person hired—the second executive in the group,” said Brad Surak, GE digital COO, who came from software giant SAP. “Imagine disruptive software from a 126-year-old industrial company—for people like me, that is exciting.”

As GE's business strategy evolved, so did the company's rebranding through a series of television ads that told a story externally, which helped sell the change internally. Suddenly, people began to think differently about industrial manufacturing, recognizing it as a network of facilities, systems, and products with sensors. This is the essence of the “industrial Internet of Things” that captures deeper and broader data than any pure-play software source.

Figure 1

Functional areas experiencing digital transformation



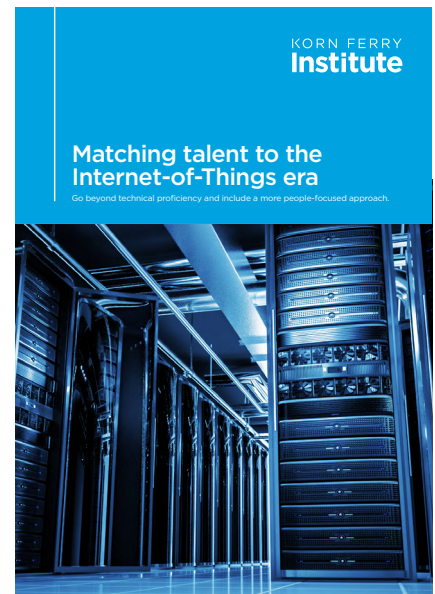
Source: Korn Ferry survey

Siemens jumped to the forefront of digital transformation with the 2007 acquisition of UGS, a software and services company that soon became the core of its digitization strategy. The marriage of cutting-edge technology with Siemens' global name recognition has helped it attract talent, including digital natives recruited from pure-play tech companies, graduates from top US universities, and talent in emerging markets such as China. "It's not just the digital native, but also the analytics native. For them, [a global industrial company] is a fascinating 'playground,'" said Helmuth Ludwig, global head of information technology for Siemens. "They can apply their knowledge to 400 billion data points generated every year."

Transformation stories are critical for recruiting digital talent from pure-play tech firms and for attracting university graduates that might otherwise be tempted to find jobs with firms such as Apple or Google. But for this talent to be successful in an industrial environment, people must be genuinely excited by the opportunities presented to them. "You want talent that is different from our traditional [industrial] talent, but [people] also have to be able to see the attractiveness of the industrial environment," said Ludwig.

Siemens emphasizes this fit factor with entry interviews that probe why people want to join the company. "We want people who see there is a unique opportunity here to make a real impact, and who understand that they will see that impact much faster in an industrial company than in a pure-play software environment," Ludwig said.

Deere & Company has also repositioned itself as being technology-driven. "It's more about informing people about the opportunities in the company," said Marc Howze, its senior vice president and chief administrative officer. "For example, John Deere is the largest operator of autonomous vehicles on the planet. Much of our agricultural equipment—tractors, combines, sprayers—are autonomous."



<https://www.kornferry.com/institute/matching-talent-to-the-internet-of-things-era>

"Our view is that you can attract digital talent. [People] will want to join an industrial organization because you can paint a transformation journey that they want to be part of."

– Revathi Advaiti, COO,
electrical sector, Eaton Corp

The industrial rebranding story encompasses more than digital capability. It's also about applying technological expertise to solving the world's most pressing problems. Next-generation industrial products and systems have real-world applications in sustainability and other environmental issues, water and energy conservation in the developing world, and improving access to water and energy in the developing world. "A purpose-led mission really resonates with digital and millennial talent," said Annette Clayton, president and CEO of North American operations and chief supply chain officer for Schneider Electric.

Added Vince Campisi, senior vice president, digital, and chief information officer for United Technologies Corp: "Companies like ours have the capability to change the world. People respond to a mission and purpose around making an impact."



<https://www.kornferry.com/institute/help-wanted-talent-tackle-worlds-most-pressing-problems>

"It's about organizational readiness. You need to have a talent agenda pushed out from the executive team so it can be pulled along into the organization."

– Karen Keegans, vice president and chief human resources officer, Pentair

Blending industrial and digital talent.

While the goal is to bring together industrial and digital talent in the right mix, they may not necessarily work side-by-side. At Deere, industrial and digital collaborate on specific projects, but much of their day-to-day work is done in different environments that best suit them. Deere has satellite technology locations in places such as Southern California and San Francisco. On the corporate campus in Moline, Ill., the company headquarters is a traditional space of offices and cubicles. Across the parking lot is the engineering technology center, which is more open and “has a different vibe,” Howze explained.

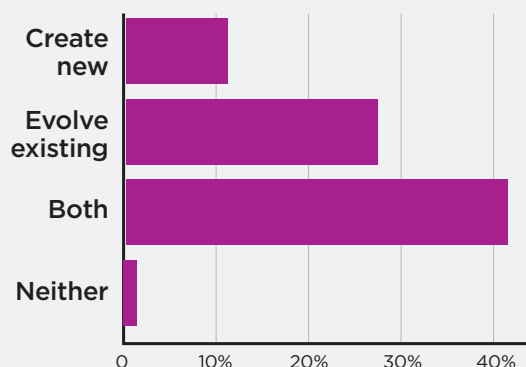
No matter what the configuration, industrial companies understand that internally developed talent and externally recruited digital natives must come together to further the company’s goals for digitized processes and products. As a survey of supply-chain executives showed, companies are both evolving existing roles and creating new ones (Figure 2).

Furthermore, recruiting digital talent raises the bar for successful on-boarding and integration into industrial company cultures. Executives, though, spoke confidently about their ability to do so. “We are finding a way for the digital talent...to understand the environment they are coming into,” Revathi Advaiti, COO, electrical sector, Eaton Corp., said.

Of equal importance is improving the technology savvy of existing industrial employees. Internal talent that can become more “digitally ready” is a huge plus for industrial companies, since these individuals typically possess deep knowledge about the company’s products and processes. For example, controls engineers can become valued members of digital teams.

“As much as we are trying to recruit and attract external talent, we are also building awareness and training our employees—getting them aligned with a digital strategy,” Campisi said.

Figure 2
New vs. existing positions
to advance digitization



Source: Korn Ferry survey

***“The ‘Internet of Things’
is more about people
than about things.”***

– Vince Campisi, senior vice president,
digital, and chief information officer,
United Technologies Corp

Companies continue to seek out a strategic procurement skill set coupled with strong leadership and digitization experience. For example, as Schneider Electric Global Procurement implemented cloud-based analytics solutions over the past 18 months, critical skills within the company needed to be augmented with its software provider, as well as its internal procurement and IT teams. “The challenge always is how you balance the right resources internally and externally to get the job done in an efficient manner,” said DK Singh, Schneider’s chief procurement officer.

Similarly, Pentair, a diversified manufacturer, is in the earlier stages of its digital strategy, which includes hiring a new chief marketing officer and developing a profile for digital talent. “That means making sure we have the innovators, with strong product management and marketing teams,” said Karen Keegans, Pentair’s vice president and chief human resources officer.

Talent strategies must include identifying and addressing the challenges that are likely to occur as two different talent pools are mixed—the industrial old guard, many with decades of experience, and digital talent, which tends to be younger. Communicating the digitization strategy helps ease the transition. As people throughout the organization, from the factory floor to the C-suite, recognize the need for a digital strategy, most will also embrace the need to change with it. Instead of resistance, acceptance and support take root throughout the organization, because people understand that digital is the way of the future.

In addition, welcoming digital talent into an industrial environment may mean changing some workplace norms, such as offering flexible schedules, which is particularly appealing to younger, digital talent. But that’s not the only change in workplace culture. Companies must also establish career paths for digital talent, even though it’s common for digital natives to move on after a few years to take on the next challenge.

Technology's seat at the leadership table.

For many years, technology has been a support function within industrial firms. Increasingly, with the digitization of the supply chain, industrial companies are looking for not only pure-tech talent, but also those who can become influential leaders within the company. This is a tall order.

The survey of supply-chain executives revealed talent gaps within organizations (Figure 3). More than half are concerned about leaders who lack technical skills, while more than one-quarter say individuals have the right technical skills, but lack leadership drive. A smaller group (20 percent) say they see gaps in both leadership and technical skills.

This raises a key question: Can digital talent recruited from “flat” organizations that lack the hierarchy of traditional firms be groomed to become industrial leaders? Surak of GE Digital believes so. “We can grow leaders better than we can grow technical skills,” he said. “Sometimes very senior-level leaders come in who are completely technical geniuses, but their leadership skills from a GE context are nascent. We need to challenge them.”

Clayton of Schneider Electric says that for both internal and external talent, the desired leadership skills include making decisions with less information and the ability

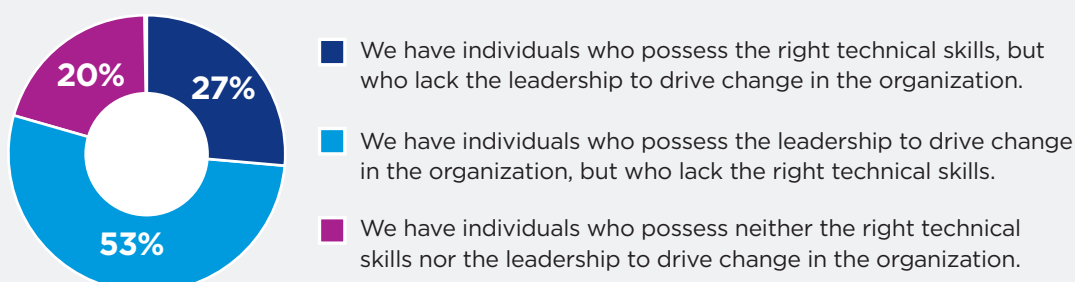
to balance an internal focus on the company with the external focus of responding to the marketplace. “This calls for agility and also curiosity, along with a willingness to move relatively quickly,” she said. “We’re looking for change management [experience]. We’re looking for cultural adaptability.”

Ludwig of Siemens adds to the list emotional intelligence and a willingness to move beyond one’s comfort zone. “Are they resilient when things turn out differently than they thought?” he asked.

In summary, the digitization of the industrial supply chain is leading more companies to look at their talent pools to determine where they need to develop or augment expertise, particularly in software and other technological capabilities. Increasingly, this talent strategy goes beyond accessing technical skills to also finding digital natives who can become leaders in the organization.

For industrial companies, giving technology a seat at the table to define and set enterprise-wide strategy will be the next challenge. The edge belongs to those companies already developing digital readiness among internal talent and identifying external recruits with leadership capabilities. These firms will likely excel at bringing together the best of both worlds—industrial and digital.

Figure 3
Talent gaps within organizations



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Chief Procurement Officer
Schneider Electric

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Chief Operating Officer
GE Digital

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