

Strategic Workforce Planning

Santander

WBCSD Future of Work case study

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Summary

Customer expectations have continued to rise in recent years as a result of the highly personalized digital experiences offered by new players and the implementation of new technologies. New entrants in the financial system, such as tech companies and start-ups, are not only disrupting the banking business, they are also setting the 'gold standard' for recruiting and nurturing digital talent.

In other words, digitalization is creating a new breed of talent whom companies need to find new ways to attract and retain. Santander is taking steps to become an employer of choice, which people choose for its purpose, culture and the responsible way Santander achieves great results. This is supported by a clear strategic roadmap to manage talent carefully through strategic workforce planning, while completing a digital and cultural transformation.



Company background

Founded in 1857, Banco Santander is a leading retail and commercial bank, the largest in the Eurozone and one of the thirteen leading banks in the world in terms of market capitalization. With a business model that focuses on retail banking products and services for private customers, SMEs, and companies, Santander currently serves more than 144 million customers. It has more than 4.1 million shareholders and over 200,000 employees. Santander has a meaningful presence in ten countries on two continents, Europe and America. It is currently the leading financial group in Spain and in Latin America (Brazil, Mexico, Chile, and Argentina), and holds a significant position in the UK, Germany, Portugal, Poland, and the north-east of the United States.

In 2018 the Group reported €7.8Bn attributable profit, underlying Return on Tangible Equity (RoTE) of 12.1% and a best in class cost-to-income ratio of 47.0%.

Moreover, Santander is externally recognised by the Dow Jones Sustainability Index. In 2018 the Bank ranked third worldwide, first in Europe, and first in Spain for the eighth consecutive year in the banking sector.

Future of Work challenge

Over the last few years, Santander has observed three macro trends which are changing the capabilities and roles needed in the financial sector workforce:

- i) **Customer expectations are shifting very quickly** as a result of increasingly sophisticated digital experiences.
- ii) **Adoption of digital technologies** is expanding the art of the possible.
- iii) **Increasing competitive landscape** driven by the rise of tech companies to become new titans.

The digitalisation of the banking industry is driving the need for a different breed of talent that can deliver across new platforms, is innovative, entrepreneurial and that advocates for customer centricity. It therefore becomes critical to fight the talent war, close skills gaps, and develop and attract the competences as required to remain competitive as an international player.

Business case

People are the main asset of an organization like Santander aiming to achieve its goal of being *'the best open financial services platform, by acting responsibly and earning the lasting loyalty of people, customers, shareholders and communities'*. In this context, embedding a common culture which brings people together around shared goals and transform the bank's operations is a key success factor.

In 2018, Santander was listed as one of the top three banks to work for in seven countries, and the bank's employees consistently reported their pride in working at a bank where doing everything in a way that is *simple, personal and fair* is part of the company's DNA. Santander's latest engagement survey results show employees have a high degree of commitment to the Group, well above the financial industry average. The bank's goal is to keep improving in order to become an employer of choice, chosen for its purpose, culture and the responsible way in which it achieves its results.

Today, Santander's main priorities are to:

- Continue embedding a common culture and have employees who are as engaged as possible;
- Attract and recruit the most talented people;
- Retain and develop the talent already in the bank's workforce; and
- Promote diversity and inclusion.

Alongside its commercial goals and long-term strategy, Santander aims to achieve these through a careful talent management based on a strategic workforce planning approach.

“Is Santander ready for the future?”

We are doing everything to be, and we will be. We have a People strategy in place that is using all the levers available to attract the best talent, retain them, re-train our current workforce, create an engaging and inclusive workplace, and develop mechanisms to help all these profiles coexist and thrive, so that we can all work together as one team. All this by doing our business in a responsible way, meeting the unmet needs of our customers, and with the ultimate purpose of helping people and business prosper” –

Roberto di Bernardini, Head of Global HR, Santander.

Santander’s solution

Planning Santander’s specific needs to achieve its vision implies a more efficient way of shaping Santander’s future workforce. Firstly this involves the evolution of the existing workforce through retraining and skills development. Secondly, it requires a thorough assessment of gaps in the skills needed to deliver the strategy in order to target recruitment efforts.

Strategic workforce planning is a key exercise to ensure the required capabilities are in place to deliver the Group’s strategy which provides:

- reflection on the resources and skills needed to deliver the business strategy;
- a dynamic tool to help Human Resources (HR) in particular, and the organization more broadly, to create action plans;
- a proven methodical approach already tried and tested in several areas of the Group.

In summary, strategic workforce planning is a tool that assists HR in creating a plan to ensure the workforce suits the needs of the company.

Methodology

Santander’s strategic workforce planning approach consists of five main elements:

- 1) **Job family design and clustering:** The current workforce is grouped into skill clusters within job families. Depending on the business unit, different numbers and types of clusters are analyzed.
- 2) **Workforce demand modelling:** Business growth drivers and productivity are used to project demand at cluster level until 2025.
- 3) **Workforce supply modeling:** Attrition, retirements and internal mobility are the variables considered to project workforce supply by 2025.
- 4) **Gap analysis, upskilling and reskilling:** Here, the focus is on i) Expected workforce gaps, ii) clusters that will require significant upskilling and reskilling by 2025, and iii) Shortage in FTEs for digital clusters/roles.

- 5) **Strategic HR initiatives:** Definition of HR initiatives in different target topics, namely i) Attraction and recruiting, ii) Compensation, iii) Learning, iv) Performance and attrition management, and v) Internal mobility.



Santander's Strategic Workforce Planning methodology

Key stakeholders

To ensure the success of the strategic workforce planning exercise, several stakeholders and units within the organization are involved in the process:

- **Champions:** Responsible for all strategic workforce planning decisions taken regarding the area they are in charge of.
- **Business and Strategy:** Responsible for reviewing demand drivers and for obtaining the evolution of each driver up to 2025 based on the Business Plan.
- **Organization:** Responsible for the clustering process.
- **Human Resources:** Responsible for the historical information, as well as for developing the HR action plan.

Results

Strategic workforce planning has already been carried out across different units of the Group covering approximately 30% of the Group's total workforce. The remaining units are expected to be covered during the course of 2019.

Results reflect that the highest workforce gap is expected in digital positions, mainly for Data and Tech specialist profiles.

In addition, a high degree of reskilling is required across areas to match capability demands of the future digital environment.

As a result of the strategic workforce planning exercise, a detailed HR plan has been defined at local level in each of the units where the exercise was carried out, as well as at global level, launching cross-cutting initiatives. Main initiatives from the HR action plans are already in the development phase.

Challenges

The key challenges identified after the first wave of strategic workforce planning were the digital workforce gap and the reskilling of current employees.

- **Plug the digital workforce gap:** This implies acquiring external hard-to-recruit talent to cover the capacity gap, at a time of increasing competition for limited digital talent.
- **Focus on workforce upskilling and reskilling:** Employees need to reskill to adapt to the new digital business environment and the introduction of new technologies such as AI, robotization, etc.

In addition to these challenges which are currently being addressed by strategic HR initiatives, there is another important aspect to keep in mind going forward: **the integration of new profiles with the existing workforce** – often characterised by younger, more tech-savvy employees on the one side, and veteran, more traditional banking experts on the other. It is critical to achieve a healthy coexistence of these two profiles, allowing both to thrive and ensure their active participation in the Bank's evolution. The capacity to enhance the work experience of these different profiles from the moment they join the company and capitalise on their input is critical for present and future business success.

This process of evolution brings with it a more complex challenge, namely, how to integrate different generations through this transformation. Having a multi-generational workforce is an asset rather than a liability, but it means dealing with different ways of working and different expectations from employees.

What can a company do to integrate workers from different generations so that they will work, learn and communicate easily and effectively with one another?

How can the complementary factors of a multi-generational workforce make for a more happy and productive culture?

And how can employees be encouraged to embrace change?

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