Merck KGaA: Organization Development Leads the Charge to Achieve Value Through Analytics
Key Benefits

- Increased value from HR: The HR function has transitioned from information providers and report generators, to data-supported consultants who provide strategic advice to business managers.
- Data unification: Transparent access to talent-related process information supports cross-process correlations and provides the business with a single source of truth for people data.
- Support from Works Council: Working collaboratively with their Works Council, the implementation was carried out smoothly and successfully to address data privacy and regulatory issues.

“At Merck KGaA, it’s not just HR doing analytics for HR. Our people analytics aims to increase the quality of people capital and the organizational decisions we make.”

Anna Lena Fritzscbe, Organization Development & People Analytics Expert
Merck KGaA Germany

About Merck KGaA

Merck KGaA, Darmstadt, Germany is a leading science and technology company in healthcare, life science, and performance materials. More than 50,000 employees work to further develop technologies that improve and enhance life – from biopharmaceutical therapies to treat cancer or multiple sclerosis; cutting edge systems for scientific research and production; to liquid crystals for smartphones and LCD televisions. In 2016, Merck KGaA, Darmstadt, Germany, generated sales of €15 billion in 66 countries.

Background

Kai Beckman, Member of the Executive Board at Merck KGaA states that in the industrial sector, people, machines, systems, logistics, and products are communicating and collaborating with one another – a revolution known as industry 4.0. Everywhere, applications are accessing data from a wide array of sources such as social media, credit cards, customer loyalty cards, smart metering systems, and personal aid devices – all for the purposes of data analysis.1

Merck KGaA has multiple digitalization initiatives such as the Connected Labs project in the Life Science business sector, which takes a holistic approach to intelligently networking laboratories, mining data from teams and their research. In manufacturing, digital sensor technology is being used to better analyze process and quality data to improve service intervals and other aspects of production.

Digitalization helps drive the transformation of the world of work outside laboratories and factory floors at Merck KGaA. Digital HR and people analytics are key terms in this transition where Merck KGaA is using data to glean insights into all aspects of HR work, which can then be applied to tasks such as workforce planning, talent management and even the gradual optimization of day-to-day operations.

Today Merck KGaA is enabling almost 3,000 managers and hundreds of HR employees to access and use real-time data for decision making using Visier. They can access robust data on headcount, diversity, turnover, performance results, and compensation, so they can make decisions on a wide variety of issues to improve performance and optimize organizational structure.

HR business partners are transforming from information providers and report generators into data-supported consultants who are now strategic advisors to business managers. With this shift from administration to strategy, Merck KGaA received the 2016 HR Excellence Award from Human Resources Manager.2


Challenges

Digital HR Transformation Started with Global Standardization

Until 2011, all talent processes, including recruiting, performance, compensation, and succession planning at Merck KGaA were designed and driven by local countries or divisions. The lack of global processes meant that data and associated analytics often varied based on the region from which they were drawn, providing no correlations across processes and regions.

Merck KGaA began work to standardize and integrate its processes and related data to enable a global data view. All talent processes including recruiting, performance, compensation, and succession planning were moved from local country or division processes to standardized global processes. Learning will be standardized later in 2017.

The aim was to have integrated processes. For example, if succession planning is scrutinized, performance results can be accessed as well. This standardization and process integration set up Merck KGaA for subsequent people analytics, allowing them to see correlations across processes. During this aspect of the Merck KGaA HR transformation redesign, involved parties also began to review technology they could use to support analysis across the talent processes.

Data Unification - One of Three Key Drivers to Choose Visier

What Merck KGaA was doing naturally led to people analytics that would support the needed integration. The standardization initiative uncovered data from various processes, but what should be done with it? Merck KGaA looked to people analytics technology for three driving reasons:

1. The team was struck by how many people were building reports from process data. Rather than counting heads to monitor reduction in headcount, they wanted to see an increase in the number of employees working on reporting and analytics with an improvement in the overall quality of the data. Instead of less reporting, they wanted increased use of data and analytics to drive workforce decisions.

2. Merck KGaA wanted a single source of truth. They had a myriad of regional systems and managers who were picking and choosing the data they wanted. By moving to global processes, everyone could leverage the same data and definitions. For example, the definition of talent should not vary between China and Germany.

3. The team recognized that certain assumptions about talent trends were not based on data but rather on “gut feelings.” For example, many managers believed that talent was not being rewarded, performance was not impacting turnover, and that the wrong people were leaving. The team used analytics as a driver to change mindsets and to encourage leaders to make data-based decisions.

Successful Rollout of Visier

The Visier technical implementation for Merck KGaA consolidated more than 45 million single data points. The sources and data included:

- SAP: The fundamentals of human capital, hierarchy, movement, role level, career path, diversity, and compensation
- SuccessFactors HRSuite: Talent, potential, performance, recruiting, and succession
- External provider: Employee engagement

The data was organized within Visier using chapters and presented to users in a slide format:

1. Dashboard and key metrics: overview providing general information about workforce in user-friendly, comprehensive, business-driven terms
2. Focus on headcount: overview split by role and region, vacancy rates and open positions overview
3. Focus on performance & talent: showing distribution of talent and performance by region, generation, roles, comparison of attributes between talents & performance levels, turnover trends per performance
4. Focus on diversity: providing details about gender and nationality, comparison of employees between male & female employees
5. Focus on compensation: with differentiated view: overview of compensation, turnover trends linked to compensation elements
6. Focus on organizational effectiveness: providing information about distribution of roles and ages of control, comparison of attributes across roles, details about turnover trends per role

Users can access standard insights based on the same transparent data. The chapters are delivered through the Visier slideshow capability using a dashboard as the starting point so everyone can easily leverage people analytics.

Merck KGaA manages their analytics platform with the end user in mind. Managers and HR colleagues can access information based on user-friendly and non-technical questions that focus on organization and people management. For example: “How are demographic developments impacting our organization?” Then they can slice, dice, and compare the data based upon the results of the entire company, yielding a new standard of transparency.

Coupled with the experience and knowledge of Merck KGaA managers, the results provide firm footing for making decisions on a wide variety of issues. For example, managers can track how staff turnover is impacted by targeted feedback from the performance assessment process.

“You cannot make decisions based on data alone in the same way you should not make decisions based only on gut feeling. It’s important to put the data – now easily accessible – in the right context to be able to drive better business decisions.”

Anna Lena Fritzsche,
Organization Development & People Analytics Expert
Merck KGaA Germany
Implementation Approach to Analytics Capitalizes on Organization Development

Merck KGaA’s approach is unusual in that it combines Organization Development (OD) and People Analytics to deliver practical and differentiated support to the business. As a result, a fundamental shift has occurred. Today the team is no longer asked to provide data. Instead, it is asked to provide input on what the data means as well as recommendations for interventions.

The team is small and truly global, operating from within Europe, the US, and Asia Pacific. They combine different expertise from typical implementation teams (Organizational Development, Mergers and Acquisitions, Change Management, etc.) and work closely with HR and business leaders to deliver business-specific insights and consulting that leverage analytics insights. They focus on partnering with internal teams as well as external partners such as universities and research firms. This allows them to constantly combine internal and external trends so they can deliver additional value.

With Visier implemented, there is no need for data crunchers. Instead, the team focuses on telling stories using data and being close to the business supported by their common knowledge of OD.

Enabling the Business

Leaders at Merck KGaA attend OD and People Analytics enablement sessions to practice how analytics can support organizational and people decisions. The context involves “unleashing the power of we” and delivers on goals by focusing on performance, collaboration, and seizing opportunities through technology.

The main focus of the enablement sessions is to enable leaders to learn through case study work. Teams are encouraged to start with a business topic or question and not the data. They are asked to break down their topic or question into sub questions, then use analytics to provide insights for discussion, and finally to prioritize findings and actions.

A good example of a successful case study was one where the team wanted to determine whether Merck KGaA was an agile organization. They began by discussing the components that define an agile organization such as:

1. What is our ability to renew/adapt based on internal and external trends? Do we have a healthy employee renewal balance? Is our turnover aligned with our changing needs?
2. Are we quick to decide and to mobilize? Are we set up for efficient decision making?
3. Are we encouraging enough movements?

At the end of the enablement sessions, attendees are encouraged to continue working with Visier and participate in ongoing e-learnings.

Merck KGaA also promotes interaction via social media and digital collaboration. As a result, attendees can follow OD and People Analytics on the internal community platform so they can stay connected and share their experiences in support of organizational learning.

Beyond the enablement sessions, the team created a specific HR Analytics Navigator which serves as a source for internal assets, best practices, tips, and research about People Analytics. Visier also supports mobility, providing users with access via smartphones, tablets, and laptops.
Work Council Collaboration

Many European organizations – especially Germany-based – must work closely with their Work Council to ensure compliance with data privacy and other regulatory requirements. Kai Beckman reports that “Introducing and applying HR analytics systems like these obviously has to comply with all data privacy requirements. And the appropriate bodies and committees need to be involved in advance. Close collaboration with our Works Council, for instance, has been crucial.”

Merck KGaA took a proactive approach, reaching out to the appropriate bodies and committees in advance. This contributed to the smooth and successful implementation of Visier.

“We have a great Works Council at Merck KGaA. They immediately saw the value of making decisions using data that can be accessed transparently.”

Anna Lena Fritzsche, Organization Development & People Analytics Expert
Merck KGaA Germany

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Results with Visier

Merck KGaA emphasizes that the value of investment is not a monetary value, but a strategic value. At Merck KGaA, people analytics is not for HR. It’s a tool for line managers. As a result, HR has become a strategic consultant to line managers. People no longer have to go with a gut feeling on decisions, but instead can rely on data. Merck KGaA believes it has increased the quality of decisions with Human Capital while professionalizing HR as a function.

About Visier

Our curiosity, the desire to understand, is inseparable from what it means to be human. But, in the hype of big data analytics, we’ve forgotten that data does not equal knowledge.

Visier was founded to focus on what matters: answering the right business questions, even the ones you might not know to ask. Questions that shape business strategy, provide the impetus for taking action, and drive better business results.

Visier is dedicated to transforming business analytics, to providing leaders with clear answers to critical business questions—out-of-the-box, without the hassle and cost of data management, statements of work, and development projects.

Visier lets companies say goodbye to data headaches, to complexity, to costly tools, to endless service fees, and to guesswork. A business strategy platform designed by domain experts for business leaders, Visier lets leaders say hello to clarity, to confidence, to meaningful answers—and to better business performance.

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