# Table of contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Introduction</td>
</tr>
<tr>
<td>6</td>
<td>The current talent environment</td>
</tr>
<tr>
<td>10</td>
<td>An industry poised for change</td>
</tr>
<tr>
<td>11</td>
<td>Organization and talent implications for the new business models</td>
</tr>
<tr>
<td>13</td>
<td>Building organizational and talent capabilities</td>
</tr>
<tr>
<td>19</td>
<td>Applying the capabilities</td>
</tr>
<tr>
<td>21</td>
<td>Summary</td>
</tr>
<tr>
<td>22</td>
<td>Contacts</td>
</tr>
<tr>
<td>23</td>
<td>End notes</td>
</tr>
</tbody>
</table>
Introduction

Many companies will boast that people are their “most important asset.” But is this claim always true? Are people really more valuable than any other asset? A cursory survey of some of our biggest industries would suggest they are not.

For example, companies that sell packaged foods, cleaning products, and hygiene products may place greater value on their star brands than the brand managers who create or manage them. In the same way, an oil company’s reported reserves are likely its most prized asset, since without reserves even the most valued employees have little work to do.

The global chemical industry is no different. Depending on the business, the value of people is often trumped by other assets such as access to feedstock, proprietary manufacturing processes, patents, or new product pipelines.

So, if people are not always the most important asset to a business, why then is this claim so frequently repeated, whether in multi-day business conferences or on posters in the break room? For one, it sounds good, not only to the leaders who say the words, but to the employees who hear them. By now, the phrase has been repeated so much that it has become cliché and, like all clichés, the meaning of the words has been lost.

But the fact remains: Sometimes people really are a company’s most valuable asset.

As an asset, people – especially those who are highly adaptable to new environments – are most important during times of intense change. They can swiftly change to meet new needs, and creatively solve problems. Unlike other assets, people are dynamic. An ethylene cracker, for example, cannot change its primary function to solve a new and unrelated problem. Similarly, a factory can only formulate the chemicals it was designed to make. Even a Bunsen burner can really only make a fire; it cannot adapt to other functions. In an atmosphere marked by change, people will always play a vital role. At these moments, when companies need to make major decisions, and make them rapidly, the quality of their talent will likely be the only differentiating asset.

As explored in other publications developed by Deloitte Touche Tohmatsu Limited Global Manufacturing Industry group, the global chemical industry is currently experiencing intense changes. A slew of new and on-going challenges – from constrained margins and increasing cyclicality, to activist investors and a dramatic decline in new product introductions – are forcing companies to make dramatic shifts in strategy to continue to generate the return on capital that investors have come to expect. What is more, global chemical companies will need to manage these changes in a difficult talent environment marked by a looming wave of retirements and incoming talent that seems to have little interest or awareness of importance of the industry to the economy and society at large.

As these changes continue to unfold and impact the industry, global chemical companies will need to attack markets in new and innovative ways. This will likely require companies to introduce new business models and build the corresponding talent capabilities to support them. Companies will also need to understand their talent needs, both in terms of headcount and skills. A talent acquisition strategy could attract the resources companies demand, as well as offer the employees a value proposition that helps with development and retention.

Addressing these challenges will not be an easy task for executives. However, there are several tangible steps that companies can consider to proactively tackle the most pressing issues now rather than reacting to them later, when it may be too late.

The global chemical industry is entering an era when companies will need to start viewing and valuing people as one of their most critical assets.
The current talent environment

There are three overarching talent challenges facing the global chemical industry:
1. Impending retirement of older employees
2. Skills shortages among the generation that will replace retirees
3. The general unpopularity of the industry as an employer of choice

The following examines these challenges and their context in greater detail.

The United States, one of the most significant markets in the global chemical industry, offers a significant snapshot of the talent issues facing the industry. In companies across all product lines, mass retirements are expected in the near term. In fact, within the next 10 years, 23 percent of the chemical workforce will be eligible to retire. On average, the workforce in the chemical industry is older than that of all other industries except agriculture, transportation, and public administration, which are all relatively small (see Figure 1). In other key chemical markets, Germany will experience the same retirement dilemma over the next decade with a long-term labor shortage anticipated. In the Netherlands, a skills gap has opened due to retirement and the lack of skilled talent available to fill it as more of these people seek careers in industries with a more innovative image.

The imminence of this wave of retirements means that the chemical industry will need to become a leader in defining and implementing solutions to address its talent gap. Other sectors may observe and implement best practices after they are proven, but the chemicals industry is unlikely to have this luxury. It will have to move fast while assessing against success metrics and discarding initiatives that prove ineffective.

In addition to having a higher median age than other industries, the overall age distribution in chemicals skews old. In many industries, the workforce has a bi-modal age distribution. This means that while there is a significant percentage of older workers, there are also younger workers who can be developed to fill roles as older workers retire. In the chemical industry, the workforce is heavily concentrated toward the older age ranges (see Figure 2). Therefore, the challenge of developing young employees is magnified by the relatively small number of employees available. The implication is that the global chemical industry will need to acquire the talent needed to fill the gap. Unfortunately, the ability to acquire new talent runs directly into the second challenge – a large and deteriorating skills gap.

**Figure 1:** Median age of chemical employees compared with other industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry, fishing, and hunting</td>
<td>45.9</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>45.6</td>
</tr>
<tr>
<td>Public administration</td>
<td>45.3</td>
</tr>
<tr>
<td>Chemicals manufacturing</td>
<td>44.9</td>
</tr>
<tr>
<td>Financial activities</td>
<td>44.0</td>
</tr>
<tr>
<td>Education, health services</td>
<td>43.8</td>
</tr>
<tr>
<td>Other services</td>
<td>43.0</td>
</tr>
<tr>
<td>Construction</td>
<td>42.8</td>
</tr>
<tr>
<td>Manufacturing, mining, and quarrying</td>
<td>41.5</td>
</tr>
<tr>
<td>Information technology</td>
<td>41.3</td>
</tr>
<tr>
<td>wholesale and retail trade</td>
<td>39.4</td>
</tr>
<tr>
<td>Leisure and hospitality</td>
<td>31.3</td>
</tr>
<tr>
<td>Total, all industries</td>
<td>46.9</td>
</tr>
</tbody>
</table>

**Figure 2:** Age distribution as a percentage of employees between chemicals and all industries

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 to 19 years</td>
<td>0%</td>
</tr>
<tr>
<td>20 to 24 years</td>
<td>5%</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>25%</td>
</tr>
<tr>
<td>35 to 44 years</td>
<td>30%</td>
</tr>
<tr>
<td>45 to 54 years</td>
<td>20%</td>
</tr>
<tr>
<td>55 to 64 years</td>
<td>10%</td>
</tr>
<tr>
<td>65 years and over</td>
<td>5%</td>
</tr>
</tbody>
</table>

The shortage of Science, Technology, Engineering, and Mathematics (STEM) talent, the kind of talent that chemical manufacturers need, is a common and well-documented challenge. However, a recent survey of manufacturing executives on the key skill deficiencies in their workforce revealed shortages of skills that are even more fundamental than STEM. Executives noted the most serious deficiencies lie in technical and computer skills, followed by a lack of problem-solving skills, basic technical training, and math skills (See Figure 3).

Figure 3: Skills in which U.S. manufacturing employees are most deficient

Moreover, just under half of executives surveyed noted deficiencies in basic employability skills (attendance, meeting deadlines, etc.) and employees’ ability to work in a team. While chemical executives are rightly focused on the STEM shortage, the talent challenge for these companies likely run significantly deeper than STEM.

The good news is that despite these shortages, a number of countries are producing a growing number of STEM graduates. At least, this would appear to be good news. Because despite the growth, significant numbers of STEM graduates are not following their degrees with work in STEM-related fields. A large majority (74 percent) of STEM graduates (holding a bachelor’s degree) were actually working in non-STEM occupations. Furthermore, those graduates who want a career in STEM are less likely to look toward the chemical industry. A recent study developed by Deloitte United States and The Manufacturing Institute found that manufacturing (including chemicals) ranked last among industries as the sector where Millennials would want to start a career (See Figure 4). Additionally, manufacturing scored low as a choice even among older respondents.

Figure 4: Ranking by respondents of industry preference if they were beginning their career today

Overall, the data paint a concerning picture about the state of talent in the manufacturing industry. The industry is set to lose a significant portion of its workforce to retirement at a time when the talent needed to replace those workers would prefer to use their skills in other industries.

Solution one: Balancing flexibility with productivity

One frequently cited solution for attracting and retaining talent is offering more flexibility and a better work/life mix. This may seem like an obvious move for employers. With little incremental cost, they can provide workers the flexibility they want, and attract and retain the top talent the organization needs. However, some argue that this strategy is fraught with risk and can lead to lost productivity, missed collaboration opportunities, and a weaker corporate culture. As with anything, the right solution for most companies is going to be somewhere in the middle, but how to strike the perfect balance of flexibility and productivity is a question executives may be struggling with for some time.
The global chemical industry also faces a challenging business environment. The emerging issues, including consolidation, greater investor activism, and accelerated globalization, are compounded by existing issues, such as constrained gross margins and a lack of commercially significant innovation. These issues have both business and talent implications. Executives will likely need to re-think their business strategy and capabilities, as well as manage through talent dislocations as a result of industry trends (e.g., consolidation).
Executives are facing an especially complex business landscape, perhaps one of the most difficult in the industry’s history.

In response, three distinct business models will emerge that may help to fundamentally re-shape the global chemical industry’s value chain. The emerging models will be:

1. **Natural owners**: These companies have access to, or ownership of, a strong, advantaged feedstock position. They will fundamentally understand their role in the industry and maintain focus on low-cost leadership. They could regularly deliver 20 percent return on capital, which is consistent with returns recently seen by the industry’s strategic leaders. Examples include LyondellBasell (which has strong access to feedstock), SABIC (with its feedstock ownership), and the oil majors (who own the end-to-end value chain).

2. **Differentiated commodities**: These companies will typically hold a protected niche position or be able to play the boom and bust cycles of the industry. Companies under this model will require strong capital efficiency and must look to establish technology leadership where they can. In many respects, they are stuck between the generic strategies of cost leadership and differentiation, a position that may impede their ability to deliver consistently high returns. Companies in this business model will likely generate returns on capital in the 10- to 20-percent range, consistent with average industry performers today.

3. **Solutions providers**: These companies focus on selling solutions versus simply selling solids or liquids. Much of the focus on solutions sales occurs at the end of the value stream. However, there are opportunities for firms focused on the intermediate space. An agriculture industry example is the fertilizer product that offers its farmer customers higher-crop yields. These solutions could entail a package of not only fertilizer, but also crop protection chemicals, and even equipment specifically designed to work optimally with those chemicals. This model is complex. It requires deep market understanding and the ability to form strategic partnerships within the solutions ecosystem. However, those who are successful can likely achieve market-leading returns on capital in excess of 30 percent. Companies such as Ecolab, Sigma Aldrich, and Monsanto are successfully moving into the solutions provider space.

It is important to note that companies may not automatically fall into these business models. Proactive decision-making and follow-on actions are necessary first steps. Executives will need to decide where they want to play and how they want to win. They will need to make decisions about which model to follow in order to meet their business objectives and then employ the proper assets and capabilities. Those who fail to decide and to act will most likely be overtaken by competitors who are making the tough calls and advancing their businesses.

Figure 5 looks at the distinct talent implications inherent with each model, with special attention to the relationship between business objectives, organizational capabilities, and talent-related capabilities.

**Figure 5: Organizational and talent implications for the new business models**

<table>
<thead>
<tr>
<th>Business models</th>
<th>Business objectives</th>
<th>Organization and talent capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural owners</td>
<td>• Maintain low cost</td>
<td>• Efficient organization structure</td>
</tr>
<tr>
<td></td>
<td>• Drive economies of scale</td>
<td>• Operational discipline and excellence</td>
</tr>
<tr>
<td></td>
<td>• Defend advantaged feedstock position</td>
<td>• Optimized supply chain</td>
</tr>
<tr>
<td></td>
<td>• Drive process innovation</td>
<td>• Ability to operate globally</td>
</tr>
<tr>
<td>Differentiated commodities</td>
<td>• Drive change in the business</td>
<td>• Leadership that can drive change</td>
</tr>
<tr>
<td></td>
<td>• Protect and extend existing intellectual property and brands</td>
<td>• Robust legal support</td>
</tr>
<tr>
<td></td>
<td>• Manage finances through cycles</td>
<td>• Strong finance professionals</td>
</tr>
<tr>
<td></td>
<td>• Earnings by developing margins</td>
<td>• Ability to build and retain research and development capabilities</td>
</tr>
<tr>
<td>Solutions providers</td>
<td>• Understand end-to-end value stream</td>
<td>• Ability to scale the organization</td>
</tr>
<tr>
<td></td>
<td>• Drive innovation</td>
<td>• Flexible deployment of resources</td>
</tr>
<tr>
<td></td>
<td>• Commercialize new products</td>
<td>• Business strategy, marketing, innovation, and analytics talent</td>
</tr>
<tr>
<td></td>
<td>• Respond to market shifts</td>
<td>• Non-traditional performance management</td>
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By now, the double-edged challenge facing the chemical industry should be clear. On one hand, executives need to determine how to maintain a workforce against challenging demographics. On the other, they need to adapt (in some cases radically transform) their existing organizational and talent models to develop the new capabilities (as noted above) in workforce segments that have not traditionally been viewed as business critical or even core to success.

So, where to start? Success will likely be driven by a few key organizational and talent capabilities. Anyone familiar with talent management may recognize them, as they are derived from the talent processes human resource departments have been implementing for years (with varying degrees of success). However, in the case of the global chemical industry, these particular capabilities need to be driven with a substantially higher degree of sophistication and maturity than has traditionally been employed.

**Capability one: Next generation talent acquisition**

The global chemical industry has typically followed a traditional talent-acquisition model, where companies recruit at a few select schools and target students with degrees in chemical engineering. Once hired, graduates are developed internally. Only when the needs arise for specific skill sets do companies divert from this model to recruit mid-career professionals.

**Solution three: Thinking more broadly on STEM**

A recent study on what international students in U.S. programs are studying found that a high, and in many cases growing, number are focused on STEM (see Figure 7).

The implication for global chemical companies is that when it comes to sources of talent, they need to think beyond their borders. Many of these students plan to return to their home country after completing their education. This means that chemical companies will need to engage these potential employees across a global scale and identify innovative solutions to attract and retain them (e.g., robust global mobility programs, satellite offices, global virtual work practices, etc.).

**Solution two: Identifying talent early**

The aerospace and defense industry, also a key draw for STEM talent, has realized that waiting for future talent to be in college before beginning recruiting may be leaving it too late. Thirty years ago the industry launched the Team America Rocketry Challenge where middle-school students in the United States use aerospace design principles to build, test, and fly a rocket. The objective is to build interest in STEM disciplines, aerospace in particular, and to simultaneously engage event sponsors not only as industry leaders but also as attractive potential employers for the next generation of STEM talent.

In 2015 the contest drew 4,000 student participants in 48 states. The results of the contest have been positive, with 81 percent of past participants announcing plans to pursue careers in STEM-related industries (which is good news for the chemical industry).

However, seven out of ten past participants also said that they are a least somewhat likely to pursue a career in aeronautic or aerospace engineering (which is not such good news for chemicals). The global chemical industry is in a position to launch similar initiatives to help with early identification of future talent.

The apprenticeship model that is widely used in Canada, Germany, and Australia is a successful and positive means of identifying talent for high-skilled positions. Most apprentice programs help to align the resources where there is a gap in talent. Apprentices go on to help fill many of the positions that require STEM training.

By the year 2025, it is estimated that 800,000 STEM workers will need to be hired to fill those positions. Solution two is to begin recruiting sooner. The next generation of STEM talent will not be on campus in 2025. 14

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In order to achieve the organizational and talent capabilities required for success, it is likely that each of these business models will employ a correspondingly consistent talent profile (see Figure 6).

**Figure 6: Organizational and talent capabilities**

- **Business models**
  - Natural owners
  - Differentiated commodities
  - Leveraging access to feedstock and scale

- **Organizational and talent profile**
  - "Traditional", efficient organization structure
  - Straight and dotted-line reporting relationships
  - Mature global mobility
  - Critical workforce segments (i.e., focus on those with unique skills that make an outsized impact)
  - Blended organization structure
  - Flexible resource deployment
  - Talent Acquisition focus on strategy, marketing, sales, research and development
  - Innovative performance management
  - Hub-and-spoke organization structure
  - Technology

**Solution one:** Appropriately target talent early

Many universities now have a STEM core curriculum requirement for students to complete. Natural science degrees focus on math, physics, and chemistry and typically develop a core foundation of skills that can be applied to many different sectors. However, the chemical industry has historically focused on chemistry majors to fill its ranks, thereby ignoring the value of students from other disciplines such as physics and engineering. By targeting STEM majors from the very beginning, the chemical industry is in a position to launch similar initiatives to help with early identification of future talent.

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By the year 2025, it is estimated that 800,000 STEM workers will need to be hired to fill those positions. Solution two is to begin recruiting sooner. The next generation of STEM talent will not be on campus in 2025. Solution three is to expand the talent pool.

A recent study on what international students in U.S. programs are studying found that a high, and in many cases growing, number are focused on STEM (see Figure 7). The implication for global chemical companies is that when it comes to sources of talent, they need to think beyond their borders. Many of these students plan to return to their home country after completing their education. This means that chemical companies will need to engage these potential employees across a global scale and identify innovative solutions to attract and retain them (e.g., robust global mobility programs, satellite offices, global virtual work practices, etc.).

**Figure 7: Students enrolled in STEM fields in selective markets**

- **Country**
  - India
  - China
  - Nigeria
  - Brazil
  - Saudi Arabia
  - Mexico

**Figure 7:** Students enrolled in STEM fields in selective markets

**Source:** Deloitte Touche Tohmatsu Limited Global Manufacturing Industry group analysis of data from World Education Services, accessed in September 2015.
Talent acquisition in the next generation will likely be different. Instead of a single-pronged approach, companies will need to recruit across four key dimensions:

1. **Strengthen at the core**: While recruiting at core schools (those schools where companies recruit year after year) has always been key, university recruiting will likely become more competitive as new chemical engineers realize they have adaptable skills that can land them attractive jobs in high-tech, consulting, or even financial services. Depending on its business model, a company may need to focus on recruiting candidates with different degrees (e.g., business majors to do market research) where the employer brand for chemicals may be weaker.

2. **Expand into experienced hire pools**: Given the required new skills and the aging workforce, relying on university recruiting alone to meet talent needs will likely no longer suffice. Companies may need to dramatically improve their abilities to identify, attract, hire, and on-board mid-career professionals. This will require the expansion of internal talent acquisition capabilities and engaging with new talent pools. For example, global chemical companies may now be searching for individuals with sales, marketing, and business strategy skills. They may look to people who currently work in consumer-packaged goods, as that industry develops professionals with some of the best skills in these critical areas. While bringing in resources like these may prove valuable for global chemical companies, it also represents a radical change from tradition and the adjustment will likely bring on unexpected challenges.

3. **Leverage global geography**: Given the demand for STEM graduates, global chemical companies will need to expand their search into the international talent marketplace. This will mean effectively planning for visa needs, establishing locations where there is a good match of talent supply and business demand (e.g., locations with strong education systems and access to feedstocks), and establishing global mobility programs to provide employees international experiences. With that comes the need to evaluate the qualities of the programs producing new graduates. It will also mean building diversity and inclusion programs necessary to retain a more diverse workforce and extract the value that diversity can provide.

4. **Double down on social media**: Social media and Internet job boards have taken over the talent acquisition landscape, yet many companies continue to struggle with them. While it may be tempting to sit back and wait for others to figure out exactly how to leverage these platforms, global chemical companies simply cannot afford to wait. Candidates are using these platforms, and using them aggressively. According to a survey polling close to 2,000 recruiting and human resources professionals spanning across industries, 69 percent expect competition to increase in 2015 and 73 percent plan to increase social media recruiting. The chemical industry needs to be at the forefront of taking this interest and turning it into the full-time employment of top talent. Additionally, companies will need to think past the notion that talent acquisition stops when the offer letter is signed. Enhancing onboarding programs is critical to ensure employees get the right start. Traditionally, onboarding programs have focused on ensuring employees understood policies and had completed basic tasks such as registering for benefits. In chemicals, this often meant employees would spend a significant amount of onboarding time in occupational health and safety classes. However, strengthening the onboarding process to focus on building a sense of connection with the organization can be critical in building employee engagement at the outset. Following are a few best practices to enhance the onboarding program:

   • **Assigning a peer level “buddy” to new hires, particularly high potential new hires**
   • **Setting clear expectations with managers to level-set on responsibilities to ensure a positive onboarding experience for the employees**
   • **Providing managers with tools, such as checklists, to ensure a consistent approach to onboarding**
   • **Instituting formal check-ins at set intervals (e.g., 30 to 40 and 90 to 120 days) to evaluate if employees are successfully acclimating to the organization**

Understanding critical workforce segments can help a business target investments in order to attract, develop, and retain the talent that will matter most. Because the global chemical industry is undergoing massive change at the business-model level, understanding and investing in critical workforce segments is essential. Emerging segments of the workforce will require higher ongoing investment. These same segments may not have been traditionally viewed as critical (e.g., finance in the differentiated commodity business model). They may not be current priorities for executives. However, with robust workforce analysis and prioritization, the proper investments can be directed to these workforce segments that make the difference between succeeding or failing in the new environment.

### Figure 8: Critical workforce segment prioritization matrix

Understanding critical workforce segments can help a business target investments in order to attract, develop, and retain the talent that will matter most. Because the global chemical industry is undergoing massive change at the business-model level, understanding and investing in critical workforce segments is essential. Emerging segments of the workforce will require higher ongoing investment. These same segments may not have been traditionally viewed as critical (e.g., finance in the differentiated commodity business model). They may not be current priorities for executives. However, with robust workforce analysis and prioritization, the proper investments can be directed to these workforce segments that make the difference between succeeding or failing in the new environment.
Capability three: Agile organizational development

In this new environment, global chemical companies will likely have to quickly deploy organizational plans that support new business models. Companies will need to be able to quickly re-design their organization, develop job profiles, assign competencies, and perform workforce transitions to ensure that people with the right skills are in the jobs where they are most needed. They will also need to be able to fill new roles and transition people out of old roles when another transformation comes along. This will require a new or enhanced capability to design, staff, and dismantle organizations, while maintaining legal and regulatory compliance and employee morale. It is not an easy task, particularly in an industry that has relied on traditional operating and organizational models for decades. However, building these capabilities and collaborating with human resources to drive organizational development will bring valuable and necessary flexibility.

Global chemical companies will also need to think differently about how they fill roles, with an eye to flexibility. For example, a project under the Solution providers model may make it to the pilot phase before being dismissed as non-viable. This will leave a number of legacy employees “homeless” and could hamper executives’ ability to halt an unviable project at the pilot stage.

In the new models, relying solely (or even primarily) on balance-sheet talent (i.e., full-time employees) is no longer sufficient. Global chemical companies will likely need to fully embrace the open-talent economy and its mix of balance-sheet employees, contractors, and freelancers to fill roles on either a temporary or permanent basis. Embracing this more expansive view of the workforce will also be critical in overcoming the workforce realities of the industry: the aging workforce, skills gap, and negative perception.

This two-pronged approach – developing at home, while staffing from a broader pool – will make a business faster and more flexible. For global chemical companies, it will be a key tool for meeting demographic challenges.

Capability four: Knowledge capture and management

With so much institutional knowledge set to retire and new workers inadequately prepared to fill the gap, capturing and institutionalizing knowledge has become more important than ever. Typically, when global chemical companies think about knowledge management they immediately focus on technology, believing that building a database of knowledge is the same as owning and controlling it. However, technology alone cannot extract the knowledge that resides in experienced employees’ memories. Nor can technology provide the context needed to make the knowledge usable, particularly for new employees or those trying to develop their skills.

Therefore, as global chemical companies invest in a knowledge-management system, they need to consider the capability integrations, processes, and culture components required to make that system an effective solution. They will also likely need to focus on the following:

- **Integration with learning:** Knowledge has no value if people cannot apply it. Most companies separate knowledge management from learning and development as stand-alone capabilities. These capabilities actually need to be tightly linked, incorporating institutional knowledge in both formal and informal learning programs. This will enable employees to build skills in the areas that have proven to be of the most value to the company.
- **Process:** A knowledge-management system will fail without clear processes that dictate when knowledge should be entered (and when it should not), and when and how data should be cleansed to ensure it is both current and accurate. Without these processes it is too easy for the system to become inundated with old or irrelevant data that is neither actionable nor useful for employees.
- **Culture:** Perhaps the most important and difficult component of building effective knowledge management is building and maintaining a culture where knowledge is valued. In many organizations, knowledge equates to power and prestige, and is closely guarded. Breaking this cycle so that people are rewarded (whether formally or informally) for sharing knowledge is key to success.

The good news is that much of the work around knowledge management (e.g., culture building) can begin with little up-front financial investment. Systems can be developed simply (e.g., a homegrown database) and then expanded over time. The key is to put the process, culture, and integration elements in place first and then grow a technology platform to support these other elements.
The Deloitte Millennial Survey 2015, published by Deloitte Touche Tohmatsu Limited, included responses from more than 7,800 Millennials worldwide and measured their perspectives on the economy and business. While some of the findings were not surprising (e.g., Millennials appreciate employers who make a social impact), there were other distinct insights that are highly relevant to the global chemicals industry. The survey also includes a list of key attributes that Millennials value in employers. Many of them align with the overall objectives of the global chemicals industry. For example:

- 60 percent of Millennials choose to work for an organization, at least in part, because of its purpose. This is a benefit to those global chemical companies that have a strong value proposition making products with social development applications. Ending hunger, for one example.
- Millennials find large-scale, well-established global businesses “twice as appealing” as small organizations. Again, the global chemical industry is well-positioned because many global chemical companies have histories that stretch back a century or more.
- 73 percent of Millennials believe that business has a positive impact on society. This bodes well for global chemical companies that are increasing their focus on environmental solutions and other social issues.

However, there were other survey findings that should give chemical executives pause. For example:

- The Technology, Media, and Telecommunications (TMT) sector was identified as the most desirable, while the global manufacturing industry (which includes the chemicals sector) is one of the least.
- Millennials believe TMT has strong leaders and that the sector can provide them with the most valuable skills. Manufacturing was viewed as not offering the same.
- Millennials do not see the global manufacturing industry making an impact on society, developing individuals, or increasing their wealth, when compared with most other sectors.
- Millennials feel they need to develop leadership, sales, and entrepreneurial skills to be better valued as business professionals. The global chemical industry is not generally regarded as an incubator of these skills.

With these challenges in place, what should global chemical companies do to attract and retain Millennials? Although there is no silver bullet solution, there are a few relevant ideas executives should consider:

- Work to understand the value proposition that makes TMT so attractive. Is it the entrepreneurial aspects of the industry, the ability to work on the latest technology, the opportunity to build networks with strong leaders, or some other combination of factors? Whatever it is, providing it is understood, the global chemical industry may be able to match the value proposition, particularly given the industry’s role in helping shape the future of Advanced Material Systems.
- Reinforce the growing importance of commercial and marketing functions. As the global chemical industry evolves, commercial organizations will become more important. It is time to start promoting this to Millennials, who put a high value on those skills.

Integrating the capabilities outlined above may sound like a lot of work and investment. However, not all of these capabilities are equally important to every business model. For example, knowledge management could be critically important for Natural owners because understanding the nuances that make a production process most effective could be vital for capturing additional margin. On the other hand, knowledge management may be less important for Solution providers because of the new and experimental nature of the business. While it is certainly important to capture that knowledge, the near-term impact may be less critical.

Figure 9 provides a guide for executives as they think about their investments in organization and talent, and make decisions about which business model works best for their operation.
To arrive at a new state of talent management, business-side executives will need to collaborate with and receive proactive support from human resources. However, a recent survey of executives across multiple industries found that current levels of collaboration are insufficient. Executives across supply chain, technology, finance, procurement, and operations had predominantly unfavorable impressions of human resources. Only chief executive officer-level leaders (who typically get direct support from the chief human resources officer) felt that the human resources department was performing well. Interestingly, human resources executives (though less than a majority of them) also gave human resources high marks, indicating a possible lack of self-awareness in the function (See Figure 10).

Figure 10: Performance of the Human Resources function in helping meet talent requirements

| Total  | 27% |
| Chief Executive Officer/President | 54% |
| Human Resources | 48% |
| Supply chain/ logistics | 28% |
| Technology | 27% |
| Finance | 26% |
| Procurement | 23% |
| Operations | 22% |


A true, thorough, and effective rethink of a talent strategy is certainly a difficult task for any company, but it becomes especially daunting in the global chemical industry. It means a dramatic shift in thinking. It means moving away from a traditional model that carries with it the inertia of a century-old record of success. But the global chemical industry is in the midst of great change. New realities call for new models, and new models require new talent capabilities. Traditional engineering and technical skills will still be important, but increasingly, companies will need to find talent from non-traditional sources. The confluence of the traditional and non-traditional will help create the kind of talent pool that will be necessary to compete into the future.

For over a century, companies in the global chemical industry have been taking on and solving some of the world’s most pressing problems, all the while returning billions of dollars to shareholders. Unfortunately, this admirable track record does not guarantee another 100 years of the same. It is only with a true recommitment to talent that companies will be able to navigate the turbulent times ahead and continue to generate shareholder value. The global chemical industry is beginning a new and exciting era. The people working in it will be the catalyst to once again make the industry a leader among sectors and an attractive, exciting place to build a career – but only if executives act now to build those few but critical organizational and talent capabilities required to attract, develop, deploy, and retain the people the industry will need.
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