



WHITE PAPER

# Global Scaling of Strategic Workforce Planning

Lessons from the SWP project developed by Allianz with Boston Consulting Group

October 2022

By Dr. Tatiana Villalobos Baum, Simone Schwemer, Bodo von Hülsen, and Dr. Stefan Menke



Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

Allianz Group is one of world's largest insurers, investors and assistance providers – caring about people, both its 126 million private and corporate customers and its more than 155,000 employees. At Allianz, we care for tomorrow. We care for our employees, their ambitions, dreams and challenges. Together we can build an environment where everyone feels empowered and has the confidence to explore, to grow and to shape a better future for our customers and the world around us. Allianz fosters a working environment where both people and performance matter. Creating a diverse workplace is one of our most important commitments, because we believe in a diverse and inclusive workforce and are proud to be an equal pay company. Ensuring that our employees continuously develop their skills and have the opportunity to reach their full potential enables us to remain agile and responsive.

# Global Scaling of Strategic Workforce Planning

Insurers are transforming their business models faster than ever thanks to today's technology that can digitize manual core processes and enable them to fulfill customer demand for faster, more digital interactions. At the same time, the increasing use of data and analytics is allowing insurers to be more effective by providing better risk assessment and developing individualized offerings and sales activities.

In the medium term, these advances will lead to workforce-demand changes both in the number of certain functions needed, as well as employees' skill sets. Predominantly rules-based manual operations functions, such as claims handling, will require less FTE capacity, while more tech-related functions, such as IT, will require more.

While most companies have a thorough business strategy in place to account for future trends, few mirror it with a people strategy that projects how future skill changes will be anchored in learning programs early on. The importance of a refined people strategy is already more important than ever due to demographic changes in the aging populations of most Western societies. Allianz has adopted the Strategic Workforce Planning (SWP) method developed by Boston Consulting Group (BCG) and made it one of its top strategic priorities. The SWP concept projects future workforce and skill demands and enables Allianz to derive concrete actions that support its workforce transformation.

## Strategic Workforce Planning: A five-step approach

### 1 Definition of unified talent segments

Like so many other companies, Allianz Group previously hosted an employee database that mirrored its organizational structure and captured a list of heterogeneous, organically grown job titles. Previously, no unified references to employee skills had been available.

As a basis for SWP, the company adopted an additional skills-based perspective, creating a catalog of ten talent clusters containing a total of around 100 "talent segments." A talent segment refers to the core skills required to perform a job, independent of its organizational anchoring. Typically, it is expected that within one talent segment, one can rotate individual jobs within 12 months of training. Jobs in claims handling, for example, are allocated to one of two talent segments: standard claims handling or complex claims handling. The line of business in which a person works, such as motor insurance, is an additional indication. One could, for example, rotate from "standard claims handling for motor insurance" to "standard claims handling for property insurance" in under one year.

This talent segment logic has now been adopted around the globe, allowing for a cross-organizational perspective of skills available at Allianz.

## 2 Assessment of current workforce supply

Workforce supply measures the employees and skills available at Allianz. In a do-nothing scenario, this supply decreases over time, due to fluctuation and retirement. Projecting future workforce supply shows a differentiated picture of which talent segment supplies will decrease, and how quickly. The supply projection of one Allianz entity revealed that it would lose more than a third of its current workforce over a five-year time horizon. While this scenario is shocking at first, it also provides a chance to rejuvenate the workforce, shift priorities in activities, and bring in new skills.

## 3 Prediction of future workforce demand

Assessment of future workforce and skill demand is the centerpiece of the SWP approach.

The starting point for the approach was Allianz’s corporate strategy and previously planned initiatives. Based on this, future workforce and skill demand is derived from four categories:

- *Quantitative growth:* Increase or decrease in workforce demand due to growth expectations by entities and departments—typically medium-term plans extrapolated to cover a five-year horizon
- *Digital and non-digital productivity gains:* Expected technological advances and their impact on quantitative workforce demand
- *Required skills:* Changes in skill requirements per talent segment, especially with respect to increasing digital activities and business models
- *Demand for new talent segments:* Requirement for new talent segments, such as in the tech space, that are not yet present within the organization

Accurately projecting the future, especially with respect to digitization, is of course impossible. While Allianz leverages as much expert knowledge as possible, it also analyses different scenarios to simulate changes in economic developments, speed of digitization, etc.

## 4 Analyses of workforce gaps

Combining projected workforce supply and demand reveals the expected surplus or shortage per talent segment on a yearly basis over a five-year time horizon.

Globally, Allianz forecasts a workforce shift toward more tech-/IT-related talent segments such as “data engineering”. These talent segments are labeled “strategic.” At the same time, and counterintuitively, an absolute gap in some so-called “traditional” talent segments such as “underwriting” or “claims operations” is expected over the coming years as growth and retirement outweigh digitization impacts.

Those talent segments that are less relevant for growth ambitions and more heavily hit by digitization will require special attention over time. This means that vacancies in talent segments such as “claims handling” should be filled carefully in the short term to account for the medium-term strategic relevance of the talent segments. Exhibit 1 displays an exemplary workforce heatmap.

Exhibit 1: Exemplary gap matrix with selected talent segments (illustrative)

Talent Cluster	Talent Segment	2022	2023	2024	2025	2026
IT & Data	Application Development	-5%	-9%	-11%	-13%	-18%
	Security Analyst	-5%	-11%	-13%	-15%	-19%
	Data Engineer	-10%	-13%	-15%	-17%	-20%
Sales	Proprietary Sales	-1%	-2%	-4%	-5%	-7%
	Account Manager	-2%	-4%	-6%	-8%	-11%
	Sales Contact Center	-7%	-8%	-10%	-12%	-15%
Operations	Underwriting	-1%	-2%	-3%	-5%	-7%
	Policy Administration	-6%	-8%	-12%	-15%	-19%
	Claims Handler	+5%	±0%	-3%	-5%	-8%
Central Functions	Investment Analytics	-3%	-4%	-7%	-9%	-11%
	Manager	-4%	-6%	-8%	-10%	-13%
	Tax	-2%	-4%	-7%	-11%	-15%
		Surplus				Shortage

Source: Allianz Group and Boston Consulting Group

Looking at it from another perspective, workforce gaps develop quite differently depending on the country. For example, the talent segment “data analytics” is expected to become scarce in Australia, whereas in the US entity there is no pressure point on this dimension in the short term. This demonstrates that actions need to be carefully developed and pursued on a local level.

## 5 Development of measures

Based on the gap analysis, actions can be tailored to meet future workforce demand both in quality and quantity. Allianz closely links the results of SWP with its learning programs on a global level, and the ambition is high. In line with World Economic Forum up- and reskilling targets, 50% of Allianz’s workforce will run through up- and reskilling measures within the next five years. In addition, both persona-based recruiting and sourcing strategies to find scarce digital talent and updated career paths to reskill employees from one talent segment to another have been initiated. In one effort to achieve the latter, Allianz Benelux developed the comprehensive upskilling program “Xcelerate.”

# Key success factors for scaling Strategic Workforce Planning

After piloting the concept, Allianz initiated the global rollout of SWP, incorporating it into its entities' yearly planning cycles at eye level with financial planning. SWP analyses are updated regularly, and the measure's progress is tracked closely. By the end of 2021, SWP had been rolled out to around four dozen entities, which account for more than three-quarters of Allianz's global workforce. To this day, Allianz is continuing the SWP rollout to the remaining global workforce based on key requirements and success factors.

## Success factor 1: Set SWP as a strategic management priority

SWP has been a top management initiative from the beginning. This is reflected in attention to both the rollout of the methodology and the resulting measures—both on a global level and within local entities. Successes and concepts have been communicated early across Allianz to introduce the concept to all its entities. The business value is proven and wide managerial acceptance has been achieved by not only monitoring the implementation of the methodology, but also by measuring the actual impact of the resulting measures and reporting them to the holding board.

## Success factor 2: Assign Human Resources with a dedicated role and team

At Allianz, a dedicated SWP team at the Group level owns and drives the methodology, positioning key account managers at each entity to support the SWP rollout and its implementation. Furthermore, key account managers consolidate and track Group-wide results. On the local level, however, close collaboration between human resources (to provide the methodology) and the business (to identify key demand driver) is essential.

## Success factor 3: Employ a unified global methodology

Implementation of a unified methodology significantly facilitated the rollout across different geographies and entities for Allianz. To ensure a globally unified talent segment catalog, a dedicated governance process has been introduced, with the goal of having talent segments that are as homogeneous as possible and as heterogeneous as necessary. Moving forward, Allianz will continue working on a global tool to facilitate implementation of measures such as learning programs, across all entities, and which will be fully integrated in the existing HR system by linking the defined talent segments first to positions and then to employees.

# Outlook

At this point, SWP has become a relevant strategic tool for Allianz HR that supports the ongoing upskilling transformation. Along the journey, Allianz is continuously refining the SWP concept to be able to support its global entities even more strongly in rolling out the identified measures to close the workforce gap. To provide some vivid examples, Allianz's current agenda includes, among other things:

- Measuring and controlling the impact of upskilling, such as via level of knowledge at the employee level and impact on business KPIs
- Generating a full and transparent overview of recruiting to ensure effective change of the talent segment mix
- Managing expected attrition rates strategically to identify challenges with respect to talent segments with high strategic priority, and also to avoid short-term rehiring within talent segments that will face less demand in the future
- Predicting the impact of workforce changes on personnel costs (for example, based on inflation or shift in talent segment mix)

Only by keeping SWP—with its specific focus on digital skills and the measures developed—high on its agenda, will Allianz be prepared for ever-increasing talent challenge.

# About the Authors

**Dr. Tatiana Villalobos Baum** has served as Group Head of Strategic Workforce Planning at Allianz Group and had operative responsibility for the described efforts in this article. She is looking forward to your email: [tatiana.villalobosbaum@allianzgi.com](mailto:tatiana.villalobosbaum@allianzgi.com)

**Simone Schwemer** is a Managing Director and Partner at the Munich office of Boston Consulting Group and leading People and Organization topics in Insurance. She is happy to receive your email: [schwemer.simone@bcg.com](mailto:schwemer.simone@bcg.com)

**Bodo von Hülsen** is a Managing Director and Partner at the Munich office of Boston Consulting Group is Global Lead of Enterprise Agility in Insurance. Feel free to reach out to him: [vonhuelsen.bodo@bcg.com](mailto:vonhuelsen.bodo@bcg.com)

**Dr. Stefan Menke** is a Partner and Recruiting Director in the Dusseldorf office of Boston Consulting Group and a People and Organization expert in Insurance. You can contact him via email: [menke.stefan@bcg.com](mailto:menke.stefan@bcg.com)

## For Further Contact

If you would like to discuss this report, please contact the authors.



For information or permission to reprint, please contact BCG at [permissions@bcg.com](mailto:permissions@bcg.com).

To find the latest BCG content and register to receive e-alerts on this topic or others, please visit [bcg.com](http://bcg.com).

Follow Boston Consulting Group on Facebook and Twitter.

© Boston Consulting Group 2022. All rights reserved.

10/22

