

## SAP Academy for Early Talent Results In Sustained Sales Performance

SAP  
Best Advance in Performance Management  
September 2018



### Company Background



<b>Company-at-a-Glance</b>	SAP is the world leader in enterprise applications in terms of software and software-related service revenue. Based on market capitalization, SAP is the world's third-largest independent software manufacturer.
<b>Headquarters</b>	Walldorf, Germany
<b>Year Founded</b>	1972
<b>Revenue</b>	€22.06 billion (Total revenue (IFRS) in FY 2016 (preliminary))
<b>Employees</b>	88,500-plus in 130-plus countries.
<b>Global Scale (Regions that you operate in or provide services to)</b>	Worldwide operations in all regions (North America, South America, Asia Pacific and Japan, Australia and Europe).
<b>Customers/Output, etc. (Key customers and services offered)</b>	378,000-plus in more than 180 countries. From pioneering ERP software to new offerings like the SAP HANA in-memory computing platform, SAP innovation goes beyond software — it's developing breakthrough technologies that shape IT and business trends.
<b>Industry</b>	Software
<b>Stock Symbol</b>	SAP SE (XETRA – Frankfurt Stock Exchange)
<b>Website</b>	<a href="http://www.sap.com">www.sap.com</a>

### Budget and Timeframe

<b>Overall budget</b>	€1 million in 2016 (sales-only audience); €3.5 million in 2017 (the audience has expanded to include all SAP employees).
<b>Number of (HR, Learning, Talent) employees involved with the implementation?</b>	Four FTEs in core team plus approximately 80 SAP subject matter experts, supporting content planning, development and delivery; team extended to nine FTEs in 2017.
<b>Number of Operations or Subject Matter Expert employees involved with the implementation?</b>	Two to three SMEs per course during development.
<b>Number of contractors involved with implementation</b>	25-plus companies with approximately 90 individuals involved in content design and training delivery.
<b>Timeframe to implement</b>	SAP is implementing three to six new courses every quarter according to go-to-market/strategic needs and the sales audience skill gaps identified. (Extended to eight to 12 new courses in 2017.)
<b>Start date of the program</b>	Fourth quarter 2013.

### Business Conditions and Business Needs

The SAP Academy for Early Talent was launched in 2014 with the charter to create SAP’s next-generation digital sales force in a global 87,000 employee high-tech organization. As with many high-tech companies, SAP’s business model was rapidly changing, as were the needs and expectations of its customers. To succeed in this new environment, SAP would have to find new ways to transform its sales force, enabling them to guide customers to the Cloud and help digitize their businesses.

SAP had never hired early talent into its sales force before and never had a sales training program, particularly one on a global scale. With the rapid globalization of the market, it was imperative that its sales force not only reflect its customer base but be able to help them innovate their businesses in the digital era.

There was a multitude of diversity challenges that needed to be addressed, including age, gender and thought. The Academy program put an intense effort into hiring the best-fit diverse talent the market had to offer: early talent with zero to three years of experience,

50% of whom were female and across 50-plus market units (many of the market units had little to no existing SAP brand).

This was a significant departure from the traditional sales force demographics, where 79% of hires were male, most were considered experienced and few believed that inexperienced professionals could succeed.

The SAP Academy was established to train early talent in the most current skills, techniques and innovation before being integrated into their customer-facing sales and presales roles. Because this was a net new endeavor, SAP had no track record and no credibility with the business.

As such, the company needed to implement its first rigorous performance management process to ensure the readiness of its next generation workforce. Everything outlined in this submission is essentially new to SAP's organization.

## Overview

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- The Academy training program essentially takes early talent with little to no work experience and develops them to be part of a global enterprise sales organization in a dynamic marketplace. With a nine- and 12-month timeline for sales and presales associates to move into customer facing roles, respectively, SAP knew it had to deliver a closely integrated development experience, including a holistic rigorous performance management framework to accelerate their field readiness.
- To ensure the associates' full accountability in this learning journey and accelerate their growth and development, SAP established a rigorous performance management strategy, centering on:
  - Building critical professional and sales competencies.
  - Acceleration of the learning curve through real-world situations.
  - 360-degree evaluations with robust feedback loop.
  - Frequent, direct and proactive feedback and coaching.
  - Continuous improvement mindset.

By following this strategy, SAP aims to maximize the associates' sales readiness, thereby accelerating their time to productivity in the field. Additionally, the focus on growth and development has been intended to increase overall retention rates, which serves to support the diversification of its sales force.

To date, SAP achieved the following:

- Its associates achieved three consecutive years of sustained performance that is on par or exceeds that of experienced sales professionals across more than 13 lines of business and seven regions. Performance metrics includes: quota attainment, participation rates (i.e., those who have closed a deal) and attendance at “Winners Circle.”
- SAP sustained 90% retention since program inception.
- In 60 countries, SAP sustained 50% female diversity and in four years has reduced the average QC age by five years.

## Design of the Process

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### Competency Framework

As a first critical step, SAP focused on building a competency framework that aligned with the skills and behaviors associates would need to develop to be “field ready.” The company collaborated closely with leaders across the sales organization to ensure it captured the fundamental competencies required to be a successful sales person. SAP also looked at future skills that would be required in the digital era, including a shift in the way it engages with customers and the increasing importance of global intelligence.

Additionally, the company researched learning strategies that have been proven to be most relevant and impactful for the millennial generation. Based on the collective intelligence of its leaders and internal and external learning experts, SAP created a competency framework that includes the foundational business, sales and human skills (such as teamwork, empathy and critical thinking) to prepare associates for a successful career at SAP and beyond as it moves into the digital era, where change is the only constant. This competency framework anchors all of the learning, development and performance management throughout the program.

### Real-world situations

Next, SAP needed to accelerate the learning curve of the associates by building a rich learning environment that is relevant to today's enterprise software environment where everyone needs to develop business models in a global way. The company nurtures a

laboratory-like setting that provides a safe space for associates to explore new ways of thinking, challenge ideas and perspectives — and importantly, to fail.

There is a strong emphasis on “learn-apply,” where curriculum is followed by real-world situations to practice applying what they learned. As the program progresses, the curriculum is reinforced and builds upon previous learnings. Learning scenarios and assignments are relevant, impactful and true to life. Teams are purposefully organized with colleagues from different geographies, genders and backgrounds.

As in life, you don't always get to select your team and must find ways to work effectively together despite language and cultural barriers. This principle is reinforced throughout the program and along with cultural awareness training, serves to build an exceptional level of global intelligence.

Additionally, sales and presales associates are partnered together to present solutions to prospective customers in a real-life virtual account team (VAT) situations, training associates to leverage the skills and expertise of a broader network of complementary roles. Associates are given the opportunity to work directly with customers to solve real business challenges (i.e., participating in design-thinking workshops).

Following the classroom, they engage in hands-on learning while on field rotation in their home market units with structured field activities and shadowing and supporting experienced sales professionals who serve as mentors. They also must prepare and deliver a sales presentation to sales leaders, whose organization they will ultimately move into upon successful program completion.

The tight integration of curriculum with field assignments ensures associates get ample opportunity to apply what they have learned and are focused on the right things to maximize their sales readiness.

### **360 Degree Evaluations to Assess Fit for Sales**

- Associate performance is evaluated frequently throughout the program at key points, including classroom presentations and group activities and following each field rotation. By closely connecting learning with formal assignments and field activities, SAP is able to measure learning and their application of it in different settings and across many evaluators.

- Associates are evaluated across 20-plus scored assignments throughout the program by many roles, including full-time faculty, their direct managers, mentors, sales leaders and peers. SAP very intentionally uses experts and leaders from the field to evaluate associates performance and fit for sales. It is fundamental to the associates' success that these stakeholders have skin in the game, contribute to their growth and development and can assess their level of readiness.

In addition to the technical or subject matter knowledge associates demonstrate, skills such as coachability, attitude and team work also are observed by faculty and direct managers. This provides insight into not only what they are learning but how they operate.

To ensure the highest level of inter-rater reliability across different evaluators, they are all debriefed on SAP's competency and performance framework and uniform evaluation techniques that include evaluation rubrics aligned to the competencies the company measures. Following completion of the evaluations, SAP is diligent in holding calibrations to ensure evaluators applied similar standards in their assessments.

Additionally, closed loop feedback sessions are organized among the faculty and managers of the associates at the end of classroom periods and end of field rotations to ensure visibility into the associates' development and areas where they need more support.

### **Frequent, direct and proactive feedback**

Associates have many interactions throughout the program where they can discuss their progress and areas for development. There are also established checkpoints to ensure they receive targeted feedback, such as:

- One-to-one meetings with their designated faculty lead during classroom periods.
- Regular one-to-one interactions with their direct managers.
- They have "dry runs" for some of the more critical assignments where evaluators provided structured feedback they can use to further prepare for their final presentations.
- They receive structured feedback at the close of presentations.
- Assigned sales mentors provide formal feedback at the close of field rotation.

Additionally, SAP knows some of the most powerful feedback associates can obtain is from their peers. The company therefore leverages “pod coaching” where groups of three to four associates facilitated by one of SAP’s trained staff members engage to support each other in tackling challenges they are dealing with. This approach allows associates to learn from and be coached by their peers while also gaining a greater sense of empowerment, increased engagement and accountability. This approach to peer coaching has been so invaluable to the associates’ development; they continue to practice it beyond the Academy program.

The continual measurement of associates and closed loop feedback among those responsible for their growth and development provides holistic insight into their progress. It allows SAP to attune its teaching tactics and provide the proactive, frequent and direct feedback and coaching associates need to focus their efforts.

### **Continuous Improvement mindset**

In the four years since program inception, SAP has had a relentless focus on continuous improvement. As with any innovative new idea or program, the company is very conscious that it is in uncharted territory and has much to learn.

SAP has been able to continually improve its methods by measuring both quantitative and qualitative data on program effectiveness, such as: associate surveys, analysis of Academy performance scores compared to actual field performance and informal stakeholder feedback.

Through an intense focus on taking the feedback and identifying key levers to improve the overall program experience, give associates more targeted performance coaching and increase the level of readiness of its associates, SAP has been able to gain a greater return on investment.

## **Integration**

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### **Challenges and Strategies:**

- While SAP always had a rigorous performance management culture, it never had a rigorous developmental program of this size and scale. Within the sales organization, the company has only ever measured achievement based on sales metrics such as quota achievement — never on growth and development.

- This has proven to be an enormous cultural shift that SAP continues to address today. Creating a sense of ownership among its sales leadership for the growth of these associates has been a key strategy. At the onset, they are actively involved in the recruiting process and get the opportunity to participate in the selection of candidates. Once hired, associates report into the Academy leadership team for the duration of the program and sales leaders do not absorb them into their sales teams for multiple quarters.
- This means they need to be engaged throughout the Academy experience to support the associates and develop a sense of accountability for their ultimate success. SAP drives this ownership by inviting the sales leaders to the Academy in San Ramon to be evaluators and having the associates deliver sales presentations to them while in the field. This allows the sales leadership to have direct input into associates' sales readiness and to be instrumental to their growth.
- Scalability has been another challenge in executing such a rigorous performance management approach. As mentioned previously, pod coaching was leveraged as a complement to one-to-one feedback sessions with faculty and managers. This provides more opportunities for associates to get the support and coaching they need in a "one to many" setting, which is more scalable. Additionally, SAP has worked with IT to develop a performance database that evaluators use to submit scores associates use to access their individual "scorecards" and documented feedback related to their assignments, via a user-friendly interface.
- As the associates are measured by a variety of different evaluators in the classroom during presentations they are delivering and while they are in the field, it poses a challenge to ensure the company is getting holistic and reliable feedback on their performance. The debriefing with evaluators to ensure they understand the standards against which they are measuring the associates, the regular calibrations among the Academy leadership team and a clear competency framework all aid SAP in getting the most complete and fair feedback possible. Additionally, the company runs regular analysis on performance scores to be able to detect any anomalies or outliers and determine if there is a valid reason for them.



### **Alignment to Talent Management Strategy:**

- SAP has an intense performance based culture and views every employee as a talent. Career development is highly valued, but as mentioned above, has not been valued in the sales organization. The Academy has been leading this cultural shift in sales and changing the expectation that career development is linear and predictable.
- The program aligns very clearly with the performance and talent philosophies through rewarding and recognizing those who go above and beyond to develop themselves throughout the program. Additionally, SAP has moved away from the formal, annual performance rating processes and instead emphasizes continuous dialogue on performance and growth, as well as coaching.
- The Academy approach mirrors this philosophy and SAP has been ahead of the curve in modelling these behaviors and driving frequent, direct and proactive feedback.

## Measurable Benefits

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- In the last four years the SAP Academy has developed and integrated into the business more than 800 sales and presales associates. To date, these associates have achieved three consecutive years of sustained performance that is on par or exceeds that of experienced sales professionals across more than 12 lines of business and seven regions.
- For sales associates specifically, where quantifiable data is much more accessible, SAP has demonstrated that first-year graduates of the program achieve results on par or better than experienced new hires in key metrics such as quota attainment, percentage that have closed a deal and attendance at “Winners Circle” (i.e., sales club for those who overachieve quota). These results are unprecedented and have served to debunk the myth that early talent cannot be successful in a complex, global sales environment.
- After demonstrating a track record of success in the field, many of SAP’s associates now are being promoted into roles of increasing influence and responsibility such as sales leadership and chiefs of staff for executive leaders across the business. These early talent are driving strategic initiatives and providing their unique perspectives to influence business decisions.
- Today, the Academy program is viewed as a “lighthouse” organization-wide and this has helped to shift the conversation and build awareness that growth and development are also critical for maintained organizational success and results.
- The Academy also has been a driving force in the diversification of the sales force. There has been a remarkable shift in both age and gender diversity in the last four years due in large part to SAP’s recruiting and development efforts:
  - In 60 countries, SAP has sustained 50% female diversity.
  - In four years, SAP has reduced the average QC age by five years.
  - The average age of SAP’s hires is 13 years younger than the average sales person.
  - SAP has sustained 90% retention since program inception.



- This diversification will aid SAP's preparedness and agility in dealing with the challenges inherent in a global, digital economy.
- The global intelligence of this cohort is demonstrated by their international mobility — just under 10% have relocated to sales roles in different countries, showing they can be successful in variety of different geographies, cultures and role.
- Year over year, the demand from the business for these associates has increased by 200%. SAP has developed a strong partnership and credibility with its business leaders and today the Academy program is the sole recruiting engine for some of the company's fast-growth markets.

## Overall

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### Lessons Learned

Accountability of business stakeholders in the growth and success of the associates is highly critical. To gain this commitment, SAP first needed to develop a track record of success and its three years of sustained performance has put the company in a position where it can more deeply involve and hold business stakeholders accountable.

Transparency with the business and openly sharing both successes and lessons learned have gone a long way to build trust and credibility. SAP established a quarterly cadence with its key stakeholders in sales and the supporting functions to openly discuss and collaborate on Academy topics that impact the business. Three years into this cadence, participants are highly engaged and invested in these meetings.

SAP also has spent much time and effort in assessing against the competency model it established. While it is still a cornerstone of the development program, SAP learned that the biggest differentiator of those who will succeed and those who will not is whether they have a growth mindset. The company has come to learn that if someone lacks this mindset it is highly difficult to develop and integrate them into a highly performance focused organization. It has become a key criterion that SAP evaluates during the recruiting process, as well as the program.

### Future Outlook

#### Greater Ownership:

- Today, graduates of the Academy program comprise approximately 18% of the sales force and SAP knows it needs to get to 50%. Greater ownership from sales leadership will be essential to achieve this target. Next, the company will enhance its ongoing collaboration with business stakeholders to drive this increased ownership and further accelerate their time to readiness.

#### Deeper Analytics to Drive Performance:

- All key performance metrics are tracked in a database and SAP is in the process of building in powerful analytics to gain insights into opportunities where the company can further accelerate field readiness. For example:
  - Evaluating scores across competencies will allow SAP to tailor learning opportunities based on relative areas of strength and weakness. Team assignments and pod coaching can be organized accordingly.
  - Introducing the skill will paradigm where individuals relative level of skill or aptitude and will or level of engagement are assessed. This provides a baseline to understand an associate's starting point and where they may need more support or coaching. Stretch assignments can be designed or peer mentors designed based on this, with the goal of shifting each associate as close to "high skill/high will" as possible by the end of the program.

#### Paying It Forward:

- Leveraging almost five years of experience, SAP Academy is in the process of creating a forum to share the company's best practices with the rising leaders within its customer base — customers who are facing similar workforce challenges as SAP in the digital age and are keenly interested in learning how to progress forward.



## About Brandon Hall Group

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Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management. With more than 10,000 clients globally and more than 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

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