Santander Group - Leaders Academy Experience

Executive Summary

Leaders Academy Experience: A tool to accelerate Santander's transformation

Santander Group is a Spanish multinational commercial bank and financial services company founded and based in Santander, Spain. The bank looks after 144m customers worldwide and has a proud 161-year history of success. However, in 2015, under its new Executive Chairman Ana Botin, we recognised the need to adapt and remain agile against a backdrop of shifting customer experience expectations, a challenging peer and competitor landscape, and a need to attract, retain and develop top talent who could work positively and collaboratively across boundaries.

The result? Santander introduced a new balanced stakeholder model and three core values: **Simple**, **Personal** and **Fair**, underpinned by eight key behaviours to live and work by: **Show Respect, Truly Listen, Talk Straight, Actively Collaborate, Bring Passion, Support People** and **Embrace Change.**

The group went to great lengths to embed them in existing processes and practices and in deploying them throughout the group. In 2016, a new head of Global HR was hired, and in 2017 they were joined by a new head of Knowledge & Development to update the group's people and culture agenda and to spearhead business and cultural transformation programmes. As one of the first steps, the group's leadership were segmented into three tiers:

- **Promontorio** – c. 40 leaders, in charge of defining the corporate vision, values and strategy.
- **Faro –** c. 240 senior management who are a guide and essential benchmark for colleagues and groups across countries and/or divisions.

- **Solaruco** – c. 2000 middle managers with a key role in implementing the strategy and objectives associated with a country or corporate/global entity.

In early 2018, the Leadership Academy Experience was launched to engage the crucial *Faro* segment of c. 240 leaders, in a continuous learning approach, in line with our business and cultural transformation. Monthly touch points, face-to-face and virtual, exposed participants to high quality interventions about the major trends that shape the bank's markets and businesses.

We are proud to have delivered a ground-breaking, transformative programme, using a new approach to continuous learning, which has exceeded expectations against all key performance metrics. This has resulted in **84%** participation in the programme and tangible differences throughout the Santander Group, with senior managers asking for it to be rolled out to their teams.

The Leaders Academy Experience has changed the mindsets of the people at the top of the business. We are seeing people are more aligned with the changing business, and we are experiencing our people doing things in a more collaborative, innovative, accountable way.

The ultimate impact has been felt across all four of our stakeholder groups: **83%** employees are motivated to contribute to building a bank that is simple, personal, and fair. We have seen a **15%** increase in loyal customers, **18%** increase in profits and a staggering **6.3 million people** have been supported in the wider community.

In sum, the Leaders Academy Experience has had a significant and lasting impact as an effective transformation tool that will carry Santander through to a positive future.

Introduction

This case study provides an overview of the ground-breaking **Leaders Academy Experience**, a tool designed to accelerate Santander's business and cultural transformation.

The ultimate goal was to deliver against our aim ***'To be the best retail and commercial bank by earning the lasting loyalty of our people, customers, shareholders and communities'.***

To do this, we engaged world-leading expertise from both inside and outside Santander Group - and from across the globe.

Our external partners were:

Opinno - a creative network of experts who brought fresh thinking to our virtual sessions and helped to deliver business transformation workshops.

Mind the Gap - supported the design of the overall experience and the delivery of business transformation workshops.

Fraile y Blanco - designed and delivered the technical user experience of our innovative learning platform.

Open Waters - a consultancy who delivered and designed the cultural transformation piece.

The solution was the 'The Leaders Academy Experience' initiative, which invited participants to continually develop themselves anywhere, at any time, and included different pathways to transform both business and culture, achieving outstanding results.

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Section One: The business challenge

Formulating the business challenge

In 2015, under our new executive chairman Ana Botin, Santander introduced a new mission to reflect a shift to a balanced stakeholder model. Our aim 2018 was ***'To be the best retail and commercial bank by earning the lasting loyalty of our people, customers, shareholders and communities'.*** Our aim was for everything we do to be ***Simple, Personal and Fair,*** underpinned by eight new behaviours that would guide our way of working and living.

[See Appendix – Purpose, Aim and Mission]

Our challenge was to embed this new approach throughout Santander, to instil a mindset that failure (and learning from failure) is positive, not negative. We knew from the very beginning that this will be a strong challenge given the traditional culture of Banco Santander and of the industry in general.

We needed our leaders to drive a significant shift in our business and in our people, so that 'Simple, Personal and Fair' became a 'new normal' that transcended what had gone before; building loyalty by making our customer's lives easier, understanding individual needs and acting in an honest, collaborative and innovative way.

Ownership of the challenge

Such a fundamental change in approach needed to be led by global senior leadership, not just HR. The Chairman was the key sponsor of the change.

In 2016, a new head of Global HR and in 2017, a new Global Head of Knowledge & Development were hired to update the group's people and culture agenda and to spearhead a wave of business and cultural transformation programmes.

Connecting to the corporate strategy

Two major group-wide transformation programmes were launched:

1. **Business transformation**

We recognised the need to keep up and stay agile against the backdrop of a shifting landscape. We needed to look beyond the financial services sector and give our customers an experience they would expect from the best-for-service companies; our competitors were changing rapidly and significantly; and our employees expectations were changing too. We had to ensure we could attract and retain the top talent we need - to stay relevant and continue to grow in the future – who are attracted by other industries.

2. **Cultural transformation**

Santander has a proud 161-year history of success, however, we needed to embrace a new way of doing things, to put our employees and customers at the centre of the business. We believe that to have happy and engaged customers, we need to look after our employees first. We couldn't transform the company without transforming ourselves.

Embedding into HR and business processes

The group went to great lengths to embed the changes in existing processes and practices and deploy them throughout the business. We introduced a new digital division to anticipate fundamental changes that digitalization will bring about. We also reconfigured

the segmentation of our Corporate Leadership, moving from two (Top Red and Dir Red) to three populations:

Promontorio (c. 40 leaders, in charge of defining the corporate vision, values and strategy), **Faro** (c. 240 senior management who are a guide and essential benchmark for colleagues and groups across countries and/or divisions) and **Solaruco** (c. 2000 middle managers with a key role in implementing the strategy and objectives associated with a country or corporate/global entity).

This would mean we could pinpoint and manage the leaders who occupy the most critical, influential positions within the Group. A specific value offer was developed in each of the Global HR functions for these top management segments.

In addition, in 2017 the Global Knowledge and Development function created a new Global Learning Strategy that places our employees at the centre and with a 'never stop learning' approach that focuses on continuous development across three axes: leadership, business and cultural transformation. We recognised the need for everyone to be able to learn anywhere, any time, and in a way that suits the individual learner.

Desired impact of the L&D initiative

Our 'Faro' segment (a population of around 240 leaders) was crucial to making the change a success – these leaders held the key to setting the right climate and direction.

Our aim was to help our people learn how to change. To give them the skills to embrace the 'new normal' in light of our new Simple, Personal and Fair cultural framework and the eight behaviours that underpin it.

To do this we needed to instil a mindset of innovation across boundaries; innovating means failing from time to time. Transforming failure into an opportunity and learning from that failure is positive, not negative. We wanted to see our people more aligned with the changing business, doing things in a more collaborative, innovative, accountable way.

[See Appendix – Continuous Learning Experience]

Section Two: The Commitment - from initial brief to actionable project

Analysis of the changes required

Our business performance showed that we were already highly-effective and focused on results. However, we were in the midst of a business and cultural transformation which meant our HR strategy had to change too. We needed to be aligned. So we started to build from scratch what we needed for the future.

The changes we had to implement were focused on embedding our eight key behaviours. To see people taking accountability, collaborating and breaking down silos. This needed to cascade from the top, down.

We looked both inside and outside the group to find the best of what was new and innovative to develop our teams. Our external partners were Opinno, Mind the Gap, Fraile y Blanco and Open Waters.

The result was 'The Leaders Academy Experience' initiative, building upon our new learning strategy, and aimed at the *Faro* segment. It invites participants to continually develop themselves anywhere, at any time, and includes different pathways to transform both business and culture.

Initial commitments

a. **Objectives/deliverables** – this would not be an easy programme to measure. Our objective was to achieve a high satisfaction score for the programme, a high level of participation, and a recognised shift in behaviour which would be demonstrated through a roll-out to senior teams, creating ambassadors for a different way to lead, learn and work at Santander.
b. **Financial parameters** – for such a significant change programme, the budget was set at around 750.000 €.
c. **Stakeholder commitment** – it was crucial for the CEO to be involved right from the first kick-off event, to gain buy-in and explain the 'why' behind the initiative, as this is the key population of leaders right behind him. The Head of Global Human Resources and the Global Head of Knowledge were also involved right from the start.
d. **Timeline & major milestones** - the initiative was designed to be a self-led journey taking one year. The design phase took place between September 2017 and December 2017 and the roll out began in January 2018.

Importance of the initiative to the L&D function

This initiative shone a spotlight on Learning and Development. The L&D function became the catalyst of transformational change – for our business and our culture. It was a completely new approach, moving from a 'pull' approach where courses are asked for and fulfilled, to L&D being ahead of the trends and driving a completely new agenda. We were the first department in HR to work in an 'agile' approach for such a complex project. Success was crucial as the people this course was designed for were the leaders of Santander Group.

Sustainability

We worked with external providers from across the world, to help us structure our thinking and provide insight and fresh ideas which would elevate this programme to something truly memorable, sustainable and well-balanced. For example, Oppino helped to bring in excellent speakers and inspiring thinkers to our business transformation workshops, Mind the Gap supported the design and delivery of the business transformation experience, Fraile y Blanco provided digital innovation and technical support, and Open Waters helped us to design and deliver the cultural transformation piece. However, the design was ours, created on an agile basis and owned in-house.

Section Three: An appropriate L&D initiative

Programme design

To achieve the intended learning outcomes and see a visible shift in mindset around our eight key behaviours, we designed an initiative tailored to the needs of our Faro leaders; structured to include face-to-face programmes, virtual resources and a bespoke online platform. Three key innovations stood out:

- **Digitalization:** This was the first initiative, related to our 'Simple' value, which meant moving away from using up to ten face-to-face programmes, to having just two: One related to business transformation and one related to culture, both repeated twice, with the rest accessed online. In 2019 we are continuing to evolve, now offering just one face-to-face cultural workshop, repeated three times, with business transformation moving entirely online. It's a dramatic change and one of our biggest successes, overcoming our Global Knowledge and Development targets to achieve at least 35% virtual training versus in-person training in the first year.
- **Making it easy:** We translate every session on the calendar into each leader's diary so that they have all the content and information at their fingertips.

- **Gamification:** The initiative was designed to reward participants, giving them virtual 'miles' which they could use for their personal development. The online platform enabled all participants to view their rankings, creating a sense of challenge and competition. The top participants who accrue the most miles are rewarded with the choice of three exceptional learning incentives, provided by Santander:
    - Attend an open programme with other global executives in Silicon Valley.
    - Create their own 'self-knowledge' programme.
    - Join the Singularity University programme of innovation, preparing global leaders of the future.

  This year, the three top 'miles' winners are from Spain, Poland and Argentina.

"Regarding to the training that I'm having through Learning Academy Experience, I would highlight the creation of self-reflection and self-criticism spaces, the incorporation of new knowledges in the field of digital issues, and new tools and soft skills that provides and helps me in the day to day in order to lead and manage my team, especially in this process of business and digital transformation of the Bank"

"In the first place LAEx has given me the possibility of breathing deeply and reflect on those aspects I should improve or do otherwise (personal and professional ones, a real interior reflection). Without a doubt it reinforced my belief that people come first. And it has allowed me to be up-to-date with new technologies and what it is happening in the world (and provoked me to adapt and use as soon as possible).

I have applied the knowledge promoting actions for the transformation in my division and encouraging open mind culture and thinking outside the box in the team." **Leaders Academy Experience Participant**

[See Appendix – Leaders Academy Experience platform]

Learning methods and environment

This was a continuous learning approach. Monthly touch points, either face-to-face or virtual, exposed participants to high quality interventions about the major trends that shape the bank's markets and businesses. Events included the participation of renowned speakers such

as Tao Tao, Director of Business Development EMEA at AliPay, Salim Ismail, Founding Executive Director of Singularity University, and Brett King, Australian futurist, author, and co-founder and CEO of Moven, a New York-based mobile banking start-up.

An innovative online portal provided an overview of the learning journey in an easy-to-navigate calendar.

[See Appendix – Learning Journey Calendar]

Selection/entry requirements

The 'Leaders Academy Experience' was launched to all c. 240 members of the 'Faro' segment. All key dates were fixed in individual's calendars. Crucially, this initiative was not mandatory, but made available on a voluntary basis.

After few months from the kick off, key elements of the initiative were opened up to the 'Solaruco' segment. As our future talent, we felt they would benefit from the resources, virtual sessions and interesting speakers to be able to cascade the Santander way.

KPIs/measurement

Key progress indicators were put in place to measure the learning, including:

- **Engagement with the online platform:** number of interactions, number of 'miles' accumulated.
- **Satisfaction scores:** User experience scores following each touchpoint, whether face-to-face or online.
- **Involvement:** Overall % of participation in the initiative.
- **Feedback:** From participants and key stakeholders.

Section Four: Proven business impact

Quantitative and qualitative indicators

The Leaders Academy Experience is a global, continuous programme which is about changing the mindsets at the very top of the business.

Quantitative indicators of business impact are an acknowledged challenge. However, our learning KPIs provide an overall picture as follows:

- **High engagement with the online platform: 100%** engagement with the online calendar, **80%** engagement with the online tools, over **2.1m** total 'miles' accumulated, which equates to, on average, **14,000** miles per user.
- **Exceptional satisfaction scores:** Our average evaluation rates were: **4.36 out of 5** for the Virtual sessions and a **4.68 out of 5** for the F2F sessions. In comparison with other virtual sessions, which typically score around 3.7 out of 5, this is quite high.
- **Above average participation:** Overall **84%** of participation in the initiative. This is highly significant as this was not a mandatory course, it was an 'experience'.
- **Overrun of** the overall Global Knowledge and Development target to achieve at least **35%**, virtual training versus in-person training (starting point was 0% virtual training for executive population). This programme consisted of predominantly virtual sessions, with only two face-to-face sessions.

Qualitative indicators of business impact included:

- Verbatim evidence from participants and key stakeholders.
- Recognition through external benchmarking of our Global Knowledge and Learning function – specifically, EFMD CLIP accreditation.

Changes caused

We are proud to have delivered a ground-breaking, transformative programme on time, on budget (spending 742.000 €). This is a continuous global initiative with no defined start or end point. Despite that, we have exceeded expectations against all of our key performance metrics and we are seeing tangible differences throughout the Santander Group.

The Leaders Academy Experience is about changing the mindsets of the people at the top of the business. We are seeing people are more aligned with the changing business, and we are seeing people do things in a more collaborative, innovative, accountable way.

Another Leaders Academy Experience Participant says, *"Firstly, the [Leaders Academy Experience] LAEX has provided me with high level training courses and presentations, transmitting in a very clear and simple way the main strategic ideas about transformation of the group.*

Secondly, it has provided me not only with ideas, but also the tools to communicate these ideas to the team, through our behaviour and through simple actions with a big and quick impact on as many people in the team as possible.

Thirdly, I think that continuing these actions throughout the year has built up a network between different people in the team and has demonstrated that the team is putting the values into practice daily, transforming ourselves in a natural way.

This means that we have become a more cohesive team with a bigger commitment and with a bigger impact on business"

Ultimate impact on business and customers

The Leaders Academy Experience is achieving outstanding results, in line with our renovated aim **"To be the best open financial services platform by acting responsibly and earning the lasting loyalty of our people, customers, shareholders and Communities"**.

The impact on our stakeholders:

Employees who are more motivated and committed:

- **83%** employees are motivated to contribute to building a bank that is simple, personal, and fair.

Customers who are more satisfied and loyal:

- 19.9 million loyal customers in 2018, an increase of **15%.**

Profitability and sustainable growth for our **shareholders**:

- **18%** increase in profits in 2018.

More investment in our **communities**:

- **6.3 million** people supported in 2018.

[See Appendix – Stakeholder Impact]

To put the Leaders Academy Experience in context, the 'Faro' segment consists of c. 240 leaders of a Group which is composed of 202,713 professionals across the globe, and 144million customers in markets whose total population surpasses 1 billion.

Of our 144m customers, almost 20 million are defined as 'loyal' customers (undertaking the majority of their banking needs with Santander rather than other financial institutions), an increase of **15%** in 2018, and we have seen an exponential increase in 'digital' customers (undertaking the majority of their banking needs online or virtually, as opposed to traditional channels such as visiting a high street branch), rising by **26%** to 32 million customers in 2018.

This illustrates our potential for organic growth through driving loyalty and digitalization of our customers – and the critical nature of the Leaders Academy Experience.

We also have 4.1 million shareholders and have helped 155,000 people through scholarships, grants and agreements with universities and academic institutions.

Furthermore, the Group sustains impressive market shares across its top ten markets: Spain, Germany, Poland, Portugal, United Kingdom, Brazil, Mexico, Chile, Argentina and United States, leading us to achieve 3rd bank in the world and 1st bank in Europe as ranked by Dow Jones Sustainability Indices.

Stakeholder perspective

Santander Group achieved EFMD CLIP reaccreditation in September 2018. The Leaders Academy Experience achieved glowing recognition as the stand-out highlight in their report:

"The Peer Review Team (PRT) was impressed by the high participation level and by the degree at which the interviewed senior managers have followed the approach and asked for rolling it out to their teams. They have truly become ambassadors for a different way to lead, learn and work at Santander. The PRT would like to commend Santander for successfully kicking off from the top a new way of learning…and a business and cultural transformation. This is not always the case, for lack of courage or 'air cover' to effectively engage the top of the house. [Santander Group Knowledge and Development] achieved a significant increase in change readiness of senior management (although not measured quantitatively), as an essential precondition for deep change to really happen. The Leadership Academy has clearly taken effect as a tool of transformation".

Significantly, the first Point of Excellence in the CLIP report commended the Leadership Academy as a tool to accelerate Santander's transformation. The report also highlighted Santander's *"effective co-creation (with client systems) of their learning programmes".*

In conclusion, in the words of **Jose Antonio Alvarez, CEO, Santander Group**:

"We had to transform our culture whilst simultaneously transforming our business model… by taking a training journey that will enable us to make the personal and professional improvements to lead by example… we will have leaders and we will be better equipped to lead the Bank in the 21st Century".

[See Appendix – Watch the Video: Jose Antonio Alvarez]

Excellence in Practice AWARDS

EFMD Learning & Development Partnerships

Santander

LEADERS ACADEMY EXPERIENCE

Leaders Academy Experience: Accelerating Transformation

APPENDIX

2018 Purpose, aim and mission

Our **Purpose**

To help people and businesses prosper

Our **Aim**

To be the best retail and commercial bank by earning the lasting loyalty of our people, customers, shareholders and communities

Our **How**

Everything we do should be **Simple Personal Fair**

The behaviours that guide our way of working and living

8 key behaviours

SPF BEHAVIOUR GUIDE

Show respect
"I show respect and I treat others as I would like to be treated, acknowledging and appreciating one another's differences".

Truly listen
"I listen and have empathy, to understand others' needs".

Talk straight
"I talk straight and adapt to others and the specific context, speaking out constructively".

Keep promises
"I keep my promises and I am consistent in everything I do".

Actively collaborate
"I actively encourage co-operation to find the best solution for my customers and colleagues".

Bring passion
"I bring passion and energy and I give my best to earn the lasting loyalty of my customers and colleagues".

Support people
"I give support to people in their development, providing feedback and appreciating their contribution".

Embrace change
"I embrace change, bringing innovative solutions and learning from mistakes".

Simple | Personal | Fair

Continuous Learning Experience

Santander

CONTINUOUS
LEARNING
EXPERIENCE

Never stop learning is our global learning strategy. It is an invitation to continually developing ourselves in any interaction, at any time.

Now, we are happy to introduce the new global learning model:

Continuous Learning Experience

Santander

THE LEARNING EXPERIENCE

PRINCIPLES

01 Learning is an appealing Journey

02 Content can be approached in multiple ways, available 24/7

03 Participants take a proactive role. The experience is what matters

04 There is always a transformation. You will become an Activist

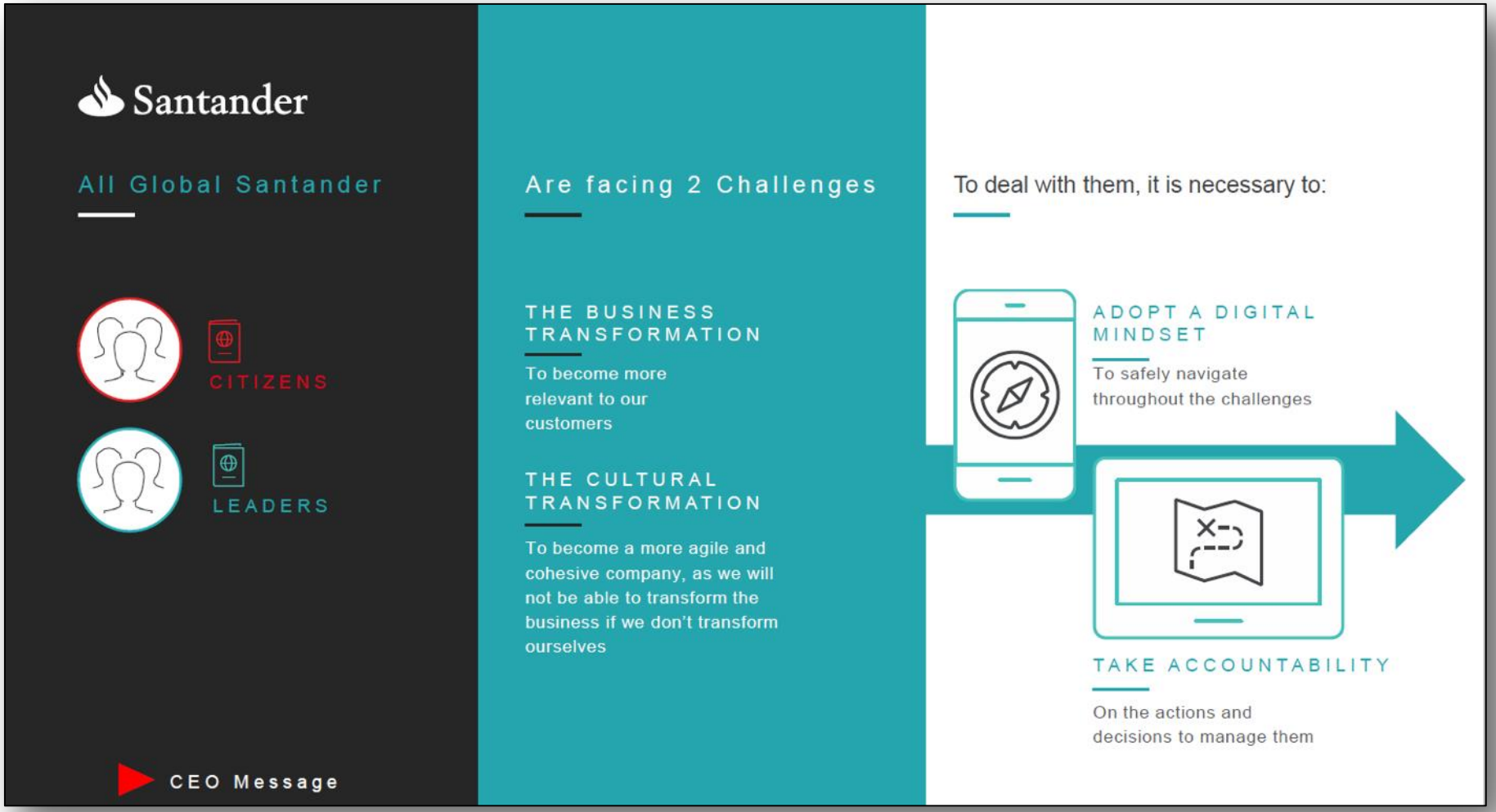
MOMENTS

MAIN CHARACTERS

Global Santander CITIZENS

Global Santander LEADERS

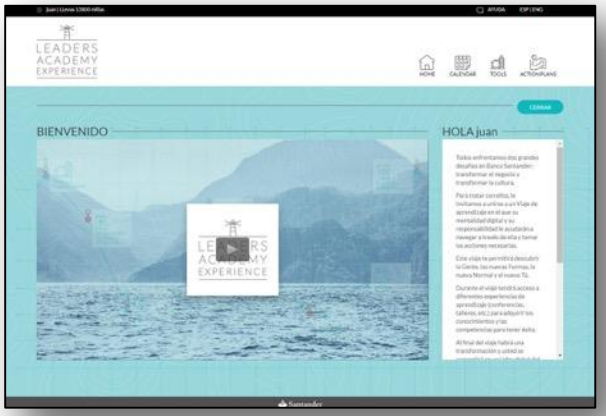
Continuous Learning Experience

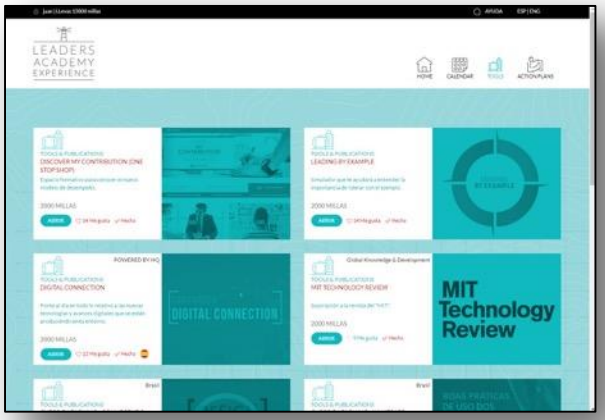


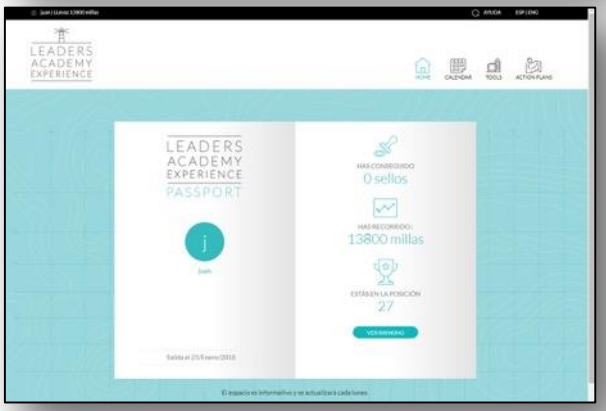
Continuous Learning Experience

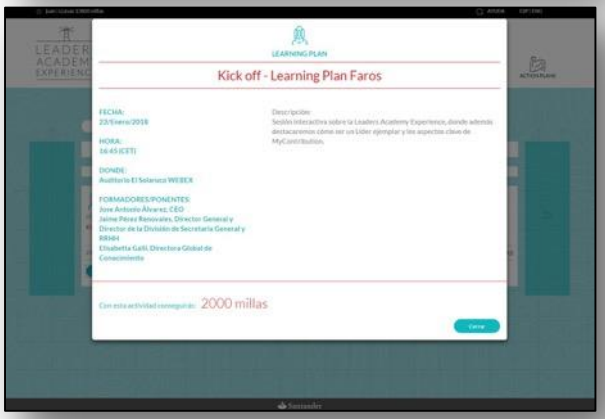
Continuous Learning Experience

Leaders Academy Experience – innovative platform

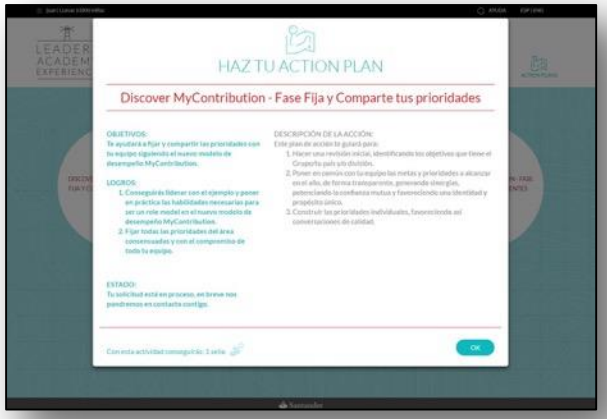


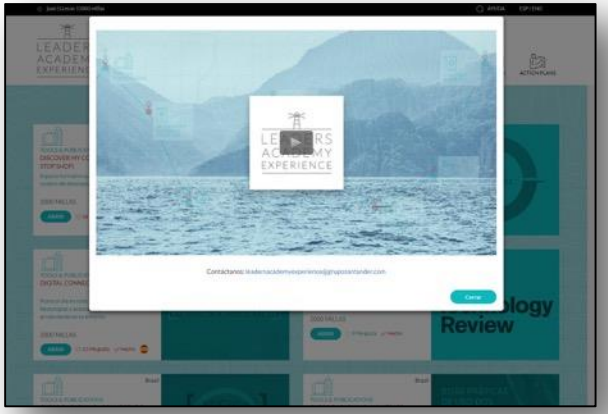




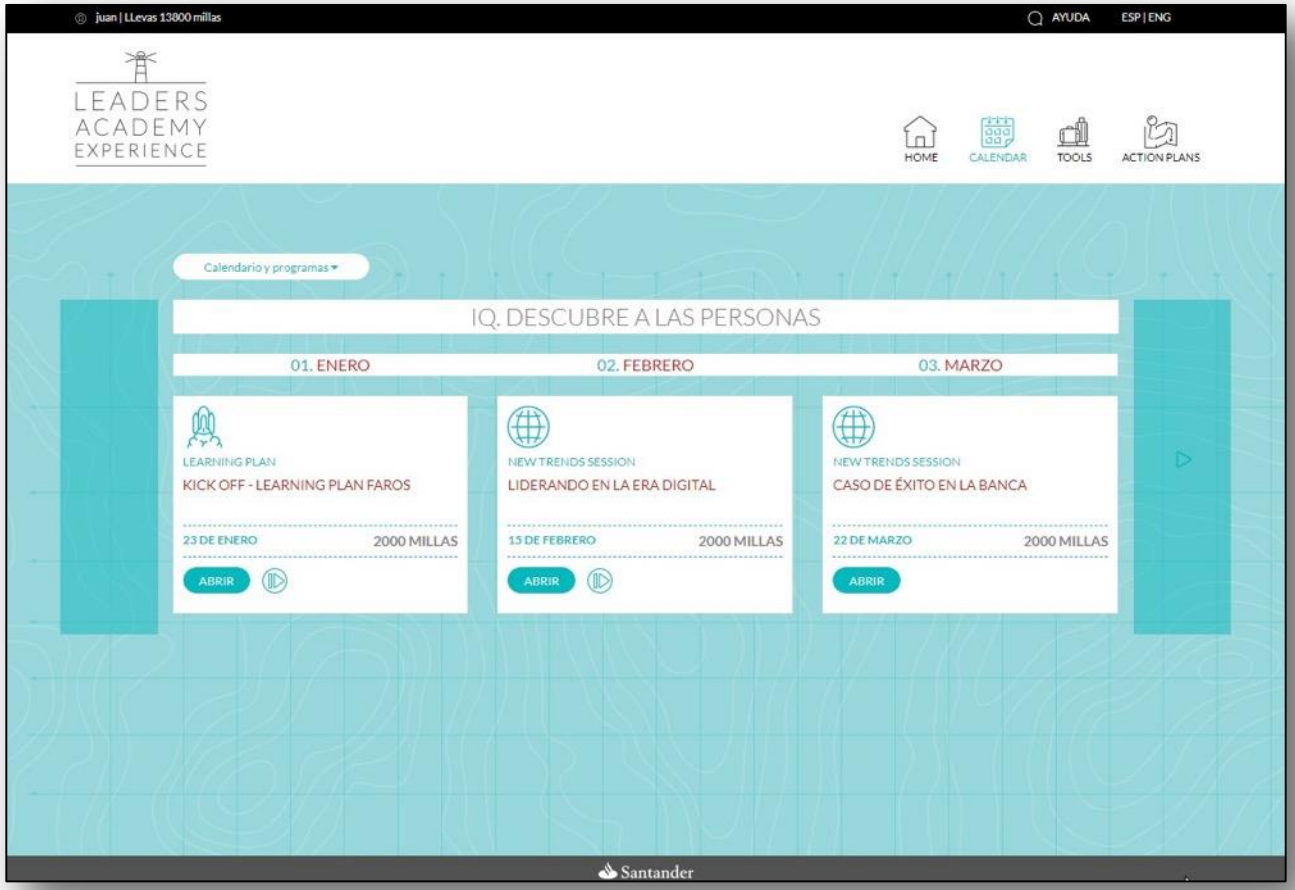


Leaders Academy Experience – innovative platform





Learning Journey Calendar



Stakeholder impact

Watch the video

Jose Antonio Alvarez, CEO, Santander Group explains the importance of the Leaders Academy Experience. Click to watch:

Link: https://vimeo.com/251323213

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