



EMCC company network

Managing the challenge of an ageing workforce – Case example Deutsche Bank

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In a seminar organised for members of its Company Network, the European Foundation for the Improvement of Living and Working Conditions explored policies and practices associated with managing an ageing workforce. The seminar 'The workplace of the future - managing the challenge of an ageing workforce' was held in Vienna, Austria, on 4-5 March 2004. The German financial services provider, Deutsche Bank, was one of the three companies presenting their approach and experience to an audience of 60 participants representing a wide range of stakeholder groups (businesses, employer and employee organisations, government representatives) from 12 EU Member States.

Box 1: Overview

To address the challenge of assuring the future effectiveness and employability of its workforce in a global context, Deutsche Bank developed a diversity strategy and set up a team to support its implementation. This diversity strategy aims at maximising staff motivation and productivity by means of close cooperation between employees who differ in such areas as age, gender, culture, religion, sexual orientation, lifestyle and physical disability. With its diversity strategy, Deutsche Bank has set a path from human resources management to a business strategy for success.

New learning, teaching and work models were initiated. Employees built up experience and knowledge in fields outside their immediate function. Younger and older employees worked increasingly together in teams or 'tandems', thus ensuring transfer of experience on the one hand and absorption of energy and ambition on the other. The challenge is to enhance employability, flexible enough to suit the needs of individuals, while being adaptable to all employees in all life-cycles.

To adapt to and manage the challenge of demographic change, Deutsche Bank sees its diverse workforce as an important asset. The company's goal is to have sufficient numbers of young people in the workforce; to attract, recruit and retain people with different cultural backgrounds; and to keep people employable throughout their working life. In this context, demographic change is a diversity issue for Deutsche Bank, and diversity is its answer to business needs changing over time.

Company profile

Deutsche Bank is a leading international financial services provider with its headquarters in Frankfurt a.M. in Germany. The bank serves more than 13 million customers in 76 countries worldwide. More than half of the bank's staff of 67,700 people are based outside Germany. Within the 25 Member States of the European Union, the bank has a sizeable presence in the United Kingdom, and is also present in Belgium, Italy, Poland and Spain through its own branch network. In 2002, Deutsche Bank generated a total revenue of €26.4 billion, with over 65% of these revenues coming from outside Germany. As a corporate 'citizen', Deutsche Bank commits a total funding of €40 million to community and cultural projects worldwide.

Since 2002, the bank is organised in three groups: Corporate and Investment Banking (CIB), Private Clients and Asset Management (PCAM) and Corporate Investments (CI), each headed by distinct operating committees. Within these groups, the company has seven core businesses: global markets, global equities; global corporate finance; global banking division; private and business clients; private wealth management and asset management.

In this context, the bank offers its customers a broad range of first-class banking services, including an all-round service for private customers, which extends from account-keeping, to cash and securities investment advisory and asset management. Corporate and institutional clients profit from a full product assortment characterising an international corporate and investment bank – from payments processing and corporate finance to support with public flotation and

advice on mergers and acquisitions. Furthermore, Deutsche Bank is the only European bank to have reputable sales and trading operations simultaneously in the United States (US) and Asia. It was the first German bank to be listed on the New York Stock Exchange (NYSE) in 2001.

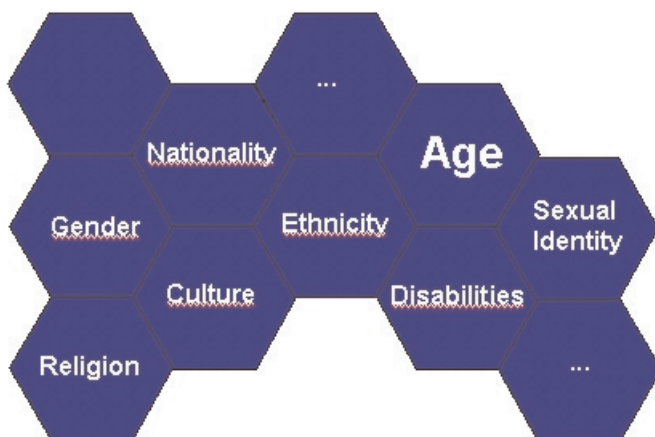
In addition to the three business groups mentioned above, the bank operates the ‘Corporate Centre’, which is responsible for guiding strategic implementation of group initiatives, including audit, risk management and human resources.

For further information on the company, please visit the bank’s website at <http://www.deutsche-bank.de>.

Deutsche Bank: Diversity as competitive advantage

The Deutsche Bank developed and implemented the ‘Global Diversity Strategy’ as part of its overall business plan to become and remain one of the industry’s leaders worldwide. Such globalisation and internationalisation require a diverse workforce. The global diversity strategy anticipates the type of employees the organisation will need to answer the challenges of its planned growth. It stimulates cooperation between employees who differ in, for example, age, gender, culture, ethnic background or lifestyle. The strategy focuses on age groups, as well as on groups likely to be underrepresented in the company and in management positions, for instance women and ethnic minorities.

Figure 1: *Diversity management in Deutsche Bank*



The bank firmly believes that the diversity approach fosters an inclusive work environment, in which all employees contribute to their full potential, and in which diverse teams maximise performance. This will support the bank on its way to industry leadership. Part of the global diversity strategy is to promote cooperation between the various generations in teams and projects. Deutsche Bank also participates in the European initiative to improve working conditions of the elderly, the EU project Respect.

Age diversity as business strategy

The ageing of the workforce in Europe as well as an anticipated lack of experience among the younger generation in the future raises the intrinsic value of older staff. Thus, ‘age management’ is essential today. In Germany, early retirement used to be common, but is becoming too costly a practice - an issue given much attention by the German media. Deutsche Bank realised that early retirement is not only costly in financial terms, but also, and perhaps more so, in terms of the loss of experience needed to strengthen the bank’s planned continuity and growth.

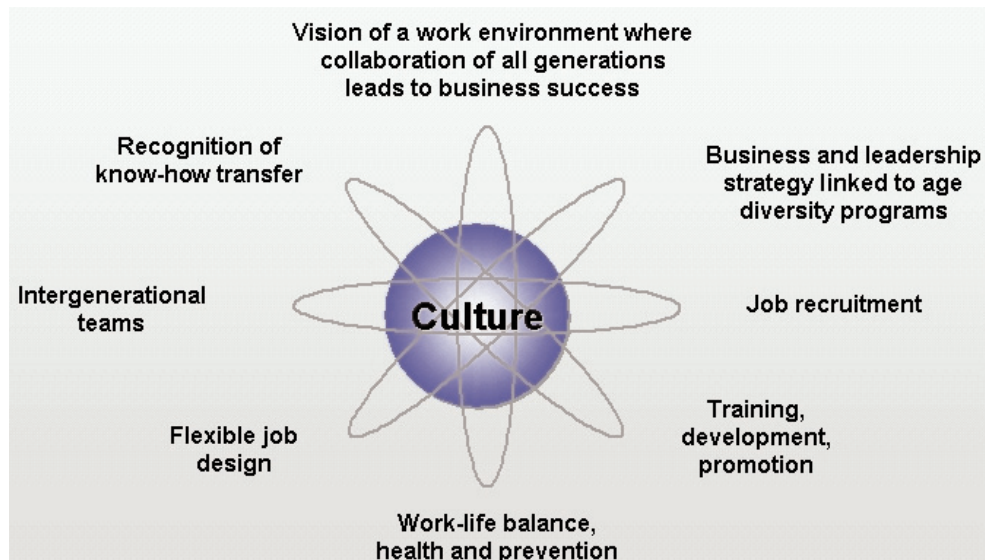
Deutsche Bank talks about an ‘advanced or experienced professional’, not an ‘older employee’. The reason is that an age label is discriminatory, irrelevant and, to some, injurious. The value of a particular employee lies in their knowledge and experience, usually related to age.

Age diversity, or the spread of age groups within the organisation is sound business strategy. The specific reasons for supporting it are:

- Demographic change – As the numbers of younger staff decline as a proportion of the whole workforce, the importance of retaining advanced and more experienced employees increases. This results in a strategy promoting intergenerational cooperation.
- Customer needs – The age structure of the bank’s customers and the variety of their needs should be reflected in the structure of its employees. This is a key element of Deutsche Bank’s strategy that customers face bank officials of their age group, who have a better and more sensible understanding of their needs.
- Knowledge management – Advanced and more experienced employees have special knowledge and relational skills based on experience, while younger employees usually have a fresh original outlook, knowledge and energy resources. These can be beneficial to more senior people. In this context, age diversity encourages the transfer of knowledge and experience between the generations.

The task is not just to focus on sustained productivity and work satisfaction of the ‘older employees’. Deutsche Bank wants a business culture where advanced and more experienced employees are appreciated as an integral part of the synergy between the generations. Age diversity is about having people of all ages working together and learning from each other.

Figure 2: *Developing a culture that integrates all age groups*



Age diversity initiatives and activities

Flexible and tailor-made

The bank does not believe in a standardised programme fitting everyone everywhere. Initiatives and activities have to be flexible and cater to the needs of individuals. The approach uses building blocks; it builds on existing systems and uses the experience gained with one initiative as the ‘stepping stone’ for developing the next one.

Box 2: Employability initiatives

‘Employability initiatives’ are part of Deutsche Bank’s business culture. It gives employees the opportunity to take the initiative to improve their own employability. They can ask for the training that they feel they need, for example, skills training or a language course. The choice is entirely up to the employee. Some age diversity initiatives copied this system and developed it further for the benefit of the ageing workforce.

Experience sharing model

In the experience-sharing model, project teams make use of the personal knowledge and experience of an older employee. The advanced professional acts as a mentor.

Box 3: Example of experience sharing

A project manager in the Quality Assurance Group had the task of implementing new software in Spain, which had already been tested in Germany. For best results, she needed someone on her team who was familiar with Spanish culture, versed in Spanish business customs and fluent in the language. The Corporate Centre arranged for a suitable and knowledgeable employee for the project, who was Spanish by birth and had worked for the Deutsche Bank in Spain for some time. Although this employee had no background in the specific subject of implementing software, she provided intercultural competence and language proficiency. The team worked well together. The project manager and her team appreciated the employee’s contribution, while the employee also gained a new professional perspective. The Spanish employee considered the investment in training and support for her – not a young trainee, but an elder, experienced employee – to be proof of the bank’s appreciation of her experience.

Intergenerational team model

The intergenerational team model promotes the cooperation between younger and more experienced employees within one project team. Both generations learn from each other by taking turns at being teacher and learner.

Box 4: Example of an intergenerational team approach

Two experienced employees joined a project team as ‘delegates’ seeking to improve the services offered by the Corporate Centre. Both of the advanced professionals came from different departments and provided important input for the success of the project by ‘playing the client’. Instead of showing off as teachers knowing everything about service and customer satisfaction, they contributed by behaving as the client. By doing so, the two experienced employees learned new methodologies and teaching methods from the Corporate Centre, while the original project team gained valuable insight into customer demands. In the end, both sides assessed the cooperation as value-adding. The project team later expressed the wish to continue working in this way as they had been very productive.

Know-how tandem model

Know-how tandems are typically two employees, one 'younger' and one 'experienced', working together. Both teach and learn, with the emphasis on the younger learning from the more experienced.

Box 5: Example of a know-how tandem

An experienced customer advisor cooperated with a junior customer advisor in the private banking division. They formed a know-how tandem for the development of customer contacts, sales skills, transfer of knowledge on IT topics, and optimising customer hand-over. Both advisors acknowledged in the evaluation that they had learned from each other. Working in tandem gave each a yardstick for their skills and provided an incentive for further learning. Succession planning also worked more smoothly and the junior employee acquired an excellent basis for advising clients and building customer relationships. Both employees confirmed that their customers profited as well, as the tandem ensured improved service.

Specific models for the ageing workforce

Activities specific to the ageing workforce have also been initiated, for example, the 'X% job'. This job is about building up knowledge and experience in fields outside of one's own function within a previously defined timeframe (X%). In this case, the advanced professional is the learner.

Box 6: Example of a good practice: the X% job

An experienced professional in the real estate department spent two to four hours a week for a given time with an external service provider. He was introduced to the other company's processes and took part in their team meetings, with a special emphasis on communicating with colleagues from this company. Learning the management strategies and procedures of the external company proved of value both to the professional and to the bank. Indeed, the home department of the delegated employee showed great interest in the acquired insight and knowledge, since these helped to optimise their own processes.

As people grow older, their needs change. Health requires more care, and the balance between private life and work is valued differently. Special training is given to help people handle these needs.

Strategies and activities for older workers can also be valuable to other age groups. There may be specific needs linked to ageing, but the underlying principles of respect, personal and professional growth, and flexibility are universally desirable.

Benefits of the age diversity approach

The key benefits of the approach are a more efficient and motivated workforce as well as a preservation and transfer of knowledge. Another benefit is the positive effect on the company of becoming a learning organisation, offering intergenerational and life-long learning.

Success factors and lessons learned

All initiatives must improve competitiveness and prospects for profit in order to obtain unstinting management commitment. Without this commitment from top management, implementing a programme becomes extremely difficult. Real win-win situations for all participants are essential for the success of the initiatives.

Programmes must be flexible: a high flexibility of learning and mentoring models is recommended to meet individual demands of participants. This means using building blocks of models that are flexible enough to fit individual needs. At the same time, initiatives and activities should be designed in such a way that they can be adapted to the needs of a wide range of employees at different stages of their life and career cycle.

When aiming a programme at older people, companies should avoid involving exclusively older staff, as they can feel stigmatised. They should seek to integrate all age groups in such initiatives. At the same time, terminology plays an important role: using 'experienced' or 'advanced' instead of 'old' or 'senior' is more appropriate when describing people over 50 or 55 years of age. The issue of managing an ageing workforce in future cannot be limited to looking at older people – organisations need to have a broader perspective and include all age groups.

Experienced and more advanced employees have to be their own ambassadors, look after their own interests and learn how to market their experience in the organisation. Programmes provide support and offer opportunities, but a lot depends on the individual.

In spite of all the policies and measures to retain ageing employees, there will always be people who no longer fit. Nonetheless, it impacts negatively on the credibility of programmes when a person aged over 55 leaves.

Programmes need time to become fully integrated and accepted.

Challenges for the future

The importance of knowledge management has long been proven. Managing an ageing workforce equates to proper knowledge management; thus age management is in fact knowledge management.

Not only knowledge and experience count; experienced staff must retain their creativity, innovation and openness to change. A key challenge for ageing staff is to look forward and not to rely overly on past experiences.

For Deutsche Bank, the immediate challenges of its age diversity initiatives include the need to:

- Integrate diversity into existing human resources (HR) practices.
- Maintain a life-phase oriented HR development strategy.
- Reward knowledge transfer between generations. This means creating confidence that experienced employees who pass on their knowledge to younger colleagues need not be afraid of being replaced by them.
- Make career opportunities transparent and explicit for people to be willing to engage in cross-generational initiatives.
- Look to medium-term instead of short-term planning for recruiting, developing and retaining talent. This should include a stronger focus on the employability of employees throughout their working life to prevent dead-end careers, in which the abilities of those aged over 50 no longer have a profitable application.

Deutsche Bank's programme of age-related initiatives and activities is relatively young. Many are still in the pilot phase and have not yet been implemented outside Germany. The next major challenge will be to export Deutsche Bank's success stories to subsidiaries in other countries.

For further information on Deutsche Bank's diversity strategy, please contact Dr Ute Drewniak at ute.drewniak@db.com.