Upskill, reskill or hire? A guide to smarter skill development

Future-proof your organization by revolutionizing your talent acquisition and training strategies

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The pandemic has forced many business leaders to realize that the skills they'll need inside their organizations in the future will not be the ones they've needed in the past. The quick shift to working remotely exposed the gaps in the capabilities of many organizations and their people. But it's also led to employees demanding more autonomy and wanting to engage in more strategic work.

At the same time, more companies are automating day-to-day tasks, which then frees up their staff's time to innovate and focus more on growing the company.

With all of that in mind, organizations are now looking for people who have a mix of soft, technical and digital skills, according to PwC's Talent Trends 2020 report. Going forward, those soft skills—critical thinking, clear communication, empathy and more—will become increasingly important.

There are three main ways businesses can manage skills shortages: hire new talent, reskill current staff or upskill employees.

Creating a workforce with the right mix of skills has always been a challenge for companies, and 74% of CEOs are concerned about finding skilled workers. That problem will likely only increase as the definition of work, and the needs of employees, evolve in a post-pandemic environment.

So, what can companies do?

There are three main ways businesses can manage skills shortages: hire new talent, reskill current staff or upskill employees. Let's examine each approach.

1. Hiring new talent (and why it can be problematic)

Companies often hire new talent to acquire the skills they need, rather than training their current staff. It may seem like a simple solution to a complex problem, but there are potential issues with this approach.

- **Talent can be scarce**
  These days there simply aren't enough people in the market with the skills most organizations need. Even if you can find the experience you need for your business today, those skills may not evolve alongside your company. The share of core skills that will change in the next five years is 40%, and 50% of all employees will need reskilling, according to the World Economic Forum's (WEF) **Future of Jobs Report 2020**. At that pace, even new hires will require training within a shorter period of time.

- **Hiring takes time and money**
  It can cost companies thousands of dollars to hire a new employee, not to mention the weeks it could take to find the right person. Beyond that, there's an additional productivity gap between onboarding and integrating those new employees into your organization.

- **Institutional knowledge matters**
  An employee who's worked for your organization for years has an in-depth understanding of both your culture and your customers. They're also already comfortable with your corporate structure, and they're adept at using the tools, systems and vocabulary that may be unique to your company.

2. The reality of reskilling

Training can deliver huge benefits to the organizations that do it well. In fact, <u>66% of employers</u> expect an ROI for upskilling and reskilling within one year. But while both are important, they mean different things.

Reskilling involves teaching employees new skills so they can do different jobs than the ones they have today. It often requires looking for people with "adjacent skills" that are close to the new capabilities your organization needs. Reskilling provides a learning experience that enables a lateral move from one job to another.

Companies estimate that, by 2024, approximately <u>40% of workers</u> will require up to six months of reskilling. And nearly all business leaders, 94%, expect employees to pick up new skills on the job.

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Employees also want to see more significant investments in their development, with a <u>recent PwC survey</u> finding that 77% of workers are ready to learn new skills or completely retrain.

3. Why upskilling is essential

Upskilling goes further than reskilling by delivering continuous education that allows your people to advance their careers in more meaningful ways. It's more focused on helping staff think strategically, critically and holistically, across the entire organization, while teaching them tools to help them automate day-to-day tasks. That then frees up their time to try new roles and think more about the big picture.

For companies, it's much easier to close skills gaps through upskilling than anything else. Because employees are learning how to deftly use digital tools and are getting a better understanding of the business, its changing

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processes, and the jobs that will be needed for the future, your people can take a much more active role in driving innovation and transformation within your business. You're also teaching employees how to learn, which means your staff will be that much better prepared for an accelerated pace of change.

Understand the skills you need

Before you can start upskilling, you should understand what skills your workers already have compared with the skills they'll need in the future.

Here's a five-step plan for identifying skills gaps and mismatches to help you assess current and future business needs:

Step 1: Forecast

Before you can figure out the skills you'll need in the future, you need to do some forecasting. Gather data—from your business, industry, customers and other sources—to determine the many forces that could impact your organization in the years ahead. While every industry's needs will be different, automation is one area that will likely impact everyone. Indeed, more than three-quarters of CEOs believe the move to embrace automation will endure well beyond the pandemic, according to **PwC's 2020 CEO Panel Survey**.

Step 2: Assess your workforce capabilities

Know what kinds of skills your team has today. This can be challenging, since many employees aren't fond of taking skills assessments without a clear understanding of what they'll gain. You may need a technological solution that can measure your company's current skill sets and help you identify the gaps.

Step 3: Understand your organization's culture

People are at the heart of every company, which means you have to get them on board with any upskilling initiative. To do that, you should understand the cultural behaviors within your business and then use them to help drive the changes you want. In turn, your transformation can happen with less effort, time and expense.

Step 4: Identify skill gaps, mismatches and your current pool of skills

One of the challenges with understanding skills gaps and emerging competencies is that the methods companies use to assess their workforce are often manual, fragmented or piecemeal. Instead, use a data-driven solution that can analyze your skill gaps in a consistent way across your business. This can help you deliver a more realistic snapshot of your workforce skills profile. Bonus? You may find you have workers with skills relevant to an open role.

Step 5: Verify the case for change

Now you need to develop a plan and make sure it gets results. This requires the ability to combine company labor data with workforce profiles and online professional network information. Running all of this data through models will allow you to identify potential gaps relative to industry trends. You can then run scenario analyses, develop workforce plans and estimate returns on the investments you make.

Generate results

PwC has long believed in upskilling, which, for us, involves citizen-led innovation. We continue to upskill our entire global network and develop and share technologies to better support our clients. Our employees are increasing their digital acumen as work changes and applying their new knowledge and skills right away. With leadership guidance in place, employees are free to take the lead on innovating, building and testing solutions. They want to share what they've created, and that enthusiasm gets other people excited, too.

PwC staff have so far used their newfound skills to build over 6,400 automations, visualizations and bots. Our employees have downloaded these digital assets more than 5 million times and have automated more than 6.5 million hours of work. While these kinds of results speak for themselves, __82% of CEOs haven't invested in upskilling programs__ yet.

Revolutionize your approach to talent development

When you consider whether you will need to upskill, reskill or hire, the answer may also be "all of the above."

Upskilling could lead to the net creation of 5.3 million new jobs by 2030, according to the **Upskilling for Shared Prosperity report** from the WEF. Over that time, human labor is expected to be increasingly complemented by new technology, rather than replaced by it. The number of jobs that require creativity, innovation and empathy will likely rise, as will the need for information technology skills.

No organization can make itself entirely future-proof, but by improving your talent acquisition processes and creating a culture of ongoing learning, you can prepare your employees—and your business—for the workplace of tomorrow.

To do this, you need a platform that can help you quickly identify skill gaps and find upskilling and reskilling opportunities. The right solution can help you fill those gaps faster and more cost-effectively than hiring ever could.

ProEdge is one option to consider. It's an end-to-end workforce planning and upskilling platform designed for digital business transformation and citizen-led innovation. It can accelerate the upskilling journey, close skill gaps from within and help organizations stay competitive by giving people the experience they need to innovate at scale.

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Invest in tomorrow

Stay ahead of the curve with PwC ProEdge, the revolutionary way to upskill your people and prepare your organization for tomorrow. This unique platform allows you to pinpoint critical skill gaps and effectively help close them with automatically generated personalized learning pathways. Leading curated content, coursework and hands-on learning empower your workforce to make an immediate impact through citizen-led innovation. Access to digital tools enables solution-building that scales across teams. This is how ProEdge helps your people to perform at their highest level—giving them the power to help transform your entire organization.

Learn more:

• Find out what it takes **to close the skills gap faster** in your organization.

• See how to **develop learning programs** to help employees adapt and evolve.

Learn more at **ProEdge.PwC.com**

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