

GUIDE

HOW TO SHIFT YOUR ORGANIZATION FROM JOBS-BASED TO SKILLS-BASED

6 steps to become a skills-based organization

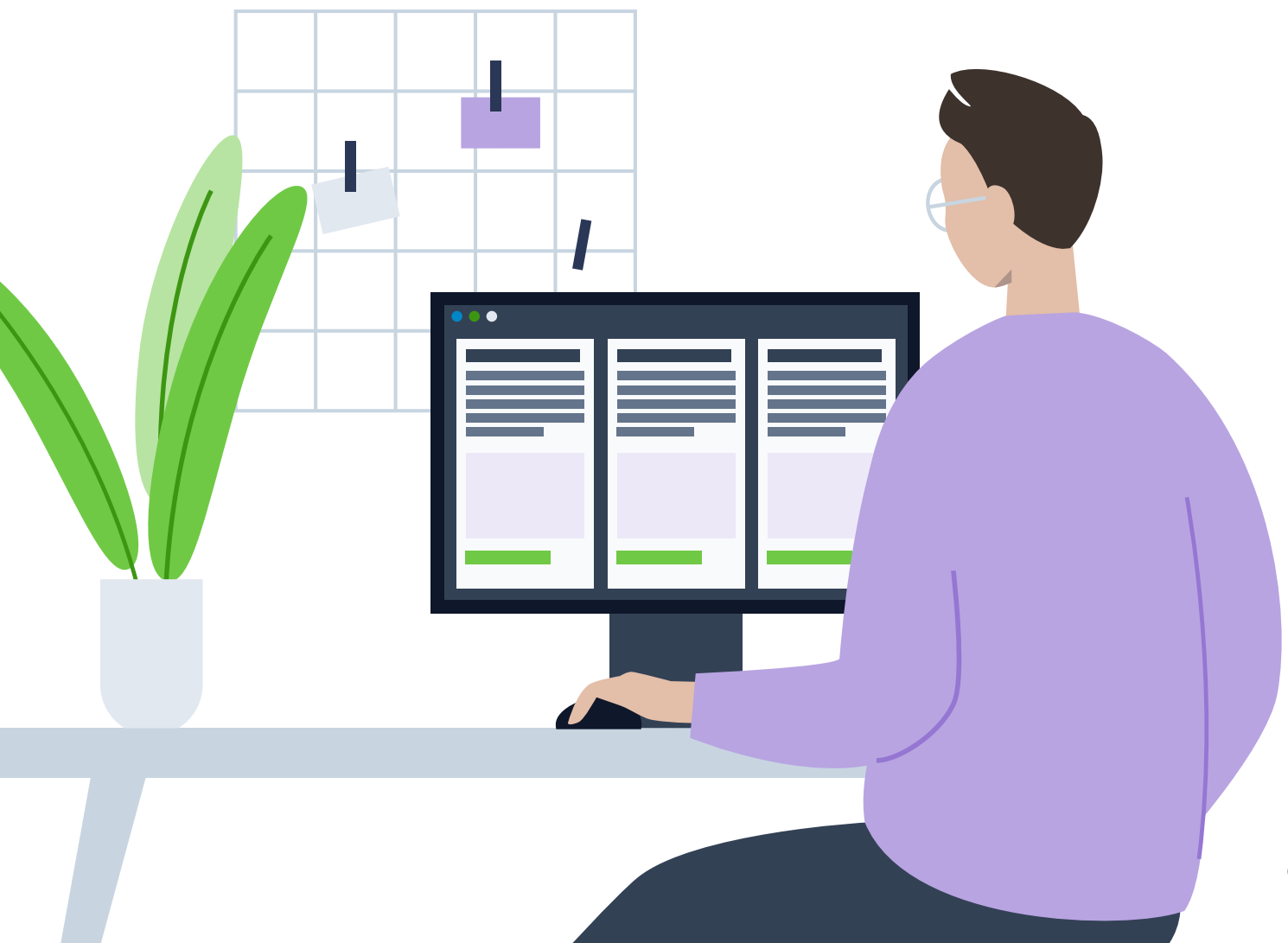
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Labor shortages, rapid technological change, and calls for equity are forcing employers to rethink rigid work structures based on titles and hierarchies alone.

At leading organizations, it's skills—not jobs—that form the core organizing principle for how work gets done. In fact, 77% of business and HR executives believe that flexible skills deployment is critical to navigating future disruptions.¹ Becoming a skills-based organization means fractionalizing work into individual components that can be reconfigured to meet pressing business needs. This can help individuals and organizations become more nimble in the face of change—but it's an approach that can be complex and difficult to get right.

Many leaders are unclear about what skills are needed, and what learning programs and initiatives they need to prioritize. Organizations often make a beeline for talent marketplace solutions—which match employees to new projects—without first establishing a skills foundation. It's like rushing to the grocery store to shop for ingredients for a complicated dinner party menu you've never made before. First, you need to research, make a list, and know how many you'll be serving.

This guide covers the business benefits of becoming a skills-based organization, and how to make the transition the right way. It looks at the ins and outs of skills intelligence, and why it's the foundational layer for any successful journey towards becoming a truly agile organization.



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Jobs-based vs. Skills-based organizations

At traditional, jobs-based organizations, talent decisions are rooted in predefined roles. But skills are gaining and losing relevance at a faster pace than ever. In this context, a static, jobs-based approach to talent management ultimately results in missed opportunities for employee growth, organizational efficiency, and business success.

In contrast, a skills-based operating model provides organizations with the ability to future-proof the business. At Boeing, for example, the company has pivoted to a skills-based approach that impacts all aspects of its talent strategy, from hiring to promotions and compensation.² As Guillermo Miranda, Boeing's VP and Chief Learning Officer, said during a RedThread Research podcast, this agile, skills-based model allows the organization "to have this output that is closer to what the customers expect and is closer to what society expect in terms....of sustainability."³

By deconstructing jobs into tasks and viewing people through a multitude of skills, employers can organize work in more optimal ways.⁴ According to Deloitte, organizations that adopt a skills-based approach are 63% more likely to achieve business results.⁵



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Beyond organizational agility, a skills-based model offers several key benefits, including:

- Lower recruiting costs via build-from-within talent models.
- Access to a larger and more diverse talent pool.
- Improved employee loyalty and retention.
- Better visibility into which skills are crucial during times of economic uncertainty.
- Enhanced understanding of which skills will improve productivity.

Skills-based systems boil work down to its essence, giving individuals the opportunity to learn and grow. Boeing, Walmart, and IBM are just a few of the many companies that have committed to skills-based practices that are designed to improve the career mobility of people from underrepresented groups.⁶

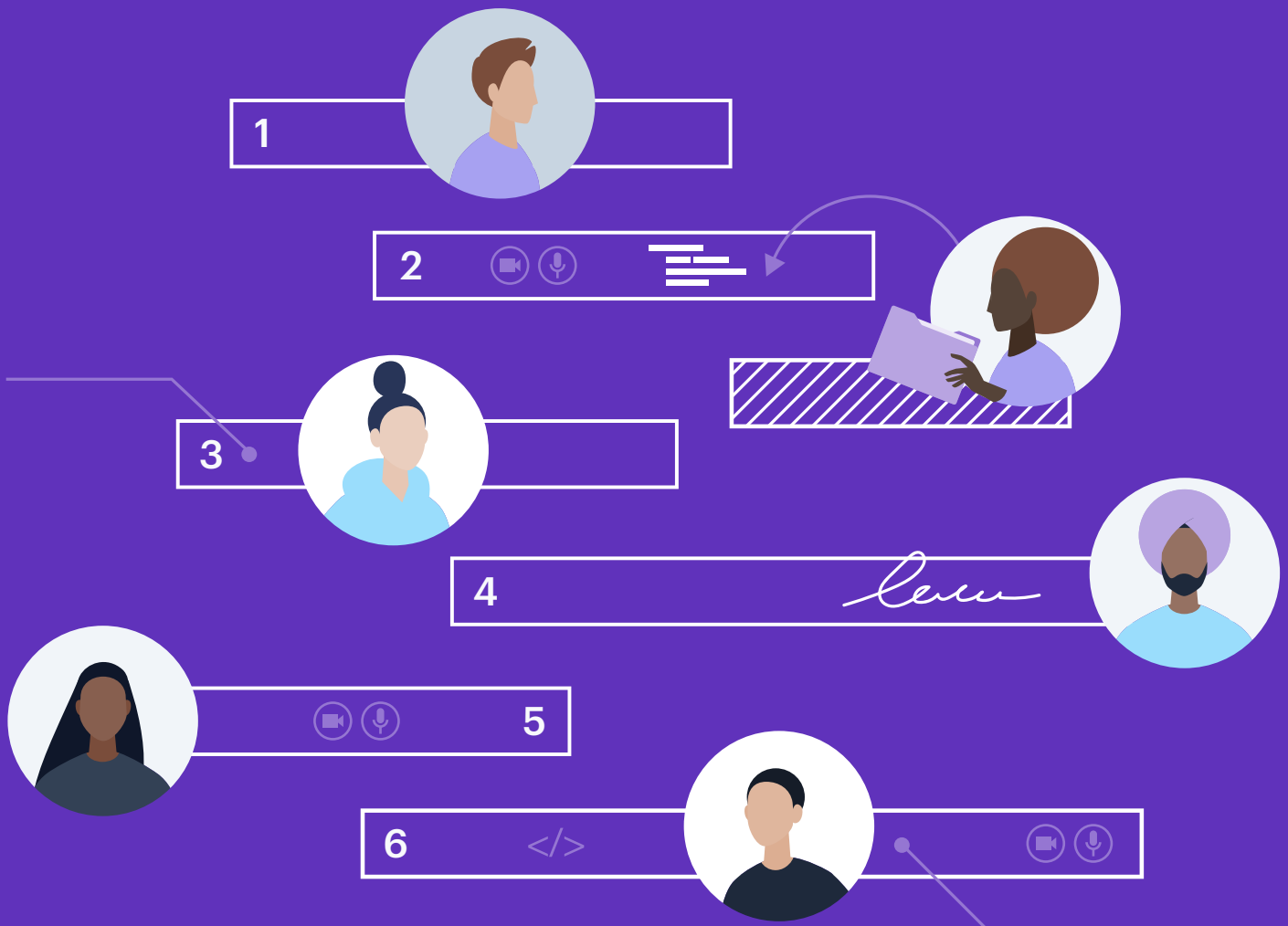
In addition to helping nontraditional candidates fill technical and leadership roles, skills-based practices also help companies avoid labor shortages. One participating organization in the Rework America Alliance Accelerator program, for example, tweaked its job postings to become more skills-based and was able to hire a successful candidate when, previously, not a single applicant passed the screening process.⁷ This shows how a skills-based approach is clearly a win for individuals and organizations.



6 steps to shift from a jobs-based organization to a skills-based organization

Each organization is unique in terms of how it uses skills to achieve business results. But all successful skills journeys start in the same place: with accurate, complete, and up-to-date skills data. Without the right insights, jumping into an advanced skills solution like a talent marketplace can leave leaders wondering how core business needs are being supported.

By focusing on skills intelligence first, leaders can make smarter decisions about who to hire, train, or place in a new team. Follow these six steps to become a skills-based organization:





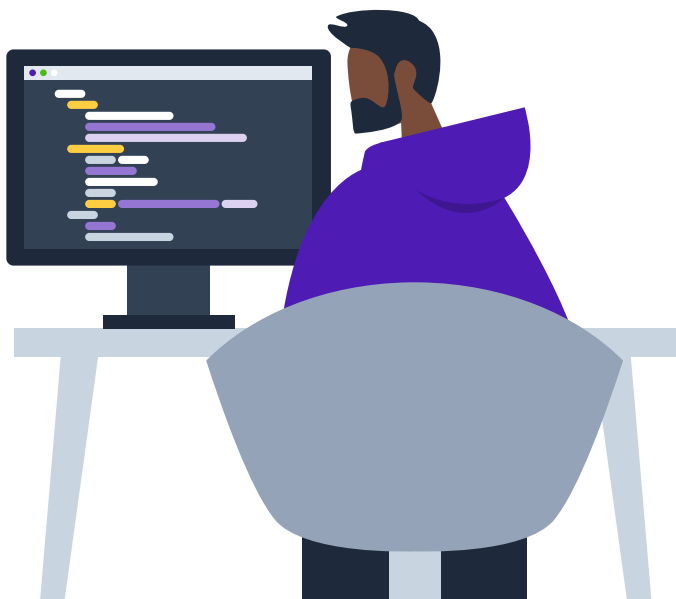
1. Leverage skills intelligence

Skills intelligence helps leaders first understand the basics so they can set the organization up for long-term success. ChatGPT is disrupting certain roles more than others, for example, and leaders need to know where they need to target learning investments so their people can adapt. When there is a major change on the horizon, training everyone at once in the same way is simply not feasible.

Skills insights answer the fundamental questions leaders have, such as:

- What skills does the organization have?
- What skills are missing?
- How are skills changing over time within our organization?

Armed with this insight, employers can proactively **reskill** (which involves helping employees become better at their current roles) or **upskill** (which involves giving employees skills for entirely new roles) the right individuals.



How to get started

The first step is to conduct a skills inventory, which typically consists of three parts:

- **Self-evaluation:** a first-person report of skills that is collected through a survey or a learning management system (LMS)
- **Employee skills assessment:** a manager-driven initiative that is incorporated into an existing process such as a talent review
- **Job analysis:** a process that typically requires hiring a firm to profile the existing jobs within the organization

It's generally a good idea to evaluate your people's skills in multiple ways by complementing self- and third party assessments with activity data. Activity data refers to how people move through learning materials, or other actions they took while gaining new skills. Examples include course completions, logins, views, scores, and browser searches.

Pulling data points from assessments and activities can give companies an overall picture of what their people can do, as well as suggest likely directions in which their skills could be developed further. However, this is incredibly challenging in practice. Because skills evolve all the time, the data quickly falls out of relevance unless organizations put processes in place to capture them—and verify the accuracy of the captured information.

That's why it's valuable to have tools and systems, such as a people analytics platform, in place. Instead of just knowing what skills you generally have in-house, the right technology can automate the process for tracking exactly where in your organization skills are clustered, at what rate you're retaining and losing skills, and how they interact with concerns like diversity, equity, and inclusion.

A.I.-powered analytics can also infer which skills employees might have by mapping job codes to market standards, then listing skills likely held by people in those positions. This groups similar skills together to make adjacent skills more obvious, and is an effective way to create a skill hub for powering smart decisions.

Only 41% of executives and managers have a sense of what roles are likely to be disrupted in the future and will require reskilling.⁸



2. Conduct skills operational planning

A successful skills journey is a collaborative effort, and this means individuals from different departments need the right kind of support so they can work together effectively. Skills operational planning helps leaders ensure they can deliver on strategic plans by equipping talent acquisition and learning teams with the right knowledge to source and develop the skills that the organization needs.

How to get started

Organizations need a framework in place to talk about skills effectively. Without a common language for skills, talking about skills will be impossible—if one person says “data” and another says “analytics,” they aren’t going to get anywhere, even if they’re referring to the same thing.

82% of HR executives say they have multiskilled workers who can perform tasks associated with different jobs.⁹

The Lightcast Open Skills Library reduces these inefficiencies by creating a universally-shared language of skills that standardizes how people talk about jobs and what they entail. The company aggregates this information from millions of job postings, resumes, and online profiles, then uses it to create and maintain an open-source skill library.

This library is shared with the workforce through higher education, community insights, and enterprise staffing divisions to ensure these often disconnected sectors are using a common language to communicate about the skills they value.

On top of having a common language for skills, the team in charge of the skills initiative also needs a baseline understanding of how to work with data, and a people analytics solution simplifies the process. Whatever solution the organization uses to tackle the skills challenge, don’t worry—people don’t need to become data analysts overnight. A solid understanding of the skills data tool of choice is all that is needed to get started.

3. Dive into skills strategic planning

Skills strategic planning is the process of aligning skill sets and training activities with overarching talent and business goals.

When rooted in skills intelligence, it enables leaders to compare a picture of where they are today with where they want to go by addressing critical questions, such as:

- What skills does the organization need now and in the future?
- Where are the skill gaps?
- What skills are missing compared to our plan?

By juxtaposing the current state of the workforce against the future business direction, the true impact of skills gaps becomes apparent.

How to get started

Start by identifying the business goals of the organization. For the majority of organizations, drivers will include improving efficiency, growth in new markets, or enhancing profitability by boosting employee retention. From there, zone in on skills growth areas.

Nearly nine in 10 executives (89%) say skills are becoming more important for the way organizations are defining work, deploying talent, managing careers, and valuing employees.¹⁰

Reskilling software such as SkyHive can help leaders see what skills are growing and in demand for their particular industry. To understand the labor market and track its changes in real time, Skyhive processes millions of documents, job descriptions, CVs, government databases and more. This type of analysis would previously have taken a team of data scientists several months to complete, and produced only a static, instantly outdated snapshot of the labor market.

Leaders who already have in-depth skills insights on what is happening internally will have the capacity to understand which skills gaps need to be filled first. The organization can start its reskilling and upskilling initiative by choosing a small number of roles that have the greatest impact on the business.



4. Execute skills matching

Skills matching is about giving the right people the right opportunities. It is critical for both internal and external hiring. Skills matching comes into play in recruiting when organizations leverage skills data to recruit smarter by finding, attracting, and hiring higher quality candidates that possess the capabilities the organization wants.

But when it's too costly or difficult to source talent for certain roles externally, it makes more sense to grow talent from within. Skills matching helps organizations identify current employees who would benefit from additional training in order to be able to fill a certain role.

Effective skills matching for both hiring and development ensures organizations are investing in the right people who will elevate the business and help the organization adapt to market changes.

How to get started

For skills growth initiatives, leaders need a clear picture of who is likely to succeed at training and who will stay with the organization long enough to get the training needed and use it to benefit the business. Start by asking: What impact do our training programs have on the business?

Time to productivity is a very important metric for skills growth because it is an indicator of how much of an investment is required to reach business goals. The more aggressively an organization needs to shorten time to productivity, the higher the learning investment.

Recruiting for certain skills is similar in that leaders are using data based on the internal organization to guide talent acquisition efforts. If the business will be needing Python skills in the future and this is a skill its data scientists typically have, then talent leaders know to source more people from this field.

This is where data accuracy is key: without it, organizations aren't matching the right internal or external candidates to the required skills. The right people analytics platform will help leaders stay on track, whether they are taking a homegrown approach to skills-building or searching on the open market for new skills.

Nearly 40% of workers worry their job will be eliminated within five years and 77% want to gain new skills.¹¹





5. Explore internal talent marketplaces

Near the end of a skills-based journey, talent marketplaces help organizations match their people with new roles and short-term projects. Robust skills marketplace solutions can help employers match people to career opportunities by building a skill-based profile that includes values, working styles, interests, and ambitions on top of an employee skills inventory.

By enhancing internal mobility and giving people the opportunity to learn and grow, talent marketplaces can help organizations improve retention, engagement, and performance.

How to get started

When used in conjunction with accurate, up-to-date insights about which skills gaps need to be filled and how narrowing these gaps will produce business results, talent marketplaces help employers align employee development with organizational goals, whether it's better diversity, pursuing new markets, or improving productivity.

Internal talent marketplaces are new to the market, however, so organizations will want to talk a crawl, walk, run approach by experimenting with a pilot project first. Find talent management leaders who are enthusiastic about innovating skills development, and work with them to launch small internal marketplace initiatives.

To ensure data reliability, combine talent marketplaces with people analytics. This provides more opportunities to create personalized career journeys that contribute to larger strategic outcomes like access to new markets, better customer satisfaction, and increased revenue.

32% of employees who changed jobs did so to learn new skills.¹²





6. Tap into skills verification

When organizations are in the thick of a reskilling initiative, it's not always apparent which strategies are working and if people are learning the right things. This is why skills verification is crucial.

Skills verification is a way of determining whether a particular training program has positively impacted a team's competence and expertise. Peer- and self-reviews are an accessible way for people to assess how their own skills and those of their colleagues are growing.

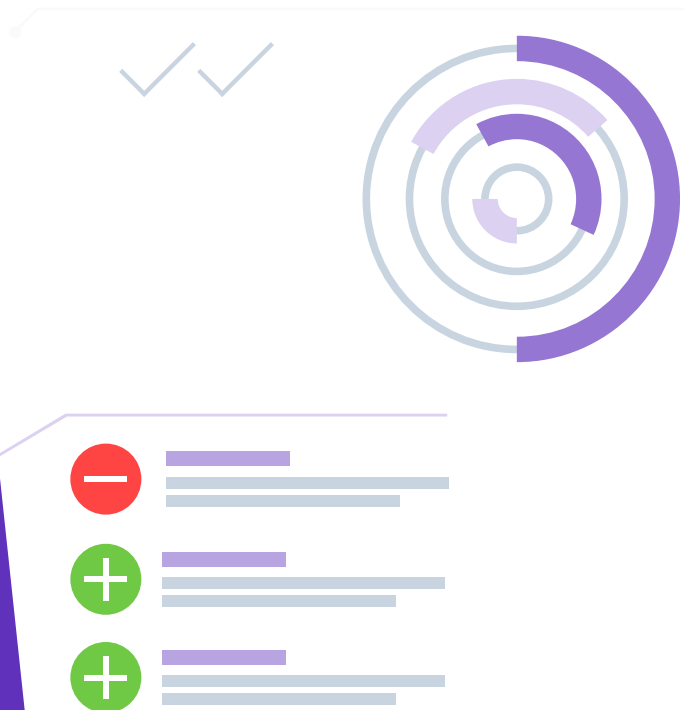
Self-reported data does have limitations, and it can still leave leaders wondering how learning initiatives are having the desired impact on the business. This is why leading organizations complement self-reported data with other forms of data collection to gain an accurate picture of how skills initiatives are performing.

How to get started

Gather feedback from employees with smart surveys. Unlike traditional surveys, which can suffer from low participation rates, smart surveys are typically short and provide employees with insights about themselves once they answer all the questions. This "give-to-get" system drives high employee participation, and provides the employee with insights to support their own development.

People analytics add another layer to the verification process by helping leaders investigate the connection between learning activities and business results. If reducing costly employee turnover is an important goal for protecting the bottom line, for example, people analytics can help leaders compare the exit data of a group that has undergone a particular learning program against overall turnover patterns. This helps leaders determine whether the learning program is successful from an organizational standpoint.

44% of organizations who were actively working to reskill shared that they felt well-prepared for disruption, in comparison to just 19% of those using other strategies.¹³





The shift starts with skills intelligence

Forward-thinking employers are moving away from the traditional ways of fitting people into rigid roles. In an era of constant change, with new technologies, business models, and market disruptions always emerging, organizations need to become more agile—or risk falling behind their competitors. For organizations and their people to thrive, a focus on skills is paramount.

But in the rush to become skills-focused and redeploy people to new assignments more rapidly, some leaders are forgetting the basics. By starting with skills insights, organizations can plan more strategically for the short and longer term, ensure talent leaders from different departments are well-equipped to collaborate on skills initiatives, find the right candidates for training, and determine what success looks like.

In all phases of this journey, a people analytics platform will help leaders overcome the grunt work that is typically associated with collecting skills data, which is notoriously difficult to manage.

By taking a holistic approach to skills and using the right tools, employers can surface new connections that were previously difficult to find, giving people—and organizations—the capacity to overcome limiting beliefs about human potential.

Stay ahead and transform your organization with skills. Build on your skills insights to become a truly agile, skills-focused organization.

To learn more about Visier, get a demo: visier.com/demo





Endnotes

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About Visier

Visier's purpose is to reveal the human truth about your workforce and contribute to a better future.

Visier was founded to focus on what matters to business people: answering the right questions, even the ones a person might not know to ask. Questions that shape business strategy, provide the impetus for taking action, and drive better business results.

Visier delivers fast, clear people insight by using all the available people data—regardless of source. With best-practice expertise built in, decision makers can confidently take action. Thanks to our amazing customers, Visier is the market leader in Workforce Analytics with more than 25,000 customers in 75 countries around the world.

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