



Becoming A Skills-First Organization

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Introduction

Now is the time to embrace a skills-first approach to talent – at all stages of the lifecycle. Whether your challenges are around hiring, engagement, retention, filling talent gaps or unlocking productivity, looking at talent and work through the lens of skills is the crucial first step.

Opportunities will outstrip talent capacity for the next several years, if not decades. So how do you actually get the work done? Moreover, talent practitioners are no longer just competing against other businesses, but also the changing expectations of candidates themselves. To keep up, they need to alter the way they think about talent, and do so drastically.

Companies have hard choices to make relating to the workforce, and a skills-first approach can help you make better decisions, faster. Skills data should power everything: from tactical redeployment to strategic workforce planning.

This report will look at what it means to be a “skills-first” organization; the myriad benefits this approach brings; and the steps you need to take in order to get there.



What it means to be a “skills-first” organization

The traditional approach to talent – from hiring to promotions – assesses people based on their experience, education and previous job titles.

But employers are realizing that suitable candidates may be getting overlooked due to things like degree requirements – something that many businesses (such as [General Motors](#), [Accenture](#) and [IBM](#)) are starting to do away with for many roles.

Today, the competition for talent is forcing companies to ask whether they are creating the widest possible talent pool; that is, whether they are giving themselves the best possible chance of finding the right person for each role.

There is now a dual consideration: how do we make access to work fairer, and how do we ensure that work gets done in a challenging labor market? Companies are therefore considering how they can match people with “jobs to be done” based on something meaningful, useful and equitable: skills.

WHAT ARE SKILLS?

In a skills-first approach, clearly “skills” become an important currency.

By “skills”, we mean the ability to do something well: whether that’s technical skills (sometimes called “hard skills”) like Javascript coding or video production, or “softer” skills like managing a project, communicating effectively, or critical thinking. These don’t have to be things we are naturally good at: skills can be acquired, and indeed a skills-first approach takes that fact into account. Our view of skills is that they include [potential](#) (abilities that may be developed in the future).

“ I think we have to start thinking about propensity to learn, and start hiring for potential. We talk about this, but we never do it well. We need to hire for potential to learn. Because actually we can teach people the skills.”

– [Wagner Denuzzo](#),
Head of Capabilities for Future of Work at Prudential Financial

At Beamery, we also talk about “Qualities”, to refer to “how people do their best work”. This is also a crucial insight for managers and talent leaders: how someone works can be as important as what work they do. Are they more of a leader or do they need detailed instructions? Do they prefer starting with a blank page, or taking someone else’s work and improving it?

“ Eventually, we see the word “skills” becoming short-hand for more granularly defining workers as unique, whole individuals— each with an array of skills, interests, passions, motivations, work or cultural styles, location preferences and needs, and more.”

– [Deloitte](#)

When thinking about skills as a currency, there must be connections made around capabilities, competencies and seniority – giving a real depth of meaning when it comes to the actual skills someone has or could develop.



How to become a skills-first organization

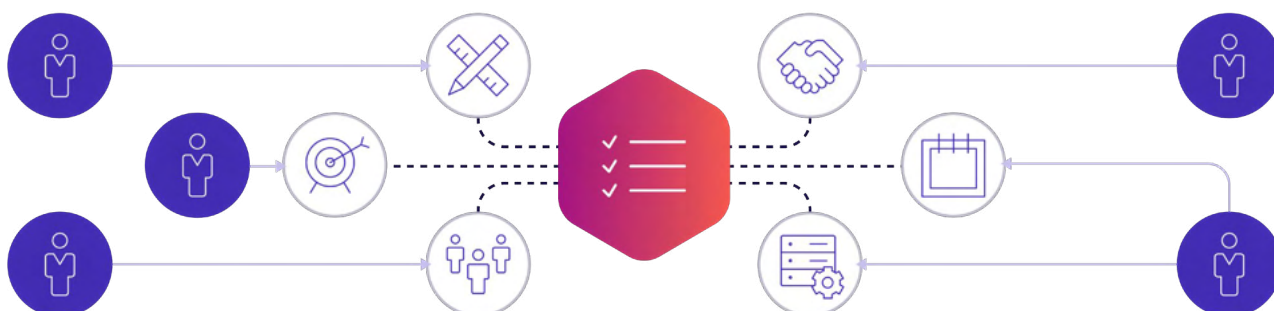
The skills-first approach means identifying the skills relevant to do the work, then matching people (with those skills) to the tasks at hand. You will need to codify skills, communicate them, and give people opportunities to develop them.

There are four broad steps to a skills-first approach.

1. DECONSTRUCT THE JOB: CONSIDER THE WORK TO BE DONE

Companies must figure out what the work is that needs to be done, and deconstruct jobs in favor of identifying what skills are needed to do the work. [Forrester refers to](#) 'unbundling the job': a more adaptive model to work, where silos and hierarchies are broken down, and companies can be more agile around who does what.

In other words: can you decouple some work from the job? This may include turning elements into projects, gigs or tasks, and focusing people on the problem to be solved or the ideal outcome. This leads to people being defined as more than just a job title, and also means businesses can fluidly deploy the right talent to the work needed to meet business goals.



One important aspect to this is automation. As AI evolves and can take on more of the tasks traditionally done by humans, jobs are being disaggregated anyway: broken into component tasks so that the ones that can be done by a machine are farmed off. But could this be done on an ongoing basis? Since technology is evolving at pace?

Job titles could also be broadened to accommodate the notion that the 'work to be done' is ever-changing and evolving. Something might form part of the work tomorrow that wasn't part of the role today. Work can be organized flexibly around applying skills to achieve outcomes or solve problems. [71% of workers](#) perform some work outside of the scope of their job descriptions, and only 24% report they do the same work as others in their organization with the same exact job title and level.

85%

85% of HR executives say they are planning or considering redesigning the way work is organized so that skills can be flexibly ported across work over the next three years. – [Deloitte](#)

2. UNDERSTAND SKILLS: BUILD A SKILLS FRAMEWORK

Of course, to become a skills-first company, you need to be able to see the capabilities you actually have today, and where your workforce can develop. This is the total talent view that you need – and are probably lacking.

69% of [Talent Index respondents](#) said they had lost at least one opportunity to upskill or retrain in their current roles, and 17% of that group said it was due to the fact that “My employer doesn’t know what skills I already have so can’t make suggestions on my progress.” 16% said “No-one has provided guidance on what skills will be needed in my role in the future.”

10%

Just 10% of HR executives say they effectively classify and organize skills into a skills taxonomy or framework at the moment... although 85% claim to have some efforts underway.

But how do you go about understanding the skills that exist in your organization already? And how do you keep that up to date as people learn new things, take on new challenges, and upskill or reskill on the job?

How do we know that one version of a skill – let’s say “product management” – is the same each time, in each system? (Does it mean the same in your business/industry as in another?) How do we define which skills or capabilities mean something from a perspective of seniority or progression? Or assess the transferability and learnability of skills? How do we even define what falls into the bucket of “skills” (versus something else)? The skills taxonomy needs to be clear, dynamic and interoperable with other systems and platforms.

“You need to make skill... the new currency, and you need the culture of skill. You need to reward my skill, appreciate my skill, you need to grow my skill. So looking at the skill level is critical. And to embed a framework of skill management is not simple... you need a very strong skill management framework..”

– [Asaf Jackoby](#), Senior Vice President of Global HR at Amdocs

AI can help you ensure skills are commonly defined and automatically connected between HR systems, without the baggage of maintenance and manual mapping. Companies that invest in the right technology can dynamically [keep skills data up to date and usable](#). A Universal Skills Platform offers interoperability: it lets you connect what you mean by a 'job' (in a skills-centric way, rather than just a description) and the right profile (in a skills-centric way) and create a better connective tissue when it comes to hiring, assessment, development, and progression.

Whatever skills taxonomy you come up with, you may wish to include:

- Core skills for the buckets of work/streams of work in the organization – or, skills identified for every job.
- A category of skills identified as “soft skills” – and perhaps, across the enterprise, these are seen as core to every role.
- Specialized skills: these would be unique to certain types of work, such as engineering, software development, finance etc.



3. BRING IT TOGETHER: APPLY AI TO FIND SKILLS MATCHES

Smart, explainable AI can take the information about people's skills and use that to match them to suitable roles, or recommend learning & development opportunities. It's not just about combing CVs for words that match a job spec: AI can take it a step further and infer what skills a person may have but not have listed; work out what skills they could potentially develop; and truly understand the seniority and proficiency of an individual.

This may be applied within the candidate journey, to offer personalized job alerts and recommendations – allowing candidates to source themselves for open roles. It can also be applied within the employee experience: an AI-powered Talent Marketplace can display current available opportunities (full time roles, short-term projects, mentors, training programs or gigs) to existing employees – helping them visualize potential career paths they could pursue within the organization.

With this application of AI, it becomes much easier to understand the skills gaps you have internally. When you have full knowledge of the gaps that exist, you can more easily create plans to develop those missing skills – empowering managers and L&D teams with the necessary insights to plug skills gaps.

A Talent Marketplace powered by AI gives employers the ability to enhance the candidate experience by providing personalized job recommendations based on skills. It also improves the employee experience by building individualized career paths that encourage learning and development – keeping talent engaged long term.

4. EMBRACE CHANGE: DEVELOP A NEW MINDSETS

The [Deloitte skills survey](#) asked “What are the top three barriers you observe in transforming into a skills-based organization?” and 46% of respondents cited legacy mindsets and practices.

While good data, smart data management and explainable, user-friendly AI is incredibly important to bring a skills-first approach to life, organizations going down this route will also need to grapple with a new way of thinking. Changing how the work is viewed, and how the workforce is viewed, is a huge change management project. For HR, there is a completely new approach (and tools) to get to grips with, but even beyond that, people need to think differently.

As Helen Tupper and Sarah Ellis say in [Harvard Business Review](#), “Managers who optimize for individual performance are likely to become more territorial about their talent. By keeping the “best” people on their team, they achieve the best outcomes. However, this is often to the detriment of individuals’ career development and the organization’s ability to access its own talent. The unfortunate outcome is that the people managers most want to retain feel constrained and become more likely to leave, risking the performance metrics they were so keen to protect in the first place.” Does talent belong to the organization or the hiring manager, in your business?

With a skills-first approach, leaders’ roles change from managing employees to orchestrating work and skills through projects, tasks, gigs, or problems to be solved. Influence and empowerment of others takes on more importance than power or hierarchy. Managers need to be able to get comfortable with sharing talent across teams for the greater good, rather than hoarding it.

When it’s not about the job, but the work, leaders need to know how to identify the work and the necessary tasks so they can determine what skills are essential to completing the work. Development conversations need to become part of an ongoing dialogue between a manager and their people or team.

“One of the biggest problems I’ve seen is that we ask for a lot of skills and requirements during our job descriptions and the process of recruiting. And then we place people in roles that they use 30% of their skills... If you spend 20 years in banking, probably I would count the last three, because things have changed so much.”

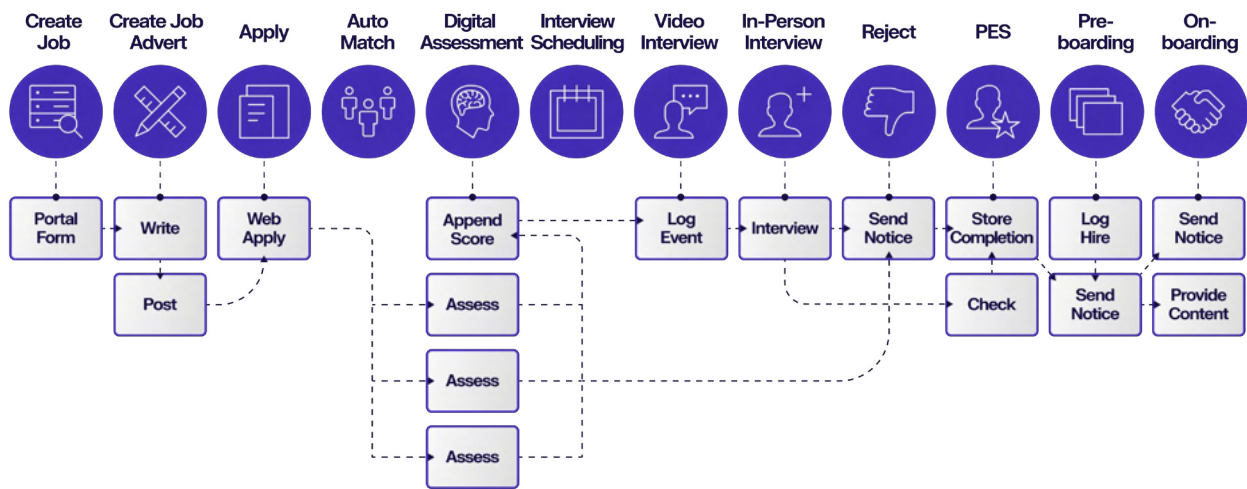
– [Wagner Denuzzo](#), Head of Capabilities for Future of Work at Prudential Financial

Skills & the talent lifecycle

The beauty of a skills-first approach is that it can – and should – be applied across the full talent lifecycle. Indeed, using a single currency and common language for candidates, employees and alumni – for all talent – means you can think more holistically about the human capital that your business needs. This is what we call Talent Lifecycle Management.

SKILLS & TALENT ACQUISITION

Today, hiring managers generally open a job requisition and then screen candidates based on prior job experience and educational qualifications. It's an old-fashioned, slow, linear process.



A skills-first approach to hiring would start with breaking down the “work to be done”, looking at the skills needed to perform the work, and asking who is best placed to deliver the work: realizing that it may be someone who already works for you. With a skills-based view of your entire talent pool, the answer should be pretty clear.

Candidates would be asked in interviews how they have (or would) demonstrate a particular skill, and there would be a standardized approach to assessing the skills they bring to the table. Employers using objective assessment methods will know that new recruits have the skills to succeed: looking at skills rather than more subjective measures, such as “cultural fit”, which commonly introduce bias.

In addition, explainable AI would be applied to the candidates' skills data to find the matches that may otherwise have gone unnoticed.

At the hiring stage, you could also show people their potential career path with you. With AI, it becomes possible to visualize a range of options and the necessary steps. Someone joining in a junior role could be easily inspired, before they even start: they can see various ways to take on a more senior position in the company, aided by different types of training program, on-the-job learning and willing mentors.

“It’s really important when you tie the employee value proposition to: you’re not just coming here to do a great job in the role that we’re hiring you, but we’re hiring you to be the workforce of the future. Our promise to you is that we will develop your skills to get there. That’s important to message as well as to obviously implement with a skills-based recruiting strategy. The idea is to bring them in through a skills assessment interview strategy so we get to know what skills do you have.”

– [Elin Thomasian](#), Global Head of Talent Acquisition, UKG

Think about how you can create a logged-in experience for career discovery: a way to engage candidates, gather data from, and present back the most suitable open (or ‘coming soon’) vacancies. Then look at how nurture programs for passive candidates can be automated, with potential employees receiving job alerts when the ideal role for their skill set has opened up.

SKILLS & CAREER DEVELOPMENT

In trickier economic times, getting the work done in the most efficient way relies on your ability to match the skills of the individuals you have inside the organization to the skills needed for the work. The best way to do this is through an [internal Talent Marketplace](#), which is a transparent way to create opportunity for everyone in the organization.



75%

75% of CHROs are interested in Talent Marketplaces as a way to deliver on a skills-based approach. – [Aptitude Research](#)

The Talent Marketplace should be able to match opportunities to employees: the work they can do either as short-term projects, internal gigs, or longer-term development assignments. As well as full-time roles, it may also open doors for internal or external contract work, external gigs, or freelance work. This approach to [talent mobility](#) lets people take ownership for their own progress and development.

“Once you’re here, we want to be able to give you the tools where you can map your skills and understand what you are doing with those skills today... as you grow with us in the future through a career lattice, where you’re zigzagging through the organization. And then also being able to be proactively matched to those opportunities without you even knowing that you’re up for consideration for certain projects, gigs, or new roles. That’s the beauty of building a skills-based approach and using advanced technology... where we’re all speaking the same language of the currency of skills.”

– [Elin Thomasian](#), Global Head of Talent Acquisition, UKG

As an employer, you should be able to offer skills-based pathways for your workers: looking at what skills they have now, and what skills they would need – and therefore what training or development they can take – in order to take various different “steps” within the organization. This makes employers more agile and therefore more resilient in the face of harsh economic conditions, while making employees feel valued and cared for.

“ Skills-based practices can help employers upskill workers and provide learning opportunities to enable internal mobility and boost retention... provide on-the-job training and continuous-learning programs, and develop internal road maps to promotion from entry-level roles without requiring a degree.”

– [McKinsey](#)

SKILLS & WORKFORCE PLANNING

What skills will your business need tomorrow? With the right application of AI, skills data can be leveraged to build a strategic plan for the future. If you have a business strategy spanning the next 3-5 years, it should be possible to fill your talent pipeline with a skills-based approach.

Instead of thinking about headcount plans, your business can plan for skills. By understanding the skills of today’s workforce, and what skills could be acquired with some investment – building on the foundation that is already there – companies can plan for the skills they need, and where they might find them. You can also start to gauge how long it will take, and how costly it will be, to upskill or reskill people to meet future needs, so you can prepare.

The benefits of a skills-first approach

Putting skills first across the talent lifecycle is a modern solution: it provides a lot of the answers you need in response to the changing economic situation, whether that's the agile redeployment of talent, making difficult decisions about headcount, unlocking productivity in your workforce, or trying to plan for future needs. A skills-first approach is at the center of it all.

BECOME MORE AGILE AND ADDRESS CHANGING NEEDS

Talent shortages – or skills gaps – show no signs of abating. Economists predict that difficulty finding talent will be with us for at least the next decade and beyond. Not having the talent to sustain and grow the business will cost global economies over \$8.3 trillion dollars by 2030, [according to Korn Ferry](#).

A skills-first approach is one that facilitates speed and agility: and this includes product innovation and speed to market, as well as redeploying talent to the most essential work. According to [Deloitte](#), skills-based organizations are 52% more likely to innovate, and 57% more likely to anticipate change and respond effectively and efficiently. Their survey also found that 77% of business and HR executives believe “flexibly moving skills to work” is critical to navigating future disruptions. They also found that skills-based organizations are 107% more likely to place talent effectively.

Being able to deftly redeploy resources also means you are better able to respond to customer needs, as they change, with the right skills.

UNLOCK GREATER PRODUCTIVITY AND HIGHER PERFORMANCE

A skills-based approach means you find the right talent in unexpected places: you can better utilize the workforce by [unlocking untapped capacity and potential](#).

This isn't a new concept. A [1984 study](#) found that hiring for skills is five times more predictive of job performance than hiring for education, and more than two times more predictive than hiring for work experience. But the current economic landscape makes it more important than ever to tap into new sources of talent, to broaden the pool you are fishing from, and make the most of [the talent you already have](#) – making the right selections on how to use a contract workforce or internal talent.

Clearly, getting the work done without bringing in outside talent also saves money. According to [Deloitte](#), skills-based organizations are 52% more likely to improve processes to maximize efficiency.



BOOST DIVERSITY AND EQUITY, AND ENHANCE EMPLOYEE WELLBEING

A focus on skills, and on unbundling the job, means a less “cookie-cutter” approach to work. People can feel like unique, valued individuals, thriving in roles that let their skills come to light.

A skills-based approach powered by AI also allows “hidden gems” to come to light. Recruiters and hiring managers will find that [people they may not have otherwise considered](#) are put forward for roles, because – although their previous job titles don’t seem like a perfect match – their skills (and potential) could be ideal. This has a [positive impact on diversity](#) within an organization, and can reduce bias at every stage of the talent lifecycle, not just in hiring.

“80% of business executives say making decisions about hiring, pay, promotions, succession, and deployment based on people’s skills rather than their job history, tenure in the job, or network would reduce bias and improve fairness; and 75% say hiring, promoting, and deploying people based on skills (vs. tenure, job history, or network) can help democratize opportunity and improve access to it.”

– [Deloitte](#)

Giving people a choice of assignments adds to the employee value proposition of flexibility: people want choices around the type of work they do, when and how they do it, and they want to be held accountable. They are more frequently saying: “Tell me what the work is, tell me when you need it done, and let me decide when I do, and how I get things done” – in other words, “hold me accountable for a result, and don’t micromanage me along the way.”

“It’s time to change your mindset as people are leaving companies because of the lack of flexibility. It’s a matter of trust and flexibility to match business and employee interest.”

– [Ignacio Aranguel Montero](#), Head of Talent & Transformation, Aegon

RETAIN MORE EMPLOYEES

A skills-based approach – within a smart AI-powered talent mobility program – drives retention. Giving people career growth opportunities internally, rather than them having to leave to grow their careers, means you can [hold on to people who are ready for a new challenge](#), and provide more opportunities for workers to learn ‘on the job’ by applying their skills to different areas within the organization.

With a new definition around work – smaller ‘tasks to be done’ – workers are more free to try new things, learn continuously, and build on the skills they already have, using them in new ways. This is learning at its best, of course: where people are solving real problems, in the flow of real work.

According to [Deloitte](#), skills-based organizations are 98% more likely to have a reputation as a place to grow and develop, and 98% more likely to retain high performers.

“Through a skills-based approach, companies can boost the number and quality of applicants who apply to open positions and can assist workers to find more opportunities to advance internally, which can help employers improve retention.”

– [McKinsey](#)

What's next?

To summarize, an approach to talent management based on skills can help connect talent to the right opportunities, aiding quality. It helps to personalize the experience for candidates and employees, aiding engagement and retention. For the business, it provides clearer visibility into the capabilities of the workforce, aiding productivity and agility. With data around skills, it becomes possible to put the right talent, in the right place, at the right time – while reducing bias in the hiring and progression processes.

Ellie Bertani from Wells Fargo told the [Talent Blueprint Podcast](#) that she believed “skills” was the new unit of currency in talent and the “building block” going forward. “I do think you’re going to see more and more companies moving towards the skills-based conversation. I actually think you’re going to start hearing it at the federal level.” Could this be what’s next for the skills-first approach? A national or international conversation about ‘credentials’ – proof of what has actually been learned on the job, beyond the standard qualifications we’ve used as proxies in the past?

“In the face of ongoing macroeconomic challenges, now is the time for all stakeholders in workforce development to commit resources and support to accelerating adoption of these practices and build more equitable prosperity in communities.”

– [McKinsey](#)

There is clearly a business imperative for employers to embrace a skills-first approach. But there may also be a societal one. As workers can find better jobs based on their skills rather than educational background, birthplace, connections or experiences, we will start to see the realization of the Beamery mission: fair access to work and opportunities for all.

[Contact us](#) to find out how we can help.

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