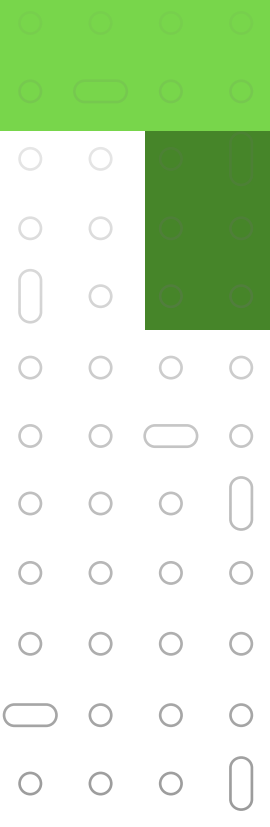




# How to build a skills-based organization





# Align skills to goals, not roles

HR is struggling to activate talent quickly and effectively. Skills are under-utilized across businesses and organizations do not have a systematic or usable way to identify, measure, and mobilize them.

Organizing work around people and their skills can maximize productivity, performance, and agility. This is where the skills-based organization comes into play.

By building a system to understand and manage skills, HR can apply a consistent strategy across all talent initiatives, to empower businesses to adapt as priorities, economic conditions and talent markets shift.

How to build a skills-based organization

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## Chapter 1

# Why now?

Business priorities are changing quickly and often, and the working population is shrinking. Organizations are on a mission to keep up.

### Meaningful progress

Since the financial crisis of 2008, the criticality of people has been recognized, processes have become more automated and technology more sophisticated. Ultimately HR has transformed its strategic importance to the organization.

### But there is more to be done

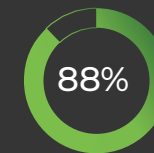
Progress has slowed because all those new initiatives now feel disparate and static, and no longer aligned to the evolving business strategy. Inefficiencies are accumulating as priorities continue to change, and talent teams are back to tackling new business challenges only as they arise. It seems that businesses are struggling to keep up.

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88 C-Suite leaders anticipate the fastest ever rate of change in 2024. C-Suite lead

## The rate of change will only increase

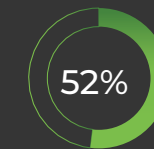
Who, how, when, and where work is done is still evolving.



C-Suite leaders anticipate the fastest ever rate of change in 2024



Tech and Talent are the top 2 causes of business change



C-Suite leaders say they are not fully prepared to respond to the rate of change

## And great talent has become scarce

Not only is the working population shrinking in many areas across the world, new skills requirements are emerging as roles and technology evolve. Organizations are struggling in their search for great talent.



## Chapter 2

# Why Skills?

Shifting to a skills-based approach means organizing work around people and goals, rather than jobs.



### Respond to market or strategy changes quickly

Reorganizing work around clusters of skills, abilities and potential, as opposed to role hierarchies, enables organizations to allocate work in a more fluid and meaningful way, enabling agility and faster time to productivity.



### Increase talent pipelines by 9.4x

Beat the talent shortage by expanding your talent pool. Measuring skills is a way for organizations to look beyond traditional proxies such as education and experience, and instead focus on people's abilities and capacity to learn and adapt. Companies that hire for skills increase their talent pipeline by 9.4x.



### Mobilize critical talent, when you need it

Only about 25% of roles are filled with internal talent worldwide. Many organizations miss out on the benefits of internal hiring: significantly lower time-to-hire, lower cost and higher retention. Being able to view and map skills across the workforce will enable organizations to activate talent quickly for targeted results.



### Create a win-win situation through development

As business needs change, the skills required to succeed evolve; and so can people. By understanding the workforce through the skills they already possess, organizations can upskill and reskill individuals to maximize productivity, while improving engagement.



## According to a global survey skills-based organizations are...



More likely to achieve key business outcomes, such as meeting financial targets and responding to change



More likely to place talent effectively



More likely to anticipate change and respond effectively and efficiently



More likely to retain high performers



More likely to have a reputation as a great place to grow and develop



More likely to have a positive workforce experience

*In the past, only select high-potentials were given the opportunity to tackle business-critical challenges or move around to different projects, giving them the development needed to rise. But a skills-based organization gives everyone the ability to access the types of experiences, now democratizing opportunity for all.*

Deloitte, 2022



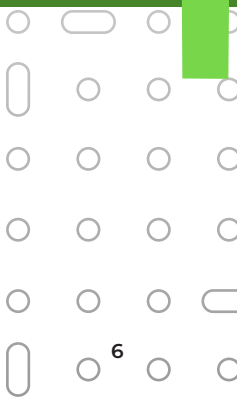
## Chapter 3

# Break it down

The move towards skills is a journey and that journey will look different for every organization. Here are some thoughts to get you started.

### Set yourself up for success

With some structured thinking and strong foundations you can implement meaningful change.



## 1. Start with your 'why' and picture success

Ask yourself: why are you looking to shift towards skills? What do you and your business ultimately want to achieve with this? There are so many reasons to take on a skills-approach, but having clarity on your purpose will help you focus. Then consider what success would look like. What KPIs would you keep track of and how would they benefit the business?

### Examples: I want to...

- Better align the workforce to our business strategy
- Future-proof by building an adaptable and agile workforce that can pivot quickly to meet evolving market demands and overcome uncertainties or disruption
- Foster a culture of innovation, creativity and fresh, diverse perspectives
- Better equip employees with specific skill-based development and career pathing
- Leverage the workforce's productivity and effectiveness, ensuring projects are completed with optimal combinations of expertise and resources
- Remove traditional hiring hurdles like qualification requirements, tap into a larger and potentially different talent pool, and ensure fairness

## 2. Rally the troops

Building a skills-based organization is not something that can be done alone. You will need share your goals and strategy with other stakeholders within the organization, and bring them along with you on the journey. As this cascades down from senior leadership, people at all levels in the organization need to understand the benefits of this approach, as well as their role during the transition and beyond.



### 3. Line up your tools

In order to build a skills-approach in any form, you will need to accurately identify, measure, and map skills. Then, understand and manage them in a systematic and usable way – for both your organization and your employees.

By implementing skills assessment methodologies, you can objectively evaluate employee capabilities, enabling quick and informed decisions regarding talent management. With reliable data, mapped to a robust skills framework, you can apply an aligned and consistent strategy to all initiatives across the talent lifecycle.

The first step in any skills journey is to find a common language to describe and map skills. SHL's Skills Taxonomy is powered by an evidence-backed framework, and will help you build a strong foundation for your strategy.

Next, you'll need tools to measure skills. One of SHL's key skills offerings is the Global Skills Assessment, which has the capability to measure 96 business skills in just 15 minutes. Read more about this in chapter 7.

### 4. Celebrate the wins

All progress is progress and it is all too easy to forget about the small wins and steps forward. As you go through this journey, it's important to take stock of your successes and use this as fuel for the next steps.





## “I want to better align the workforce to our business strategy.”

This is a common ‘why’ for organizations transitioning to a skills-based approach. Translating your business and talent strategy to skills requirements can seem daunting at first. But equipped with this information, you are in a much better position to support the business through strategic hiring, mobility and reskilling initiatives.

Below is an example of how a fictional business, Global Holdings, might map their skills requirements to their business strategy:

### Business strategy

The Global Holdings business strategy focuses on leveraging technology and data analytics to provide personalized financial solutions, improve customer experience, and drive operational efficiency. They aim to expand their market presence through targeted marketing strategies and partnerships while maintaining a strong focus on risk management and regulatory compliance.

### Talent strategy

The Global Holdings talent strategy is centered around attracting, developing, and retaining a diverse workforce with the skills and expertise needed to support their business objectives. They prioritize investing in employee development, fostering a culture of innovation and collaboration, and ensuring alignment between individual goals and organizational goals.

### Capabilities needed

- Data Analysis and Actuarial Science
- Technology and Digital Innovation
- Risk Management and Compliance
- Customer Relationship Management (CRM)
- Financial Planning and Investment Advisory
- Continuous Learning and Adaptability

### Skills requirements

- Analyzes information
- Critically evaluates
- Makes rational judgements
- Offers practical solutions
- Builds, designs, or creates new tools or systems
- Offers practical solutions
- Learns quickly
- Gathers information
- Generates new ideas
- Understands spoken information
- Speaks clearly
- Writes with clarity
- Communicates using technology
- Builds rapport
- Builds and maintains networks



## Chapter 4

# Where to start?

Start small, do it well, and build momentum.

### Skills-based hiring

Revise recruitment and selection processes

Prioritize skills measurement over formal qualifications and role-specific experience. This may allow you to tap into the hidden workforce, or consider talent pools outside of your usual industry.

Use skills-based assessments and behavioral interviews, and ask skills-based questions throughout the hiring process to fairly measure individuals against skills requirements.

### Skills-based mobility

Better yet, look within.

Employees who are currently in your workforce have institutional knowledge and know your business already. They are likely to hit the ground running.

Fostering a culture of internal mobility has many additional benefits too, including increased employee engagement, higher retention, and reduced hiring costs.

### Reskilling

Grow alongside business strategy

As business or talent strategies change, your organization's capabilities and skills requirements will change too.

Being able to see the talent you already have already puts you a step ahead. You are then able to quickly pivot and understand your workforce against these changes, and target development investments.



## Chapter 5

# Overcoming obstacles

Challenging legacy thinking and robust change management capabilities will take you far in your skills journey.

### View this as a change management initiative

The journey ahead may seem daunting, but it is important to recognize that this transition is akin to other change management initiatives that HR and Talent teams have successfully undertaken in the past.

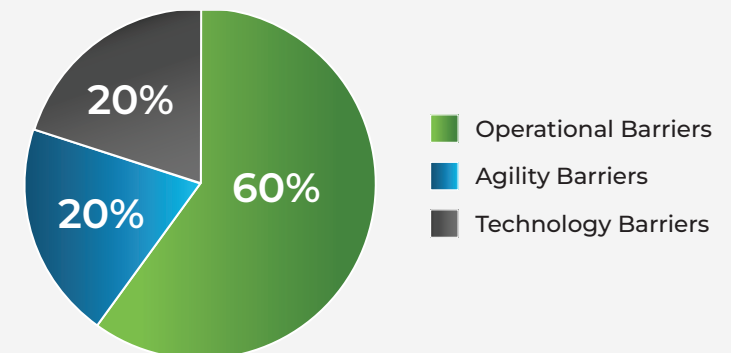


How to build a skills-based organization

## Top barriers to building a skills-based organization

Deloitte, 2022

1. Legacy mindsets and practices
2. Compensation practices restricting us from rewarding people for the skills they possess or develop
3. Complexity and difficulty of managing skills-based practices
4. Keeping up with the pace of change
5. Inability to move skills to business priorities
6. Lack of common definition or taxonomy of skills
7. Inability to evaluate performance based on skills
8. Insufficient skills data
9. Lack of effective skills-related technology
10. Recruiters or hiring managers not knowing how to source or evaluate skills



## Assess your organizational structure and culture

You need to understand the existing skill sets within your workforce and identify any gaps that need attention. By conducting this evaluation, you can gain insights into areas where skills-based practices can be effectively implemented and determine where to focus your efforts.

## Start with areas needing the most change

Next, prioritize the redefinition of roles and responsibilities based on skills rather than experience and titles. Start by focusing on the roles that require the most significant changes and evolution.

## Measure workforce readiness

Invest in robust skills assessment tools and platforms to facilitate this transition. This data-driven approach not only identifies individual strengths and weaknesses, but also provides a comprehensive view of workforce readiness relative to your strategic goals.

## Foster transparency

Establishing a culture of transparency and communication is crucial. While organizations often emphasize technological aspects such as skills marketplaces and AI, it is the operational and agility-related obstacles that represent 80% of the barriers.

**How to build a skills-based organization**

Ensure employees understand how skills data will be used to empower their careers and productivity, thereby fostering trust and engagement.

## Lead by example

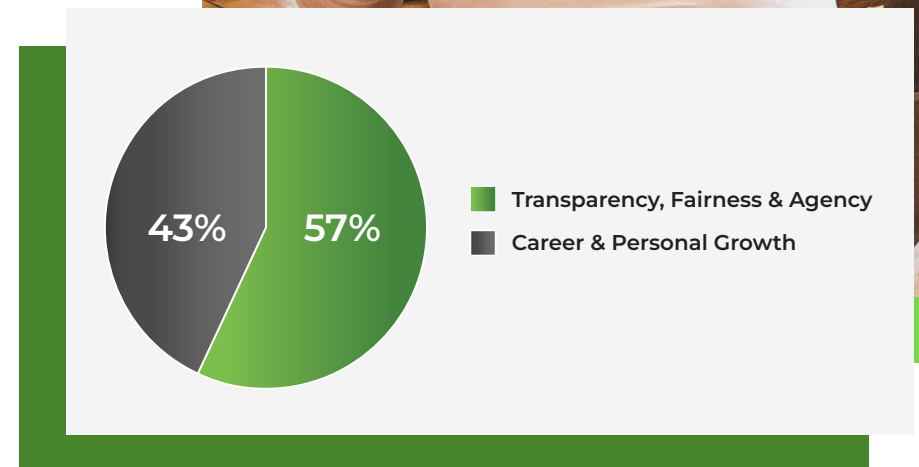
Garner leadership consensus and support. Active involvement and commitment from senior management is essential for driving cultural change and ensuring long-term success. Leadership buy-in fosters alignment and creates momentum for the transition toward a skills-based organization.



## What would make you more open to letting your employer collect your skills data?

Deloitte, 2022

1. My employer would clearly tell me how my data is collected, used, and the benefits that will be achieved
2. My data would open new opportunities for my growth and development, but it wouldn't influence hiring, deployment, performance assessment, pay or promotions
3. My employer would only use data that is objective and verified to inform hiring, pay, or promotion decisions, with the intent of making them fairer and more meritocratic
4. New work opportunities such as roles, assignments, teams, or projects would be suggested to me based on my data
5. I would have control about what data is shared and with whom
6. I could validate and correct my data as needed
7. I could have more customized work experiences based on my data





## Chapter 6

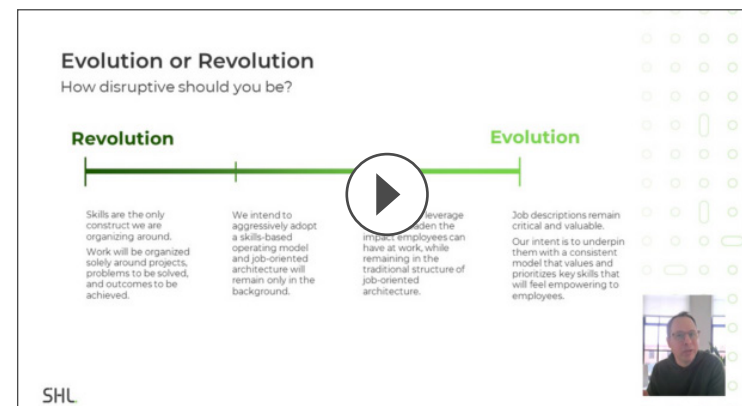
# Evolution or revolution?



From simply creating consistency in jobs to re-architecting work to drive productivity, your organization's commitment to a skills-based approach will sit on a continuum. Where on the continuum would you place your goals?

### More than one road to success

Discover the stories of businesses that reaped the benefits of building a skills-based organization by taking two very different approaches.





## Chapter 7

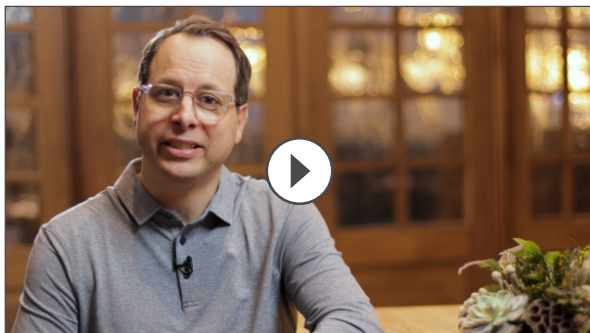
# Start the journey with SHL

SHL helps organizations deploy a highly usable and systematic skills-based approach, resulting in confident mobility, reskilling, and hiring decisions.

### Unlock agility with confident decisions

SHL is home to a comprehensive range of skills-related capabilities and offerings that support every stage of the talent lifecycle, from hiring and mobility decisions to identifying strengths and gaps in skills for individuals and teams.

Central to all these capabilities is a rigorous scientific foundation. We firmly believe that validated, fair, and reliable insights into skills are essential for making informed talent decisions, fostering agility, and transitioning to a skills-based organization.



How to build a skills-based organization

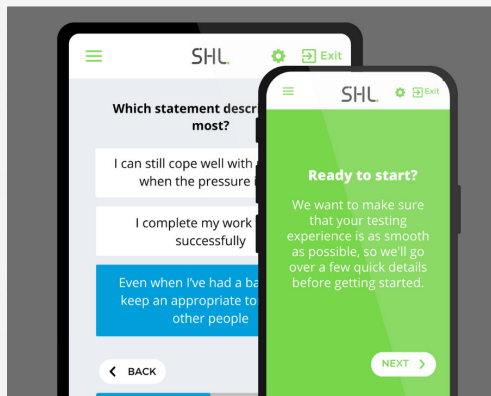


## Science-backed assessments

SHL's solutions contain an array of assessments and tools that make embedding a skills-first strategy across the employee lifecycle simpler than ever.

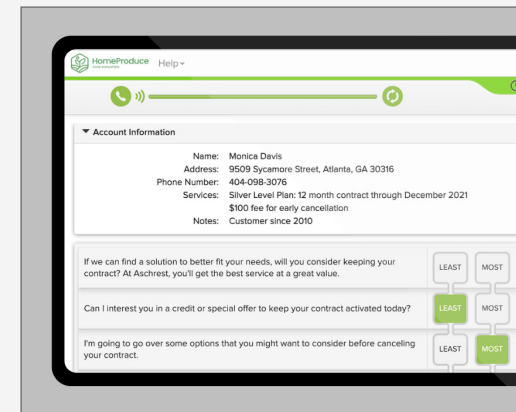
Working within our solutions means that you can turn skills data into actionable insights for all hiring, mobility, and development decisions.

### SHL Global Skills Assessment



Soft skills are increasingly vital in today's workplace. This assessment evaluates the 96 soft skills outlined in the SHL skills taxonomy in just 15 minutes. It provides a comprehensive overview of an individual's soft skills and abilities, supporting various hiring or mobility decisions.

### 200+ functional and technical skills assessments



With the largest library of over 200 functional and technical skills assessments, SHL enables organizations to assess hard skills fairly and accurately within their talent pools.

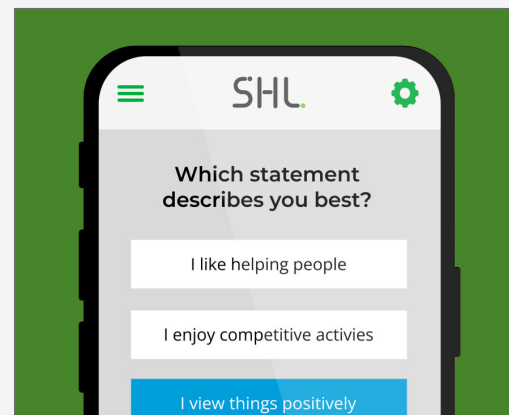


## Coding skills assessments



These assessments evaluate coding proficiency across numerous languages and various software development skills. They help organizations ensure they have the cutting-edge technology talent needed to thrive in rapidly evolving tech environments.

## Job-focused skills assessments



Building on the aforementioned capabilities, SHL has developed and validated job-specific hiring solutions tailored to measure the skills required for key roles. These assessments are designed for various roles, including customer service and contact center positions, manufacturing and industrial roles, graduate and apprentice programs, as well as numerous professional and managerial positions.

## Packaged into solutions



### Graduate Hiring

Early career hiring is your foundation for a sustainable future -proof workforce. Build a talent marketplace to feed the pipeline of roles you must fill in the coming years.

[Learn More](#)



### Volume Hiring

It takes a lot to truly captivate the attention of great candidates. Keep them engaged with a standout experience and use assessments to efficiently gather talent intelligence

[Learn More](#)



### Professional Hiring

Engage and secure professional talent to build a strong pipeline and drive future success.

[Learn More](#)



### Competency Fit Insights

Measure the competencies of individuals, teams, and your entire organization

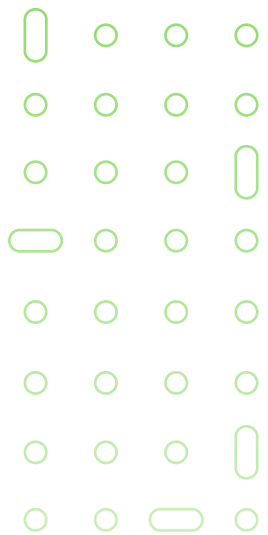
[Learn More](#)



## Find the skills you need, when you need them

SHL's assessment tools empower organizations to accurately evaluate both soft and hard skills, facilitating informed talent decisions using proven and fair scientific tools and enabling successful transitions to a skills-based organizational model.

[Speak to our experts](#)



SHL brings powerful and transparent AI technology, data science, and objectivity to help companies attract, develop, and grow the workforce they need to succeed in the digital era. We empower talent strategies to unlock the full potential of your greatest asset—people.



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