The Journey to the Skills-Based Organization

What Works

the joshbersin company

In today's ever-evolving business climate, every business and HR leader is deeply focused on skills. Studies suggest that skills now have a "half-life" of about five years and 44% of jobs will be redefined in five years.[1] As a result, CEOs are expected to reskill, upskill, and redesign their workforce on a continuous basis.

Fueled by AI and skills technology, companies are now talking about becoming "skills-based organizations," envisioning many enticing benefits: unbiased competency-based hiring, directed mobility of people into new roles, strategic planning tools to help make decisions related to pay, hiring locations, and more.[2] The question is: how can we transform this vision into reality?

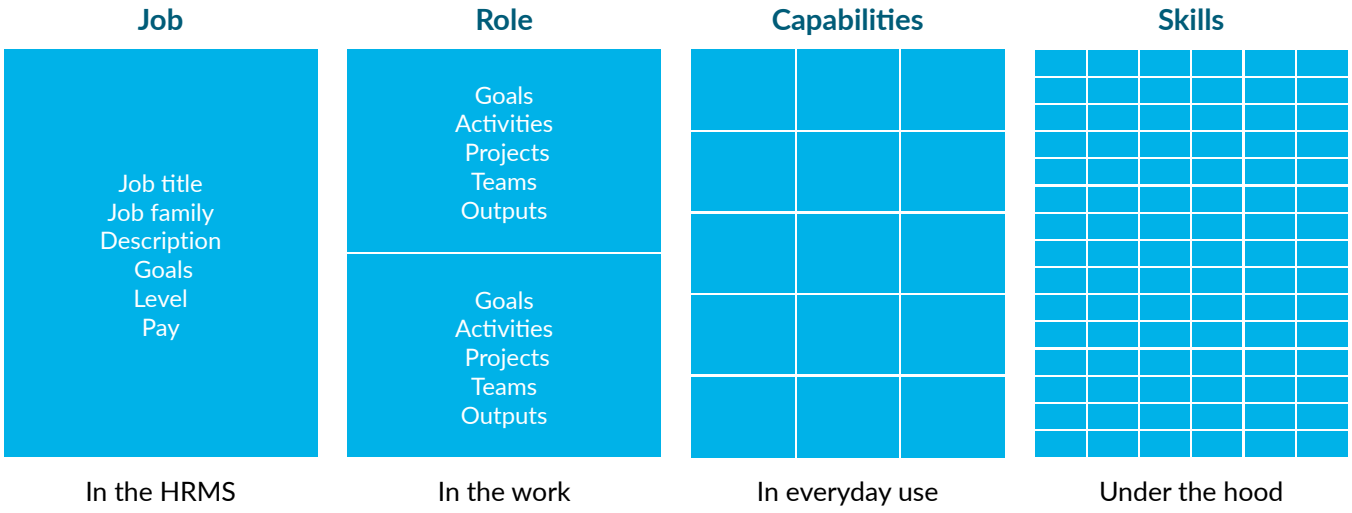
The Importance of Skills, Skill Taxonomies, and Skill-Based Strategies

"Skills" include the technical, functional, or soft domains of people's expertise, referring to specific abilities people demonstrate while performing their professional duties (see Figure 1). As companies adopt new technologies and move into new industries, they constantly need new skills.

As employees transition in and out of different jobs and grow their careers, they recognize that certain skills will enhance their careers and others will simply keep them in place. Consequently, companies must prioritize understanding and addressing the skills for their strategic needs while also providing employees with clear signals, guidance, and opportunities for ongoing career development.

While competency modeling is a well-established practice, it has historically focused on compliance, operations, and process-oriented tasks. In today's world, companies require skills data about new tools, technologies, scientific disciplines, and internal systems. Unfortunately, in most organizations, skills data is often incomplete, biased, static, and of low value. This underscores the growing significance of a "skills taxonomy," which is a structured approach to organizing and naming all the diverse skills essential to an organization. As a skills taxonomy monitors how skills evolve over time, this approach is gaining ground.

Figure 1: Understanding Jobs, Roles, Capabilities, and Skills



Source: The Josh Bersin Company, 2022

1 *Future of Jobs Report*, World Economic Forum, 2023.

2 "Building A Skills-Based Organization: The Exciting but Sober Reality," Josh Bersin/joshbersin.com, 2023.

Every Business Problem Hides a Skill Challenge

Our Global Workforce Intelligence (GWI) Project research shows that nearly every business challenge can be traced back to a skills-based talent challenge in the workforce.[3] For example, the future of consumer banks relies on advanced tech skills to enhance digital experiences for customers.[4] Likewise, the consumer packaged goods (CPG) industry is reinventing itself to satisfy changing consumer demands based on the readiness of its consumer delight skills.[5] Similar stories unfold from our research in healthcare and pharma. Skill strategies are no longer a nice to have.

Companies must prioritize building a dynamic enterprise skills strategy that continuously focuses on areas of the business where transformation is most urgent: whether it's improving underperforming operations, bridging existing or future talent gaps, or preparing for long-term transformation (see Figure 2).

The Growing Role of Data, Technology, and AI

As skills evolve over time, capturing and maintaining employees' skills data poses a significant challenge. Most HR departments still rely on traditional ways (e.g., self-assessments or surveys) to collect this information. However, there is no systematic, failproof method for determining which skills are present in the organization. In most cases, collected skills data is unstructured and decentralized, often dependent on the goodwill of line managers' efforts. Consequently, the acquisition of new skills data is slow, and accuracy of existing data is questionable. Meanwhile, employees are expected to keep their skills updated. Still, in most cases, by the time skills data is captured, it's often outdated.

Meanwhile, skills technology solutions are prolific, ranging from content-centric approaches that emphasize learning and development applications to job-centric tools embedded

Figure 2: Business-Driven Skills-Strategy Projects

Underperforming Operation	Current or Future Talent Gap	Long-Term Transformation
Sales, customer service, or HR function that is not hitting its numbers	Steep hiring curve and need to recruit faster and more strategically	Massive new technology change in industry or business
Business function (engineering, product management, etc.) that is not "keeping up"	Desire to expand talent pool with diverse or expanded talent profiles	Competition threatens to disrupt entire business ▪ New energy sources ▪ 5G ▪ Electric vehicles ▪ New insurance models ▪ Cloud business model
Difficulty hiring people because brand is poor	Need to improve career growth and internal mobility	
6 Months to 1 Year	**2 to 3 Years**	**Many Years and Ongoing**

Source: The Josh Bersin Company, 2022

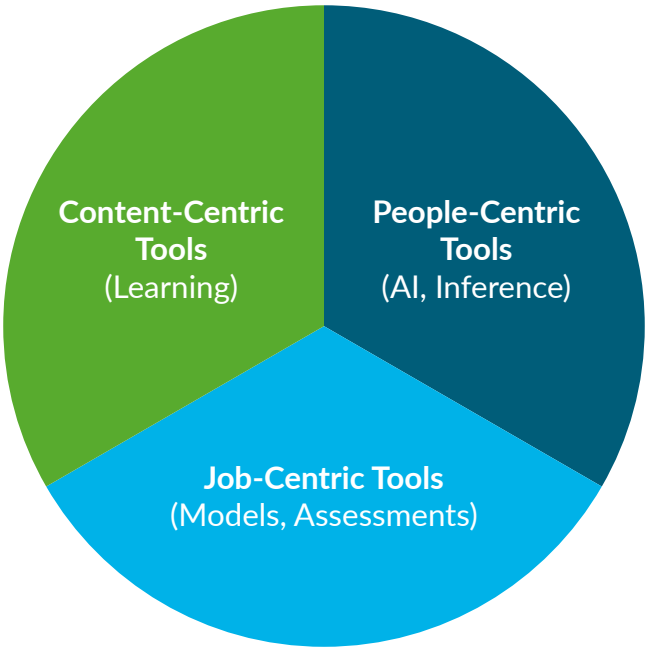
3 Global Workforce Intelligence (GWI) Project, joshbersin.com, 2022.

4 *Consumer Banking under Siege: Addressing the Digital Capability Gap*, Josh Bersin and Stella Ioannidou/The Josh Bersin Company, 2022.

5 *A Perfect Storm in Consumer Packaged Goods: The Urgent Need to Focus on Consumer Delight Skills*, Josh Bersin and Stella Ioannidou/The Josh Bersin Company, 2023.

in performance management to people-centric tools that leverage AI and inference capabilities (see Figure 3).

Figure 3: Three Categories of Skills Technology



Source: The Josh Bersin Company, 2024

Whether it's apps that embed and use skills, independent skills engines that work as a middleware solution, or end-to-end talent intelligence platforms that infer skills using many data sources, the array of solutions is broader than ever. Moving away from merely maintaining a library of job titles to adopting a more advanced and granular skills framework requires more than good intentions. Technology, especially AI solutions that infer and understand skills, offer companies the best chance of gaining real-time access to reliable skills data.

Cultivating a Skills-Based Organization

HR teams are often tasked with helping business leaders to build readiness programs and organization strategies for growth. They must navigate between short-term execution and long-term strategy simultaneously. Should the "skills taxonomy" handle all these aspects, or should these projects be tailored to specific teams and job roles?

Identifying the Business Challenge

Most companies aspire to transform into "skills-based organizations." Organizations like Ericsson (a Swedish multinational networking and telecommunications company) are proactively laying the groundwork by building the right skills foundation to become future-ready. Others are tackling an enterprise transformation that involves revising their organizational structure, creating new roles, and redefining work.

For example, pharmaceutical giant Novartis is transitioning into a more dynamic and skills-based organization, implementing a new approach to workforce planning to keep pace with the rapidly changing talent marketplace and leveraging technology from providers like Gloat and Workday to establish a comprehensive overview of its skills to meet ever-changing needs.[6] American Express has shifted its focus to skills, particularly in its sales and service teams. It realized that the skills needed in these teams were not customer service skills but hospitality skills. This led the company to recruit from hospitality companies like The Ritz-Carlton. Rolls-Royce uses a skills-based model to find manufacturing and production specialists, enabling people to rotate to new jobs in engineering and operations. P&G built a skills taxonomy that helped staff up its supply chain efforts during

6 *Novartis Builds a Dynamic Organization Leveraging a Skills-Based Internal Talent Marketplace*, Josh Bersin and Kathy Enderes, PhD /The Josh Bersin Company, 2023

the pandemic. Ericsson built a well-defined skills model for its massive 5G transition. This model was designed by engineers, sales and marketing teams, and the chief learning officer working together. BNY Mellon developed "capability teams" that collaborate on critical job roles so the teams can keep their skills models up to date.

In all these stories,[7] the situational context may vary, but the underlying need remains the same: companies are looking to gain continuous oversight and understanding of the skills in the workforce to effectively transition into the future.

Although many organizations think this skills-based shift is a novel concept, this is not necessarily the case. Companies in energy, telecommunications, oil drilling, retail, pharmaceuticals, and manufacturing have done this for decades through their corporate universities and capability academies. Building needed skills internally is old news. What is new is the technology solutions now available, the applications of AI, and the idea of using skills in an integrated way for recruiting, development, internal mobility, and pay. The more advanced the technology layer supporting this transition, the faster the outcomes.

Three Key Skill Paths

Becoming a skills-based organization requires a structured and methodical approach. Our research uncovers that companies vary in their readiness, maturity, and understanding of their skills needs as well as the steps needed to reach their desired outcomes. We have identified three potential paths on the journey to becoming a skills-based organization (see Figure 4).

Our research indicates these three paths are not necessarily sequential. Different parts of the business may have varying levels of knowledge about current skills, whereas others may be tackling more advanced skill-based challenges. Multiple use cases unfold, and paths may overlap or be implemented in parallel tracks across the organization. In the following section, we take a deeper dive into each of these three paths.

Figure 4: Types of Skill Paths

Skills Discovery	Skills Development	Skills Enablement
Talent Need		
Organization wants to establish common language around the skills and competency levels and test the waters for a skills taxonomy.	Organization wants to build or enrich a skills taxonomy and start initiating skill-based talent development programs.	Organization wants to enhance internal mobility by closely monitoring business-critical skills and ensuring the skills taxonomy is kept up to date.
Skills Challenge		
No prior knowledge and/or low maturity on assessing what skills are present within the organization.	Some prior knowledge on skills within the organization but needs to be expanded with additional skills from a different category (e.g., identifying leadership skills for scientific talent).	Prior knowledge exists on skills within the organization, but some additional "future-looking" skills need to be identified (e.g., future-looking tech skills).
Outcome		
Laying the foundation	Identifying the talent landscape and catalyzing L&D	Enabling talent mobility

Source: The Josh Bersin Company, 2022

7 "Building A Skills-Based Organization: The Exciting but Sober Reality," joshbersin.com, 2023

1. Skills Discovery

Every successful transformation journey starts with a strong foundation. Skills discovery lays this groundwork, serving as the bedrock in transitioning to a skills-based organization. It marks the earliest possible stage of an organization's quest to embrace a skills-based model. The mission is to address the lack of prior knowledge concerning existing skills within the organization (or a specific team or unit). This path requires cultivating a data-driven approach, engaging stakeholders, and comprehensive mapping exercises to develop an understanding of potential skills taxonomies. By unveiling the organization's talent landscape, skills discovery enables informed decision-making, talent optimization, and strategic growth.

Involving Key Stakeholders

Leaders, managers, HR professionals, and employees play pivotal roles in shaping the skills framework. A skills assessment (or skills audit) is essential to understand the current skills landscape. Workshops, surveys, interviews, and self-assessments are some of the most common (and perhaps dated) tools for capturing a 360-degree view of individual and team competencies. Although more advanced technology solutions like skills inference algorithms greatly simplify the actual data collection stage and involve as few people as possible, there will always be room for critical review and discussion around initial findings to understand the current state and where gaps are.

Fostering a Common Language around Skills

Organizations on the skills discovery path recognize the importance of establishing a consistent library and understanding of skills and competencies. For example, a leading Belgian bank integrated captured skills data into its employee experience platform, allowing employees and managers to review and approve them. Approval rate reached 88% and enabled the bank to look past job titles to identify their employees' skill profile. In other companies, employees can now view and interact with their skills profile directly on Microsoft Teams.

Once the skills data is gathered, the next step involves mapping competencies to specific job roles, functions, and organizational goals. This exercise helps identify critical skills required for success in various roles.

Laying the Groundwork for a Skills Taxonomy

The skills discovery path involves establishing the foundation for a comprehensive skills taxonomy while understanding the existing competencies and potential gaps. For instance, in the pharma industry, with the way job families and job roles were structured for HR talent, many diverse HR roles with a variety of skills and competency levels had been mapped under a generic job description. Pharma companies oftentimes have no visibility into the actual set of roles and skills that exist, therefore limiting development opportunities for HR talent.

During skills discovery, organizations may pilot certain initiatives or programs based on the emerging skills taxonomy. This "test-and-learn" approach enables fine-tuning before a full-fledged implementation. As technology evolves, skill inference algorithms are gaining momentum as they effectively cover that need in the most cost-efficient way.

2. Skills Development

As organizations grow and evolve, their talent pool diversifies, introducing a wealth of untapped potential. In skills development, companies embark on an in-depth exploration, gaining a panoramic view of the skills and competencies residing within their ranks. This valuable knowledge serves as a potent catalyst, equipping leaders with data-driven insights to not only identify high-potential employees but also proactively bridge competency gaps and strategically optimize talent allocation, aligning it with the organization's strategic vision.

Expanding Skills Knowledge for Tailored Talent Solutions

With a solid understanding of existing skills, organizations can tailor talent development solutions and learning and development programs to address specific needs. This targeted approach ensures maximum impact, boosting individual and collective performance. For instance, one pharma company wanted to provide learning and upskilling opportunities to R&D personnel, especially around soft skills, and leadership development. Although the company had mapped the technical skills profile of its R&D talent, little was known of their leadership potential. The company leveraged skills inference technology to expand knowledge around R&D soft skills to provide those employees with tailored learning and development opportunities.

Maturing Skills Data Alongside Tech Infrastructure

The seamless integration and advancement of technology play a pivotal role in empowering data-driven decision-making toward becoming skills-based entities. By investing in sophisticated tech infrastructure that supports the capture, analysis, and visualization of skills data, organizations can ensure they continually capture skills data in a dynamic manner, allowing for all interconnected systems to update whenever skills change.

One such example comes from a leading online travel agency. This company has shown an ongoing commitment to strengthening its maturity in operating as a skills-based organization. It established an operating model and governance layer around this work to enhance skills discovery and adoption efforts. However, integrating skills into its HR tech stack and respective processes posed challenges. Yet, by analyzing its technology infrastructure alongside the HR tech stack, it successfully connected a skills inference tech layer, integrating it with various HR systems, including the LMS, the LXP, the ATS, the compensation system, and the corporate data warehouse, with the relevant skills data for jobs, employees, and courses.

Building a Robust Skills Taxonomy

Armed with valuable insights, organizations on the skills development path can construct a robust skills taxonomy that categorizes skills based on proficiency levels and relevance to roles, forming the backbone of a skills-based organization. Companies like Aggreko (a leading global supplier of temporary power and heating and cooling solutions), BNY Mellon, and Lockheed Martin (an American aerospace and defense company) all utilized this approach to create a skills taxonomy. Ericsson used AI-powered skill inference and achieved a functioning skills taxonomy within four weeks.

Establishing a Skills Governance Process

Maintaining alignment with business needs is key to ensuring skills remain an active element of organizational performance. This process empowers business stakeholders to actively participate in validating skills models, promoting accuracy and relevance. By engaging stakeholders in regular reviews and assessments, organizations can adapt swiftly to changing industry dynamics, technology advancements, and evolving market demands. This collaborative approach fosters a dynamic skills ecosystem that remains agile and responsive to the organization's strategic goals, ultimately driving sustainable growth and competitive advantage.

3. Skills Enablement

Skills enablement serves as a powerful catalyst for talent mobility, fostering the creation of internal talent marketplaces within organizations. Armed with a comprehensive skills profile, employees can be seamlessly matched with suitable opportunities, unlocking a world of growth and engagement. As companies mature, skills monitoring becomes integral to their continuous improvement journey, seamlessly integrating skills data into all decision-making processes to drive agility, competitiveness, and sustained success in the ever-changing business landscape.

Aligning Talent Acquisition with the Skills Taxonomy

By closely monitoring market trends, skill demands, and talent availability, companies can proactively strategize their recruitment initiatives to source and secure candidates with the desired skill sets. Innovative companies like Google and Nvidia leverage talent intelligence teams that analyze external skills trends from sources such as Lightcast (a labor market analytics provider) to inform their hiring and location strategies and long-term technology needs. This alignment fosters a dynamic and agile talent acquisition process, positioning these organizations as frontrunners in the talent race and ensuring they have the human capital to thrive and drive business success.

For example, as Ericsson was in the crux of a major transformation from a hardware company to a software company, it successfully identified gaps in its job architecture and aligned talent acquisition efforts by leveraging its skills taxonomy to address skill shortages.[8]

Proactively Addressing Reskilling

By identifying emerging skill gaps, investing in targeted reskilling initiatives, and fostering a culture of continuous learning, companies can equip their employees with the capabilities needed to navigate uncertainty and capitalize on opportunities in the ever-changing market. This approach ensures that organizations can not only survive but also thrive in the face of disruption, propelling them toward sustainable growth and enduring success. Taking its skills-based approach to reskilling to the next level, a global consumer bank identified 300 employees with declining skills and helped them transition into future-proof roles in under three months. Based on their estimations, it reduced time to hire for critical

8 "Learning from our Skills Journey," LinkedIn.

positions by 80%, achieving about $21,000 in acquisition cost savings per employee.

Empowering Talent Mobility

By fostering a culture that encourages employees to explore new roles, gain diverse experiences, and pursue career growth within the organization, companies can enhance higher levels of engagement and retention. This strategic approach heavily relies on highly mature skills and competency levels and optimizes talent allocation, enabling the right people to be in the right roles at the right time, thereby driving performance and contributing to overall business success.

For example, a pharma company that used skills to promote internal mobility within its Global Tech function for key tech skills important to the future of tech in the organization, such as data analytics and cybersecurity. By matching tech staff to specific projects or tasks, the company could enhance talent allocation and improve team effectiveness within the technology function.

Next Steps

As companies start or continue their journey toward becoming skills-based organizations, they must foster a culture that champions continuous learning, adaptability, and collaboration. This ethos acts as the catalyst for ongoing evolution and success in an ever-changing business landscape. Transforming into a skills-based organization heralds a paradigm shift in talent management and development, promising to fundamentally revolutionize the workplace.

However, this transformation is not without challenges. Organizations must navigate complexities such as identifying the right skills taxonomy, ensuring data accuracy and privacy, and fostering a mindset of embracing change and upskilling.

Here are some prevalent challenges and key actions identified through our research:

- **Low-quality skills data.** Accurate data collection and protection are of paramount importance for organizations transitioning to skills-based entities. Ensuring data privacy and gaining employees' trust in the process add further complexity to this endeavor. Identifying ownership to manage the process and coordinate across the business and HR is essential.
- **Low readiness for AI for adoption.** Many organizations struggle with adopting AI-powered skills solutions because of limited readiness. Clarifying the problems they are solving for, aligning on expected outcomes at the leadership levels, and growing their AI capabilities are essential steps.
- **Inclusivity in skills mapping skills.** Eliminating biases and promoting equal opportunities for all employees are not only an ethical imperative but also a strategic advantage. Establishing a common language among HR, tech, and the business fosters seamless communication and alignment in the pursuit of a skills-based vision, serving as the linchpin of organizational success.
- **Iterative skills taxonomy refinement.** Becoming a skills-based organization is not a static destination but rather an iterative journey. Organizations must be agile and receptive to refining their skills taxonomy in response to real-time insights and feedback. However, this endeavor can prove challenging, especially for companies with limited data and analytics capabilities within HR. Investing in analytics and data-driven expertise will be instrumental in enabling the continuous evolution of the skills-based model.

- **Leadership buy-in**. Leadership support stands as a critical determinant of success when transitioning into a skills-based organization. Leaders must wholeheartedly champion the initiative, actively participating in shaping the skills-based vision. Understanding the breadth and depth of the decisions made along the way is crucial, as it allows leaders to navigate the transformational path with foresight and strategic acumen. Their unwavering support and engagement will inspire employees and stakeholders alike, propelling the organization toward a future where skills serve as the compass guiding growth and competitiveness.

- **Gradual expansion approach.** Focusing on the problem at hand and gradually expanding scope is more viable than a big bang approach. In most cases, the HR tech stack is dated or needs significant updates before it can support the interoperable premise of the seamless skills-based organization. This leads many companies to start their journeys by first implementing a project to clean up the job architecture and then building an enterprise skills database from scratch. This is an enormously complex initiative, and in many cases quite unnecessary and years to complete. Starting with an initial project and gradually expanding scope while managing everyone's expectations around timelines, technology readiness, and investments is a more feasible strategy.

- **Systemic talent strategies.** Amid an inflationary landscape, the emergence of hybrid work models, and an ongoing labor shortage, organizations are actively seeking pathways to sustain growth. Simply hiring new employees will not resolve the skill and talent gaps that organizations face. Companies need to integrate recruiting, retention, development, pay, goal-setting, and leadership into systemic talent strategies that encompass the entire organization. The top companies in the world, known as the "pacesetters,"[9] understand the importance of skills data in effective decision-making around talent and are always on the lookout for key skills that safeguard their future. These organizations are strategic and systemic in implementing holistic solutions to address their key talent challenges.

The Future of Work Is Skills-Based

Skills-based organizations are imperative in today's ever-evolving business landscape. Companies, irrespective of size and past achievements, are relentlessly pursuing opportunities to enhance their skill sets incrementally. Achieving business success hinges on the ability to tackle challenges with novel and improved approaches. While cutting-edge solutions like skills inference infrastructure driven by next-gen and AI-powered technologies undoubtedly play a significant role, the onus ultimately lies with organizations to deeply comprehend the challenges at hand.

Aligning skills efforts to a business problem is essential. Taking an enterprise approach to skills is a daunting task (and may not be necessary in many cases), so starting with an initial project or a pilot to iron out the process helps companies decide if and how they want to expand the work more broadly. Assessing the current maturity of the organization in terms of skills, and then taking decisive action based on readiness levels, is critical. Finally, the path to becoming a skills-based organization requires not only an unwavering commitment to continuous improvement but also embracing the power of skills to drive innovation and competitiveness.

9 *The Seven Winning Strategies of Pacesetter Organizations*, Josh Bersin, Kathi Enderes, PhD, and Stella Ioannidou/The Josh Bersin Company, 2023.

Online Travel Agency Builds an Integrated Skills Ecosystem for Personalized Talent Growth

Gradually Enhancing Skills Maturity for Better Decisions around Talent

A leading online travel agency based in central Europe has shown an ongoing commitment to strengthening its maturity in operating as a skills-based organization. Responding to employee feedback asking to increase visibility of career opportunities, the company first embarked on a journey to understand the concept of a skills-based organization and its value and benefits. Then, it worked extensively on mapping out skills for all job profiles and employees in the organization, which was the basis for a bottom-up skills taxonomy.

The company is devoted to an ongoing agile journey of personalizing career development opportunities for its people through the extensive mapping of job roles and skills while also being able to make more informed strategic decisions around talent.

An Agile Delivery Model for Becoming a Skills-Based Organization

When it comes to becoming a skills-based organization, this industry leader emphasized the importance of understanding the use case first, leveraging the right supporting technology, and ensuring the proper alignment of resources, investments, and stakeholders across the organization. To accomplish this, the company has established an agile delivery model, which brings a series of teams together that work in parallel in an iterative and recursive process—capturing, understanding, and using skills data to enhance its skills strategy. This approach is flexible in recognizing that there are still many questions and directions to go in the HR tech stack and core decision-making processes across the HR department. "We are using this agile model to make sure that we can do it iteratively one step at a time," said the project lead.

Empowering HR Tools and Processes with Skills

Having established an operating model and governance layer around the work has increased the organization's skills discovery and adoption efforts. However, the company recognized that there were still many burning questions and possible paths in terms of integrating skills into both the HR tech stack and the respective HR processes. "What we've learned in this ongoing recursive process is there are 1,000 questions and 1,000 directions we could go," said the project lead. "Where should skills data show up? How could they be used? Which architectural runway would allow skills to connect with the LXP? How should skills data and profiles integrate with the company's new talent marketplace solution under implementation?" By analyzing all the moving pieces in conjunction with the company's technology infrastructure layer, this organization realized that maturing its skills data was critically important to becoming an efficient skills-based organization.

Maturing Skills Data through AI-Driven Inference

This organization has partnered with TechWolf (an AI-driven skills intelligence platform) to strengthen the quality of its skills data and help integrate it with the entire HR ecosystem. The main value proposition of skills inference is that it serves as an invisible layer gathering skills from existing software solutions employees use in their daily work, contributing to the creation of a common skills language across the organization. TechWolf acted as a middleware that ingested a variety of skills data, propagating it back out to the company's tech stack. This organization chose this solution approach because it believed in the value of the skills data and wanted to leverage it as a byproduct of other core applications.

TechWolf gained access to enterprise systems to derive insights and provide the team with recommendations for skills and proficiency levels. It also helped the company bring

this solution to life across the tech stack and the entire HR ecosystem from a tech architecture standpoint. "Skills data is an asset. A core data asset. And although there are many solutions out there that offer a built-in skills taxonomy, it is generally unproven and cannot be integrated with the rest of the tech stack," said the project lead.

Results

Increasing maturity in the skills data and ensuring a seamless interoperability between skills taxonomy and systems architecture was one of the most critical outcomes of the skill inference infrastructure set in place at the company. Moreover, the updated skills library has served as input to the newly developed talent marketplace set in place to meet the talent development aspirations of more than 700 engineers.

This work has also proven crucial for addressing core issues around streamlining the company's job architecture. By regrouping and clustering the skills, it was able to identify irregularities and inconsistencies in the job architecture, prompting updates and refinements to job profiles for job families and business titles. TechWolf's AI-powered algorithm helped the company gain clarity on skills and skill proficiency levels across all 1,500 job roles.

Moreover, this initiative has been crucial for addressing core issues around data privacy. The company onboarded its data privacy team in a rigorous skills journey to determine what the company can and cannot do with data, both on the supply side and within employee inventory. The team also reviewed the legal process and resolved concerns about data usage in various use cases, including talent development.

Next Steps

Looking ahead, the organization is working on a roadmap to increase overall system interoperability and skills data integration with all other systems used throughout the organization, including Jira. These systems that support the company's core business operations contain critical additional information on skills, contributing to a more comprehensive skills maturity in a seamless and integrated way. The company is also working on integrating the entire HR tech stack with the skills taxonomy, including its LMS, LXP, ATS, and corporate data warehouse. ■

A Leading Global Pharmaceutical Company Becomes an AI-Powered, Skills-Based Organization

Increasing Transparency in Career Development Opportunities for All Employees

Following a recent demerger and decentralization of HR functions, a leading pharma company wanted to further enhance the career development opportunities available to its employees, including commercial R&D, manufacturing, and corporate roles. The company has identified the need for more transparency in career paths across HR, R&D, and global tech and explored the idea of a talent marketplace to address the issue.

"Lots of change happening in HR and lots of change happening at the company. Older career paths had been disrupted, layers had been stripped out, roles had been put in different places, and people were wondering where to go to develop their careers. It was a case of how to drive more transparency into the organization," said the project lead.

Initially, the company launched "CareerHub," a pilot talent marketplace project to showcase part-time projects and mentorship opportunities. However, the pilot faced challenges in obtaining robust skills data and faced operational issues in terms of employee and manager engagement. The company soon recognized these challenges were largely due to the limitations of the company's existing skills data and the need for a more comprehensive and data-driven solution.

A Data-Driven Solution for Talent Marketplace Effectiveness

In aiming to boost user engagement around career development, the company initially focused on implementing an interoperable talent marketplace solution through traditional HR efforts. The company soon realized that addressing underlying challenges required a more fundamental approach. Standardizing and enriching the skills data layer emerged as the pathway for enabling the organization to reach a higher level of agility in solving for increased transparency in career development opportunities. To achieve this, the company developed a people intelligence database, allowing the company's analytics team to incorporate clean datasets and within Microsoft Power BI for visualizations and assessment of the current state of skills data, supporting data-driven decision-making. This step helped the company realize it needed more data and insights around skills than currently available.

AI-Powered Skills Inference Integrated with the HRMS

TechWolf (an AI-driven, skills intelligence platform) offered a demo showcasing its ability to provide skills intelligence and inference from various organization sources. Impressed with the platform's ability to extract skills from data and its comprehensive approach beyond just helping create a skills taxonomy, the pharma company's leadership embarked on a three-year journey to leverage skills inference technology.

"We realized that we would probably spend the first year properly testing algorithm outcomes, analyzing results, and putting a governance wrapper around it to ensure compliance," said the project lead. "The integration of TechWolf's data with other platforms, such as Workday Skills Cloud and a skills taxonomy provided by an external consultant, has enabled us to operationalize the insights and drive more effective talent management efforts." Begin new paragraph the first year, the company conducted three initial projects to test the platform's ability to infer skills and improve HR processes related to hard skills and soft skills in various business units.

Increasing Talent Mobility in Global Tech

The first project revolved around promoting internal mobility within the global tech function of the company to optimize talent management and skills utilization within its technology-focused teams. Key skills for the future of tech in the organization, such as data analytics and cybersecurity, were agreed upon. The overall approach leveraged skills inference technology in combination with data analytics capabilities to identify individuals with the right skills for various roles within global tech. By better understanding the skills of its employees and matching them to specific projects or tasks, the company could enhance talent allocation and improve team effectiveness within the technology function.

Enriching Leadership Development Opportunities for R&D Talent

The next step focused on addressing talent challenges within the R&D division of this leading pharma organization. The company wanted to provide learning and upskilling opportunities to R&D personnel, especially around soft skills, and leadership development. To achieve this, it leveraged skills inference infrastructure to map job roles with labor market insights on relevant soft skills. This approach offered tailored learning and development opportunities for R&D talent.

Facilitating Discussion around Skills and Talent Development within HR

The final project centered on building a common understanding around HR skills and assessing competency levels within the HR function. The company realized that the structure of job families and job roles within HR lacked clarity, resulting in various HR roles with diverse skills and competency levels mapped under generic job descriptions, limiting the organization's ability to increase transparency and visibility into development opportunities for HR talent. TechWolf's AI-powered skills inference helped inform the discussion around skills and talent development within the HR function.

Results

Overall, these three use cases demonstrate this leading organization's efforts to leverage AI-powered technology and data analytics to address talent challenges and enhance talent management across different business units. By optimizing talent allocation, improving transparency, and deriving insights from skills data, the company aims to foster a more agile, skill-based organization that can effectively leverage its workforce's capabilities to drive innovation and business success.

The pilots yielded positive results, with feedback indicating that the platform was 80% accurate in terms of taxonomy building and overall skills mapping. This success prompted the organization to accelerate the initial project and integrate the platform with Workday, which was well-received by Workday as it further improved its skills cloud offering. Overall, TechWolf's AI-powered capabilities have shown promise in addressing the company's challenges in creating career development opportunities and enhancing HR processes.

Next Steps

This pharma leader plans to upload captured skill data to improve the CareerHub initiative, streamline recruitment processes, explore skill-based learning and learning portfolio optimization, and build a skills-based talent strategy. Looking ahead, the organization wishes to combine skills data with all other cross-functional platforms and datasets for more comprehensive analytics, producing deeper insights and informed decision-making. Captured and inferred skills data will eventually be integrated into Workday Skills Cloud, which will create a strong foundation for talent intelligence.

"Our experience with AI-enabled skills inference serves as a valuable example for other companies looking to leverage AI and data-driven solutions to transform into skills-based organizations, underscoring the importance of data analytics, technology, and agility in HR processes as well as the need to strike a balance between skills-based approaches and traditional job roles," said the project lead. ■

About the Authors

Josh Bersin

Josh founded Bersin & Associates in 2001 to provide research and advisory services focused on corporate learning. He expanded the company's coverage to encompass HR, talent management, talent acquisition, and leadership and became a recognized expert in the talent market. Josh sold the company to Deloitte in 2012 and was a partner in Bersin by Deloitte up until 2018.

In 2019, Josh founded the Josh Bersin Academy, a professional development academy that has become the "home for HR." In 2020, he put together a team of analysts and advisors who are now working with him to support and guide HR organizations from around the world under the umbrella of The Josh Bersin Company. He is frequently featured in publications such as *Forbes*, *Harvard Business Review*, *HR Executive*, *The Wall Street Journal*, and *CLO Magazine*. He is a popular blogger and has more than 800,000 followers on LinkedIn.

Stella Ioannidou

Stella is the senior director of research and Global Workforce Intelligence Project leader at The Josh Bersin Company. In this role, she conducts empirical research on a variety of topics related to the skills economy, talent intelligence, and HR technology. Stella has almost 20 years of experience across several industries, including banking. Prior to joining The Josh Bersin Company, Stella was the HR transformation leader for Deloitte, where she led large-scale HCM implementations and designed frameworks for talent acquisition and performance management for the public sector. Stella holds master's degrees in engineering, information systems management, business administration, and lifelong learning. Stella lives and works in Greece and is pursuing her PhD in talent intelligence. She is a certified project manager, change management practitioner, lean six sigma green belt, and ICAgile HR

The Josh Bersin Company Membership

The Josh Bersin Company provides a wide range of research and advisory services to help HR leaders and professionals tackle the ever-evolving challenges and needs of today's workforce. We cover all topics in HR, talent, and L&D. The Josh Bersin Academy—built on our research and powered by Nomadic Learning—helps HR practitioners grow key foundational skills. Our corporate membership program provides HR teams and senior leaders with the skills, strategies, and insights to build cutting-edge HR and people strategies through a combination of research, assessments, professional development, exclusive events, and community. In 2022, The Josh Bersin Company introduced the Global Workforce Intelligence (GWI) Project to guide market-leading businesses and their leaders through the challenges of industry convergence while remaining future-focused.

For more details, contact us at info@bersinpartners.com.