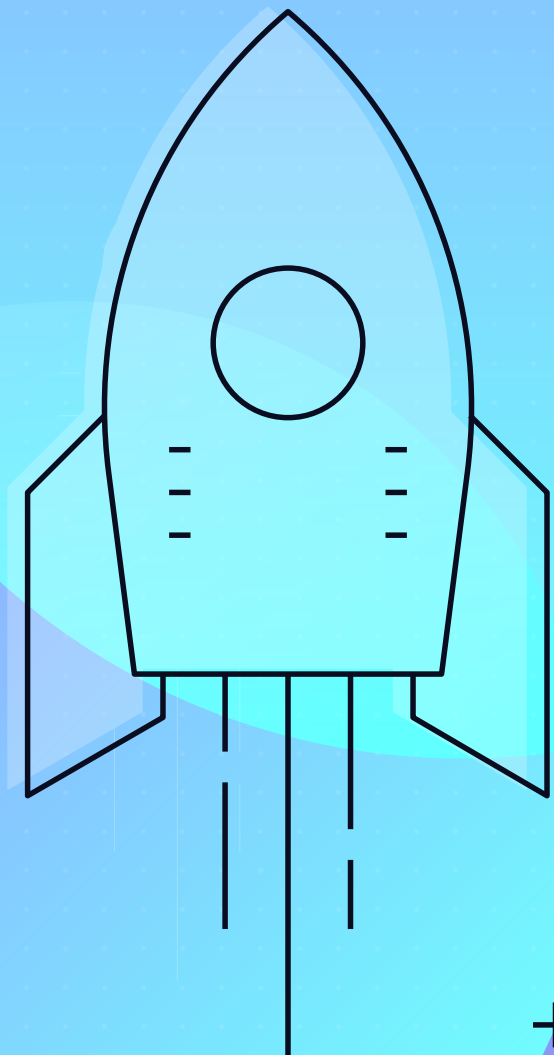




# Getting started with skills

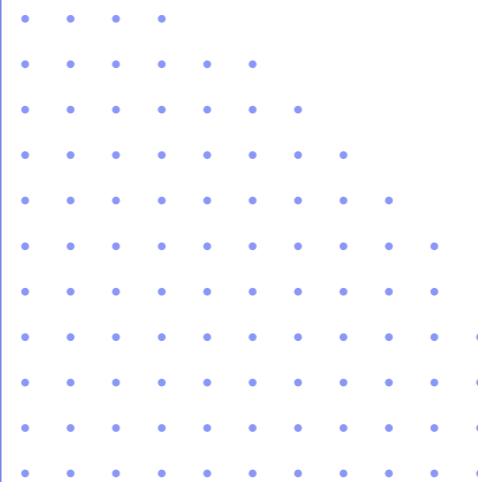
3 practical tips on implementing  
a skill-based approach





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# Message from our CEO



Skills have been on the corporate agenda for some time. Everyone is talking about skills.

Despite the hype, fewer than 20% of companies have started the journey to becoming skill-based organisations, according to Deloitte<sup>1</sup> research. At the same time, business and HR leaders are increasingly recognising the strategic importance of a shift to skill-based hiring, training, and development in building organisations that remain competitive.

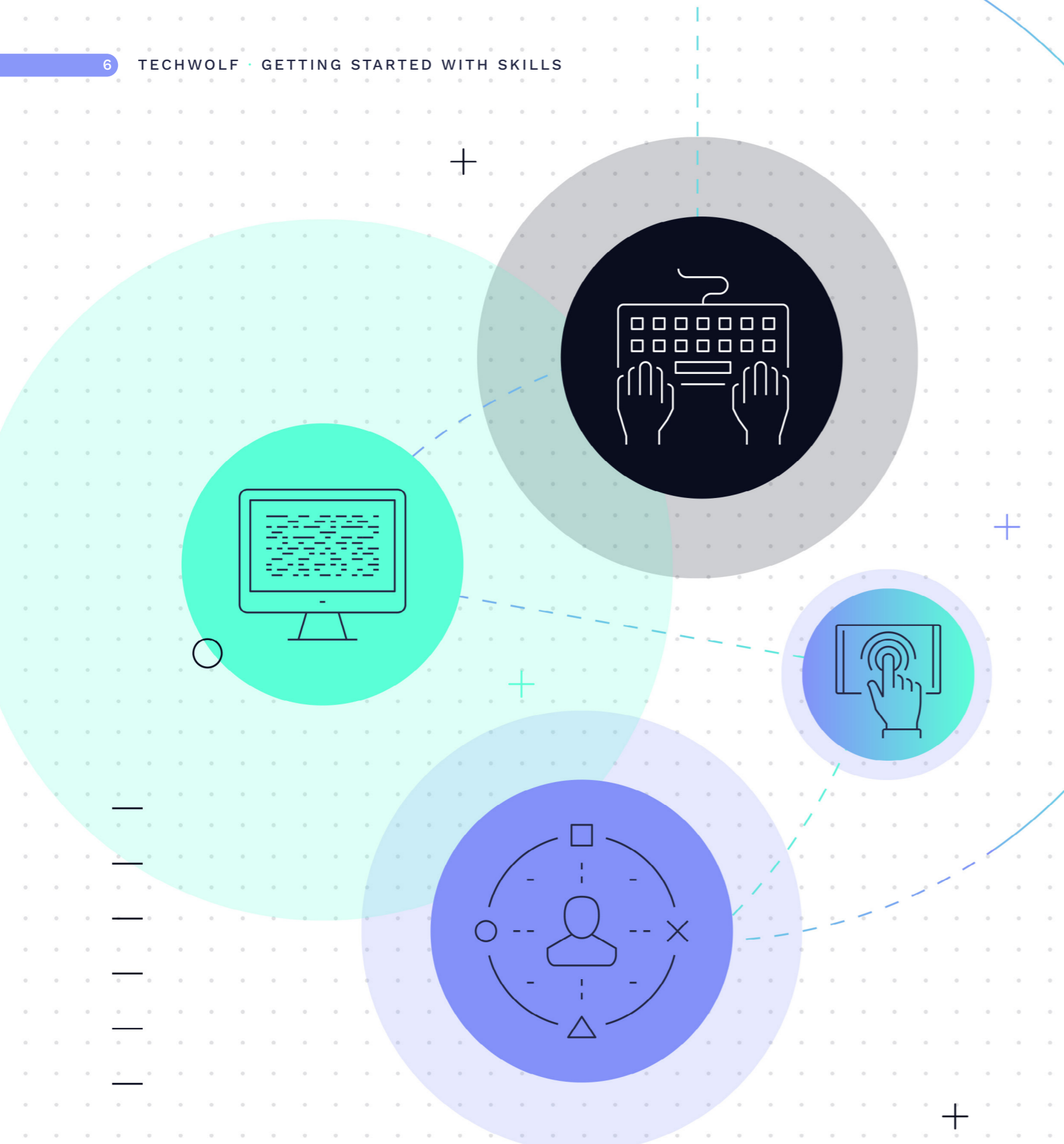
The problem we are continually seeing in our conversations with customers is that very few know where to start on the journey to becoming skill-based. There is a lot of theory but very few practical examples that can be followed. As a result, we see many organisations struggle with the initial approach.

The best thing to do is start by focusing on a specific population with a business problem that skills can solve and then iterating and expanding to more areas. Attempting seismic change before you've proven the impact and value of a skill-based approach can limit future investment and, therefore, the success of a project. A skill-based approach is not a sprint; it's a marathon. Over time, successful transformation requires a shift in culture and mindset, not just a new set of processes.

Our latest guide aims to help you cut through the noise and the buzzwords with just three practical tips to help you get started on your mission to become skill-based.

Andreas De Neve

<sup>1</sup> <https://www2.deloitte.com/uk/en/insights/topics/talent/organizational-skill-based-hiring.html>



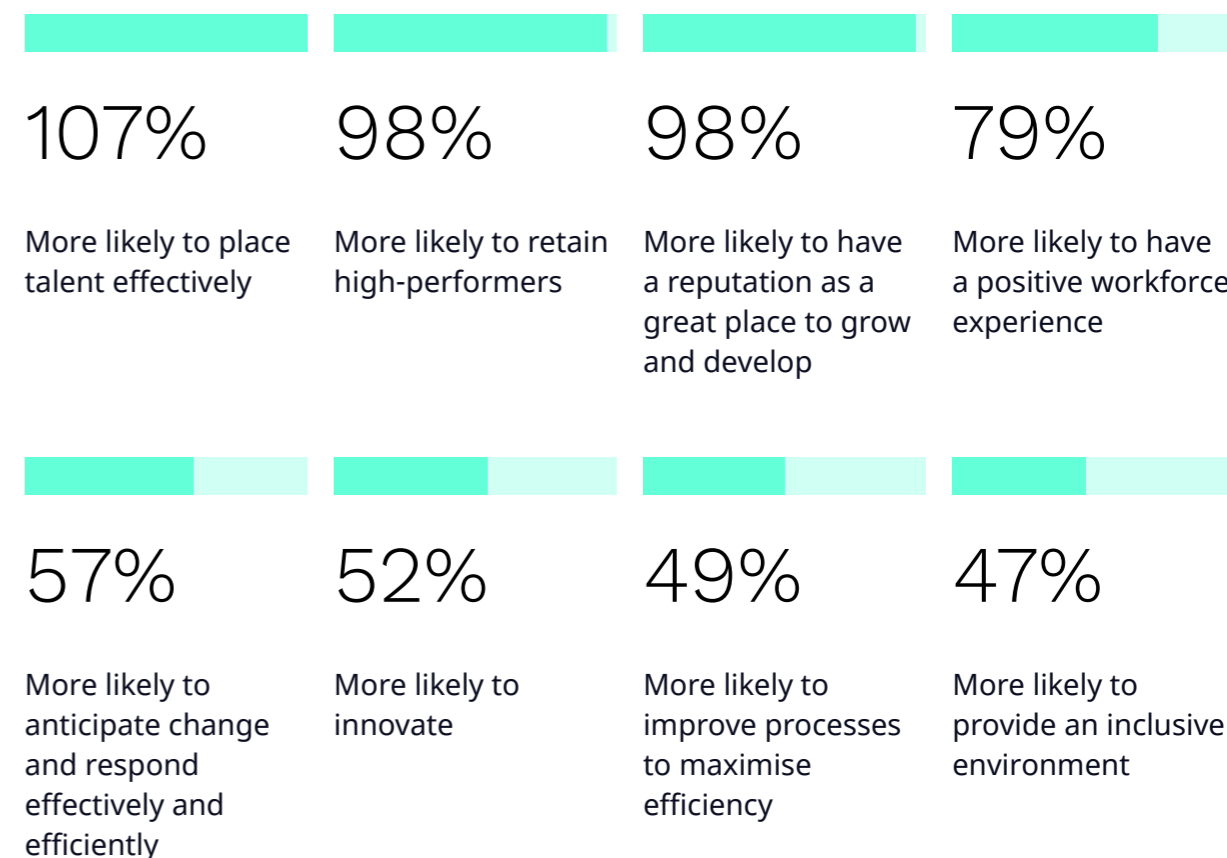
# Why go skill-based?

As looked at by Deloitte, the shift towards skill-based approaches in hiring, internal mobility, performance management, upskilling, and workforce planning is gaining momentum. This approach represents a new operating model for work and the workforce that uses skills rather than jobs to make decisions about work and the workforce. Research from the World Economic Forum indicates that 85 million jobs<sup>2</sup> are predicted to be displaced by 2025, while 97 million new jobs will emerge, so the most competitive organisations will be those who are able to shift to a skill-based approach.

In our previous guide, we established the need for a resilient skill ecosystem and a skill framework. In this guide, we will focus on the “how” to help you get started on the journey to becoming skill-based.

## We’ve all heard of the benefits:

Skill-based organisations are<sup>3</sup>



<sup>2</sup> <https://www.weforum.org/press/2020/10/recession-and-automation-changes-our-future-of-work-but-there-are-jobs-coming-report-says-52c5162fce/#:~:text=By%202025%2C%20automation%20and%20a-15%20industries%20and%2026%20economies>

<sup>3</sup> <https://www2.deloitte.com/us/en/insights/topics/talent/organizational-skill-based-hiring.html>

# What are the top three barriers to becoming a skill-based organisation?

According to Deloitte's research, just one in five respondents believe their organisation is ready to tackle the challenge of moving towards being skill-based. That's a huge gap in readiness. From their research we have surfaced the main obstacles that we see from organisations<sup>4</sup>.

We have categorised the main obstacles as:

## 01: Change Management

Legacy mindsets and practices

46%

Compensation practices, restricting us from rewarding people for the skills they possess or develop

32%

Complexity and difficulty of managing skills-based practices

28%

Inability to move skills to business priorities

29%

Recruiters or hiring managers not knowing how to source or evaluate skills

18%

## 02: Making the business care

Difficulty keeping up with changing skills needed by the business

32%

Inability to move skills to business priorities

29%

## 03: Data and Technology

Insufficient skill data

20%

Lack of effective skills-related technology

18%

Lack of a common definition or taxonomy of skills


26%

Overcoming these obstacles can be daunting as it involves overhauling centuries of established processes and inertia. No one knows how or where to start, so it can be tempting to delay a project on this basis.

To help organisations navigate this, here are three practical tips to getting started on a skill-based journey.

<sup>4</sup> <https://www2.deloitte.com/uk/en/insights/topics/talent/organizational-skill-based-hiring.html>





Stop obsessing  
over who should  
own skills (for now)

HR should be the primary driver for a skill-based approach; skills are intricately linked to talent, and ownership of talent lies with the CHRO. To be successful, however, it's essential for skills to be integrated into the broader business and ownership shared strategically with the right stakeholders.

This approach will foster a more collaborative environment, enhancing engagement with the right business functions who have, or will have, a role to play.

#### Who should own the initial skills project?

Ideally, the initial project includes people from HR, with support from IT and others across the business to create a network of change agents and champions who can help start and manage a skill-based project to success. One global pharma company started their skill-based project in HR, specifically with the people analytics team rolling out an initial project across their Research and Development, Tech and HR teams. Another, a global technology company, started with a team looking at career development across the organisation with the aim of reducing attrition.

Our experience is that it doesn't really matter where a skills project starts - but its overall impact on the business. A skills project needs a well-thought-out approach - with sufficient time factored in to scoping out the project and creating milestones, and the right stakeholders on board prioritising what budget, resources and capacity is needed to make the project a success.

#### Proof before structure:

To secure buy-in across an organisation you need to prove that a skill-based approach can work before you start to build the structure to implement it. This is where a small tightly managed initial project with demonstrable ROI can be invaluable. Especially when championed by a leader or business unit passionate about skills.

#### Institute the operating model:

When the first two elements are in place, you can start thinking about the operating model. Focussing too much on that from the beginning risks an approach that doesn't focus on driving business outcomes.





# Where should a skill-based project start?

As we've seen from working with a number of different customers, skill-based projects can start with and be championed by different owners. Here's a breakdown of five different customers across five different industries and the titles of the leads who drove the skill-based projects initially.

## Customer 1

Global engineering company



VP Talent

## Customer 2

Global pharma company



VP People Analytics

## Customer 3

Global tech company



People Strategy Manager

## Customer 4

Global energy company



Head of Workforce Planning

## Customer 5

Global airline company



Director Talent Acquisition





Get going.

With a goal in mind.

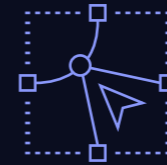
While it's great to have a grand vision, it's more important to start with an attainable goal. At TechWolf, we work with clients to identify a single business unit or function where a skill-based approach could be most effective.

To clearly define an initial project, it needs to be:



### 1. Big enough to be meaningful but focussed enough to be manageable

The most successful projects involve just a few thousand employees and 1-3 business units. Our experience is that IT, technical delivery functions (Engineering and R&D) and corporate functions (Finance, Operations) tend to be ideal starting points and are often the parts of the business that are most likely to buy into a skill-based approach.



### 2. Specific - with a clear problem to be solved

Start by asking yourself a few simple questions:

1. What business problem is the skill-based approach aiming to solve?
2. How will we know if we are successful?
3. Who are the key champions/cynics within the organisation, and what will they need to be convinced?

The most successful projects involve a highly focused use case that solves one key business problem, for example, boosting internal mobility to reduce recruitment spend or upskilling in a crucial business area to drive productivity. As mentioned earlier, one global technology company used a skill-based approach to tackle regretted attrition rates. Similarly, a global pharma company has trialled a "Career Hub" talent marketplace in its R&D unit in India to encourage internal mobility. One global telecommunications company has adopted a skill-based approach to tackle talent shortages.

Setting clear metrics for success upfront can also help to ensure you can be accountable to the business and intentional in your governance which can help make the strategic business case to the broader stakeholder group.



### 3. Be ambitious but realistic about timelines

When you're shooting for the moon, be patient. While you might feel the pressure from other stakeholders for quick results, especially when trying to effect change, it's important to maintain your course.



## Case Study: Saving time to focus on what matters

With the rise of electric vehicles and the digital transformation that followed it, a prominent company operating in the automotive industry made the decision to move from combustion engine-based solutions to new alternatives.

### At a glance:



### What's the problem the organisation is trying to solve?

The organisation had to acquire new skills and enhance the capabilities of its current workforce to undergo a transformation that aligned with the market's demands. In order to do this, they needed to map the current skills of their workforce.

### How will better skill data solve this problem?

By stepping away from their traditional way of gathering skill information and switching to TechWolf's automatic skill inference, the company was able to roll out a full overview of available skills in just six weeks.

TechWolf gave the company full insight into the capabilities they were looking to build, while also identifying dozens of potential threats to business continuity due to the restricted availability of critical skills.

### In more detail:

The company saw the need to identify and map the skills available within its workforce in a process to future-proof its business while going through significant changes.

At first, the manufacturer had a manual approach to creating its skills inventory. To get an overview of people's capabilities, HR relied heavily on input from managers. One department had to commit three employees for two months to keep developing the skill framework but it went quickly out-of-date as employees joined and left the company. Different skill descriptions and reporting also added to the complexity.

The whole process was time-consuming, required a lot of administration and lacked a straightforward way to monitor the effect of hiring and L&D efforts. With many changes on the horizon in the automotive industry, a manual approach simply wasn't cutting it. When the team realised they needed a systematic way of tracking skills in the company, they reached out to TechWolf.

TechWolf is supporting the company in identifying the skills with the highest potential to transform its operations. The manufacturer stepped away from the traditional way of gathering skill information and switched to TechWolf's automatic skill inference, a technique using AI to extract skills data from HR information already available in the company. By doing so, the company rolled out a full overview of available skills in just six weeks.

Alongside providing its proprietary Skills Engine™ and inference algorithms, TechWolf is helping the company save valuable time, supporting them as they shift towards a skill-based organisation

operating model. So far, TechWolf has rolled out employee-facing skills profiles to 4000 employees — of these, 80% of skills are validated and 20% of skills are rejected. A customer-specific taxonomy has also been released. TechWolf gave the company full insight into the capabilities they were looking to build. TechWolf also identified dozens of potential threats to business continuity due to the restricted availability of critical skills.

“TechWolf is helping us to steal time. We were able to leap ahead in our skill strategy because of it, and it has bought us around two to three years in time savings. That's how long a manual approach would've taken us,”

explains the project lead. The knowledge provided by TechWolf will also help the leadership team plan ahead and find solutions to the industry's challenges. “Do we have the skills to achieve our strategic plan? With TechWolf we will be able to answer this and many other important questions that will help shape what the future of our company will look like and this is really exciting.”



Focus on  
value from  
skill data first.  
Integration  
will follow.



When pursuing a skill-based approach, focus on getting the skill data first. While integrating skill data into existing processes and systems is crucial, it is important not to let it be a barrier to initiating a skill-based project. Start with all the data you can gather quickly and easily, in a format-agnostic way - from data exports to files and apply it to a problem in practice first. Then you can set up an integrated system and process. Focus on the essentials, get your first win in one system, then constantly refine the process. When it comes to data, the more you have the better the quality of the output. Business data, extracted from sources across an organisation combined with HR data, is crucial for a skill-based approach. This might include tickets captured in JIRA, tasks in Asana, internal training and development courses or project management tools in use throughout the business.

#### Why should skill data be your priority?

##### 1. Understanding the data landscape:

By focusing on good skill data first, you get the chance to understand the data fully, how it works together and what insights you can derive from it:

- Dive deep into skill data to comprehend its nuances and intricacies.
- Gain insights into how various skills interconnect and contribute to organisational goals.
- Establish a foundation for informed decision-making by understanding the existing skill landscape.



## 2. Agile initiation without resource dependencies:

- By concentrating on skill data from the outset, you can initiate a skill-based approach swiftly without depending on resources from other parts of the organisation.
- Avoid potential delays associated with complex integrations, allowing for a quicker start to the skill initiative.

## 3. Building a strong business case:

- Use the initial phase to showcase the tangible benefits of accurate, comprehensive skill data to the wider business.
- Demonstrate the potential impact of a skill-based approach on business outcomes, employee performance, and organisational agility.
- Leverage these insights to build a compelling business case to attract resources (and support integration efforts later).

## 4. Seamless integration at a later stage:

- Once the value of skill data is established, involve the necessary resources for integrating this data into existing systems.
- Use the insights gained from the initial phase to guide a more targeted and effective integration process.
- Ensure that integration efforts are aligned with organisational goals and clearly impact overall workforce effectiveness.

In conclusion, prioritising skill data in the early stages allows organisations to navigate the complexities of the skill-based journey with agility and strategic foresight. This approach not only accelerates the initiation of the skill-based approach but also establishes a robust foundation for seamless integration efforts in later stages, ensuring a successful and sustainable transition towards becoming a skill-based organisation.

## The traits of good skill data:

### Complete



You cannot make effective workforce decisions if you don't have complete data on all your employees. At best it'll be inaccurate, at worst, it will introduce bias and wrong assumptions into the process.

### Real-time



You cannot make good decisions based on data that's months or years old. Workforce skills change continuously, so you need a completely up-to-date picture of what you have right now.

### Accurate



If the data feeding into your system is inaccurate (for example, outdated) then the results you get from it will be incorrect.

### Unbiased



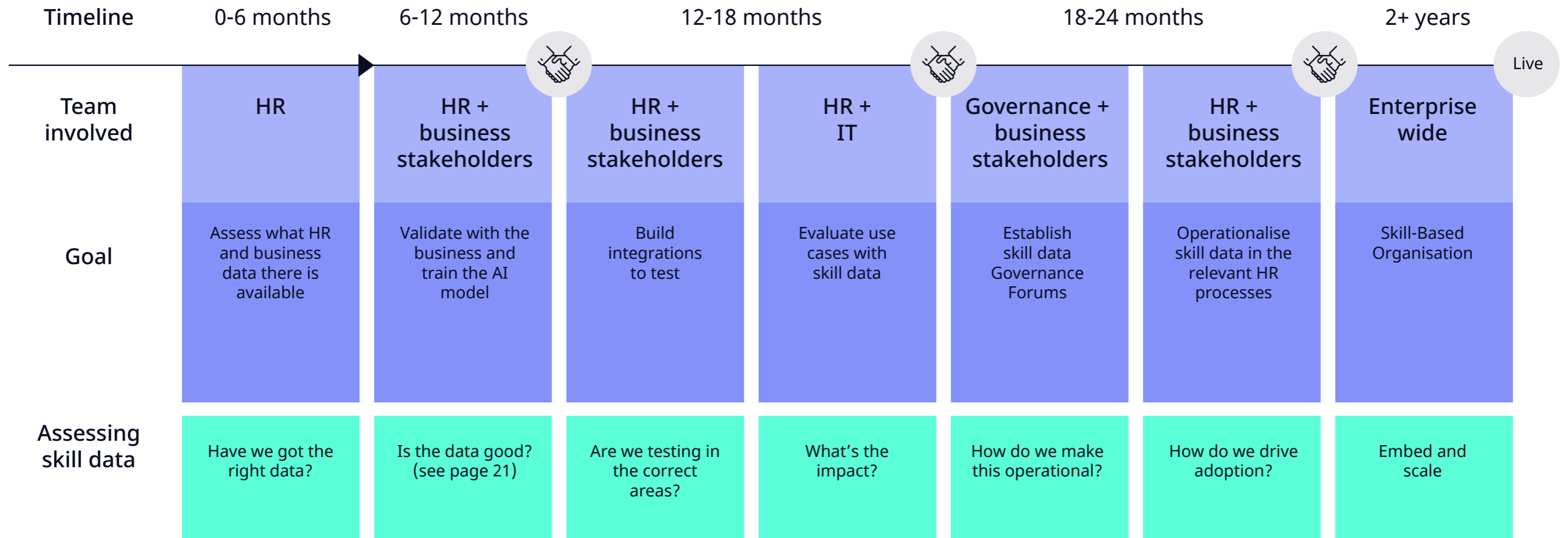
You want to do as much as possible to reduce bias in your workforce decision-making. If data is biased, you risk introducing bias into your planning, recruitment, upskilling and more. And this could grow exponentially as you expand skill-based approaches across the organisation.

To learn more about what good skill data looks like, download our guide on [Building the foundations of a lasting skill-based organisation](#).

For a skill transformation project, you should start to see initial results after the first three months but realistically, it'll be a year before real change can take effect. It's great to combine a quick-win mindset with a long-term vision. Meaningful results will take time.

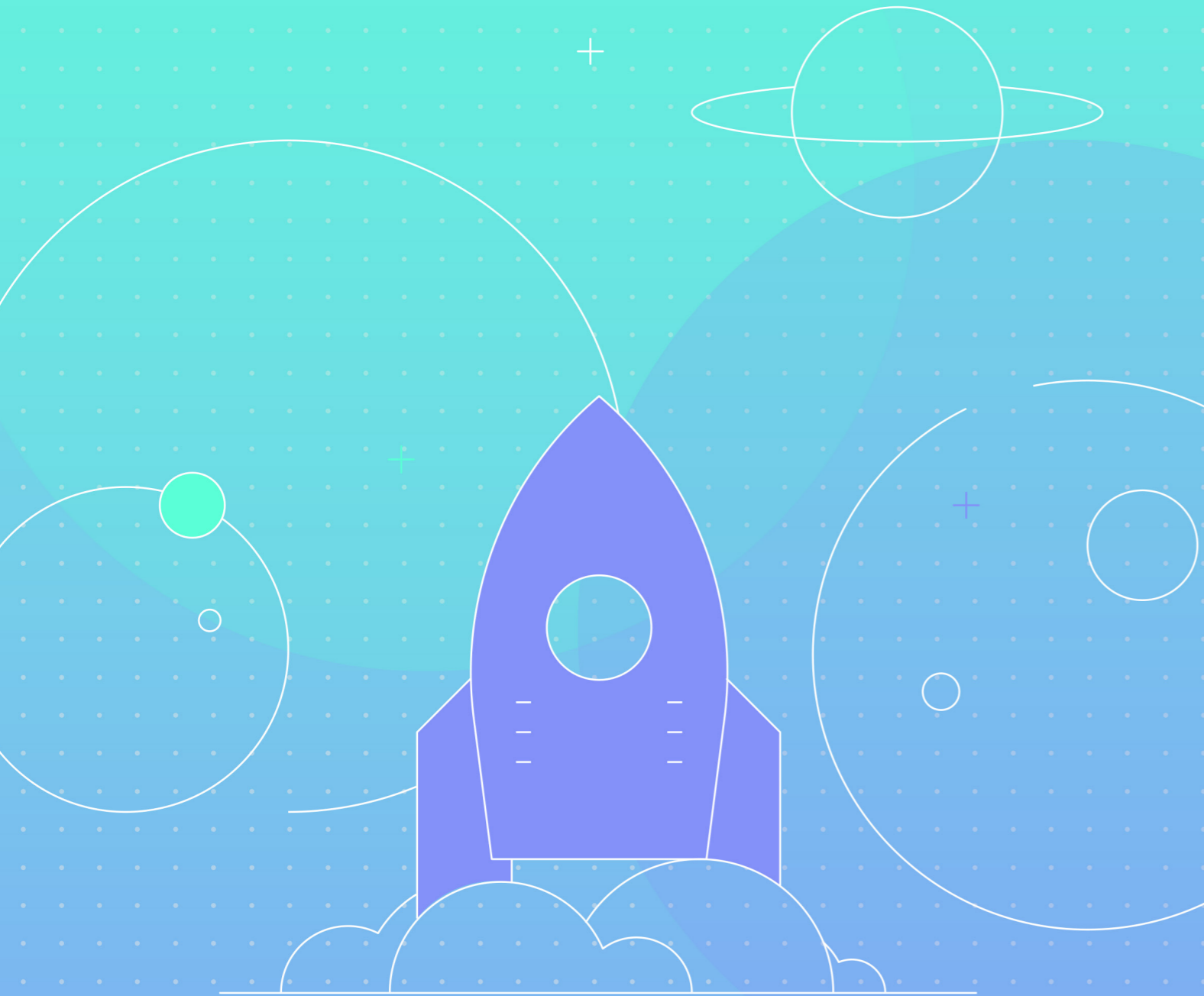
Below is an example of a "best practice" skill data timeline.

## TechWolf global customer skill data timeline: 2 year journey to good skills



Milestone + Go / No-Go





Are you  
ready to  
get started?

## Checklist

By following this checklist, organisations can lay the foundation for a successful transition to a skill-based operating model

### Ownership and cross-functional collaboration: Have you...

- ✓ Identified the leaders or business units passionate about skill-based approaches to lead the initial project?
- ✓ Formed a cross-functional team with representatives from HR, IT, and various business units?

### Initiating an initial project: Have you...

- ✓ Identified a small, tightly managed initial project involving a few thousand employees and 1-3 business units?
- ✓ Focus on a specific area, such as IT, technical delivery functions (Engineering and R&D) and corporate functions (Finance, Operations)
- ✓ Established a proof of concept through an initial project before structuring the broader initiative?

### Defining clear goals and metrics: Have you...

- ✓ Clearly defined the business problem that the skill-based approach aims to solve?
- ✓ Established success metrics upfront to measure the impact?
- ✓ Identified key champions and potential sceptics within the organisation and planned to address their needs?

**Align with business priorities: Have you...**

- ✓ Ensured the skill-based approach aligns with current and future business priorities?
- ✓ Identified changing skills needed by the business in real-time?

**Overcoming change management challenges: Have you...**

- ✓ Addressed the legacy practices hindering progress?
- ✓ Invested in upskilling change makers within the organisation, such as recruiters and hiring managers?

**Agile initiation: Have you...**

- ✓ Leveraged available skill data to initiate a skill-based project, without depending on additional resources from the organisation?
- ✓ Used insights from accurate comprehensive skill data to build a compelling business case and guide to future integrations?

**Once your skill-based mission has started:****Start focused, iterate, and learn:**

- ✓ Avoid attempting a seismic change all at once; start with a tightly focused initial project and iterate.
- ✓ Focus on solving one business problem at a time.
- ✓ Embrace a mindset shift over time, emphasising cultural transformation.

**Educate and communicate:**

- ✓ Educate employees at all levels about the benefits and goals of the skill-based approach.
- ✓ Communicate transparently about ongoing changes and their impact on the organisation.

**Continuous evaluation and adaptation:**

- ✓ Regularly evaluate the effectiveness of the skill-based approach.
- ✓ Adapt and refine the operating model based on lessons learned.
- ✓ Ensure continuous alignment with organisational goals and industry trends.



Getting started with skills can feel like a mammoth task when confronted with legacy processes and systems and the inherent inertia that exists within many organisations. Even the biggest, most successful businesses can be guilty of a “if it ain’t broken” approach to systemic change and investment of time and resources needed to successfully transition to a skill-based approach.

However, change is coming. And the business case needed for unlocking the potential within a workforce in order to enhance and outperform the competition is becoming essential. Understanding the skills of your organisation and how they relate to business priorities will help the wider business to focus on skills and how they will drive value.

Our checklist is exhaustive, but don’t worry if you don’t have all the answers yet. The TechWolf team is here to help.





# TECHWOLF

Want to understand more about how your organisation can get started?

**Get in touch today.**

TechWolf puts organisations on the fast track to becoming skill-based. TechWolf's Skill Engine™ connects existing systems via an API-first approach to get an instant, up-to-date, and unbiased view of skills and skill gaps in an organisation.

Reach out to our team today at [techwolf.com/contact](https://techwolf.com/contact)