

## How to ensure that your skills transformation journey leads to business success

The business value of adopting a skills-based talent strategy and how organizations of all sizes can navigate the journey there.



### Introduction

Radical change! Disruption! Industry revolution! These are some of the terms used to describe the rise of the skills-based organization and its impact on organizational talent management initiatives. It sounds more than a little intimidating.

Adopting talent practices that embrace a skills-centric approach can have a positive impact on everything from employee experience to productivity. Navigating the change to becoming a skills-based organization requires time, commitment and executive support but if you follow the right steps, it does not have to be filled with heartache and pain.

Years of research combined with advances in technology now make it possible for organizations of all sizes and resource levels to follow a skills-based approach to talent management and realize the benefits that can be measured in things such as greater retention, higher productivity and improved business performance.

In this paper we consider why a skills-based approach is so critical, the foundational elements needed to launch skills-based practices in any organization, and the business impact of taking such an approach.



# Table of Contents

A fresh perspective – jobs to skills.....	3
1. Start with the destination in mind.....	4
2. Skill taxonomies, frameworks, ontologies, choose the right approach.....	5
3. Identify future skills.....	9
4. Assess current capability and identify skills gaps.....	10
5. Use skills to support talent applications.....	14
6. Why change management is essential for the journey.....	17
7. Take the first step.....	18

## About Lexonis

January 2024

## A fresh perspective – jobs to skills

The historical view of work has been defined by jobs. With the start of the industrial revolution large groups of people started working together in factories for the first time. Rather than have workers randomly assigned to tasks each day, jobs were defined to group a set of tasks and workers were assigned to a job based on their capability. The result was an increase in efficiency and output. Career progression typically meant moving to a supervisory role and teaching and managing others to do the same job. This system worked well for the industrial economy and has remained relatively unchanged for decades.

However, things have changed. Today, our economy is no longer industrial. Instead, most of us are knowledge workers and knowledge work cannot be optimized through repetition and incremental improvement. Work today is driven by data, ideas and creativity. Cross-disciplinary teams come together for projects. Results are measured by impact on the business.



It has often been said that skills are the new currency of the knowledge economy. Here are some examples of the drivers for this:

- Employees need to develop new skills and improve existing ones to respond to the ever-increasing rate of job market changes.
- Organizations need to be agile and move quickly to address weaknesses, internal skills gaps and provide opportunities for growth.
- There is a “war for talent”, businesses need to attract or retain talented employees by identifying key skills and offering prospective and existing employees the ability to develop such skills.

There is no magic wand to instantly launch skills-based practices in an organization. It takes time and effort. This paper explores seven elements on the journey to building a skills-based organization.



January 2024

## 1. Start with the destination in mind

Is there a business challenge that you are trying to resolve? Are there several areas of the business that would benefit the organization starting the skills journey? The subject of skills is certainly trending at this time; however, it is critical to clearly identify the real business imperatives that such an approach will address.

Below are some examples of business challenges in which a skills-based approach can have a direct impact. They are expressed in the form of a problem that the business may be facing. The list is not exhaustive and the order of prioritization will change from business to business:

1. We do not have the skills to meet our business strategy and the business is in danger of not being competitive.
2. Our business is not keeping up with emerging technologies and we are in danger of missing out on new commercial opportunities.
3. We are struggling to implement a transformation program to re-design our organization and it is affecting our business performance.
4. We cannot prove that we have the right skills for regulatory compliance purposes and we are in danger of being non-compliant and not being able to operate.
5. We have a poor job retention rate and it is impacting our business/financial performance because we are losing people with key skills.
6. Our recruitment processes are poor and it is costing us in poor hires and recruitment fees.
7. We are not providing clear career development opportunities for our employees and they are leaving.

Even if the subject of skills has caught the attention of the leadership team and stirred their imagination, a skills-based strategy needs to be anchored in the real needs of the business and preferably ones that can be aligned with financial metrics. When the road gets a little tough on the skills journey, being able to refer to specific business benefits will be critical.

