Honing your skills-based talent strategy

A comprehensive guide on the future of skill development

Every organization today bears a critical responsibility to address the gap that exists between workforce capabilities and business demands. With a keen focus on this goal, many talent organizations have set their sights on a skills-based talent approach in recent years.

The stakes have never been higher. New technologies in AI, automation, and data analytics are disrupting industries at a pace never seen before in history, which in turn places organizations under continuous scrutiny to adapt by building a workforce with the skills to drive innovation, mitigate risk, and boost productivity.

Traditional approaches no longer suffice. Old-fashioned training and assessment – the type that measures simple completion and satisfaction scores – has become passe. It's no wonder that skills now tops the hot talent trends list. Becoming a skills-based organization – one that measures, develops, and leads with employee skills – is the obvious route toward business resilience. Leading companies are making this shift by leveraging data, immersive simulations, and innovative strategies to drive measurable business outcomes.

The business case for skills-based organizations

Why is skills-based the future?

The demand for skills is outpacing supply. According to the World Economic Forum, by 2030, more than 1 billion workers will need reskilling due to automation and technological advancement. Organizations should shift their focus from static roles to dynamic skills, enabling employees to adapt to new challenges and opportunities.

A skills-based approach means agility in a fast-moving market. It aligns workforce capability with the goals of the business, positioning the entity for adaptability, innovation, and competitiveness. Companies position themselves to thrive in a skills-driven economy by making investments in verifiable skills. Most organizations grasp the fact that upskilling their workforce is no longer a need but a competitive differentiator. It enables the concept of putting the right worker in the right project at the right time.

Business impact of skills-based approaches

There are some bottom-line benefits for those who move toward a skills-based approach:

- **Revenue Growth:** With job assignments that match their skills, employees contribute more effectively toward business outcomes.
- **Risk Reduction:** Accurate skills data minimizes compliance failures and operational errors.
- **Cost Savings:** Targeted skills training reduces time-to-proficiency and eliminates inefficiencies.
- **Retention:** Employees are more likely to stay when they see a clear path for growth.

Unlocking business success by becoming skill-based

Skill-Based Strategy

Revenue Growth   Risk Reduction   Cost Savings   Retention
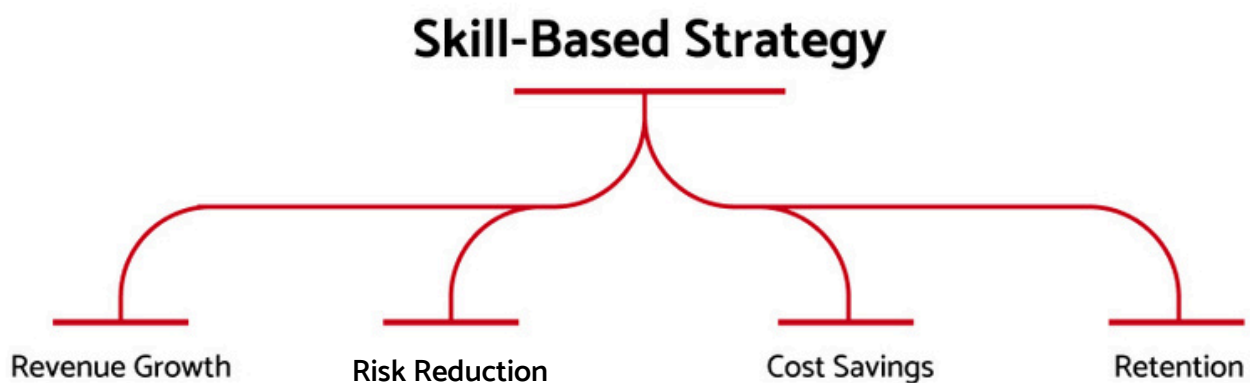
Stories that prove the case

Leading companies are already enjoying the benefits:

- **Merck:** Merck implemented immersive simulations to help hone employees' compliance-related skills, reducing errors by 97% in compliance-critical roles and improving performance scores by 21%.
- **IBM:** After testing a skills-based approach in one cohort of their consultant teams, IBM doubled sales compared to a group in the organization that didn't apply a skills-based approach.

- **Capgemini:** By creating a truly skills-first talent strategy and better aligning the workforce, Capgemini was able to create an emerging leaders program that improved their ability to find new leaders, accelerate performance, and achieve KPIs.
- **Macy's**: Macy's used simulations to bring unconscious bias into view, driving better decision-making and more engaging employee experiences across diverse teams.

Roadmap to becoming a skills-based organization

1

Step 1: Create a future skills inventory

Identifying the critical skills required in your workforce today and into the future is the first step in becoming a skills-based organization. Development must be forward-looking, where overarching business objectives guide training efforts.

Engage stakeholders early

You don't want your skills strategy set in isolation. Skill development spans the entire organization. Consult department heads and project teams to determine which skills are essential in your industry.

How? Set a meeting with the senior management team, and discuss aligning the skills needed to talk their departments to the next level in 3-5 years. From those discussions, you can begin to build your skills-based strategy for the future.
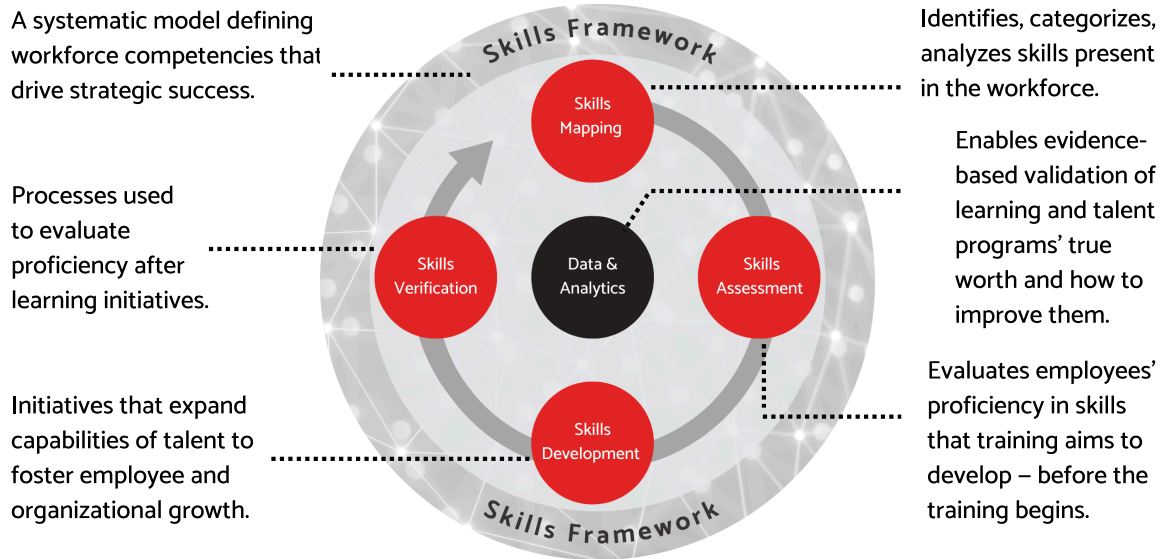
Predict future trends

Companies often train people for today's jobs, not tomorrow's. Consider AI, automation, and the changing nature of industries. What are the jobs of the future, and what skills will become obsolete?

It's very likely that software engineering will look very different in 5 years, due to the rise of generative AI. The same goes for marketing, compliance, and more. Forward-thinking companies map out their future skill requirements and train accordingly.

At this stage, you need a central document or hub where your skills inventory lives. Your key decision-makers and leaders should all be in agreement on where the company is going and what the skills-based transition will look like.

A model for skills intelligence

A systematic model defining workforce competencies that drive strategic success.

Processes used to evaluate proficiency after learning initiatives.

Initiatives that expand capabilities of talent to foster employee and organizational growth.

Skills Framework

Skills Mapping

Skills Verification

Data & Analytics

Skills Assessment

Skills Development

Skills Framework

Identifies, categorizes, analyzes skills present in the workforce.

Enables evidence-based validation of learning and talent programs' true worth and how to improve them.

Evaluates employees' proficiency in skills that training aims to develop – before the training begins.
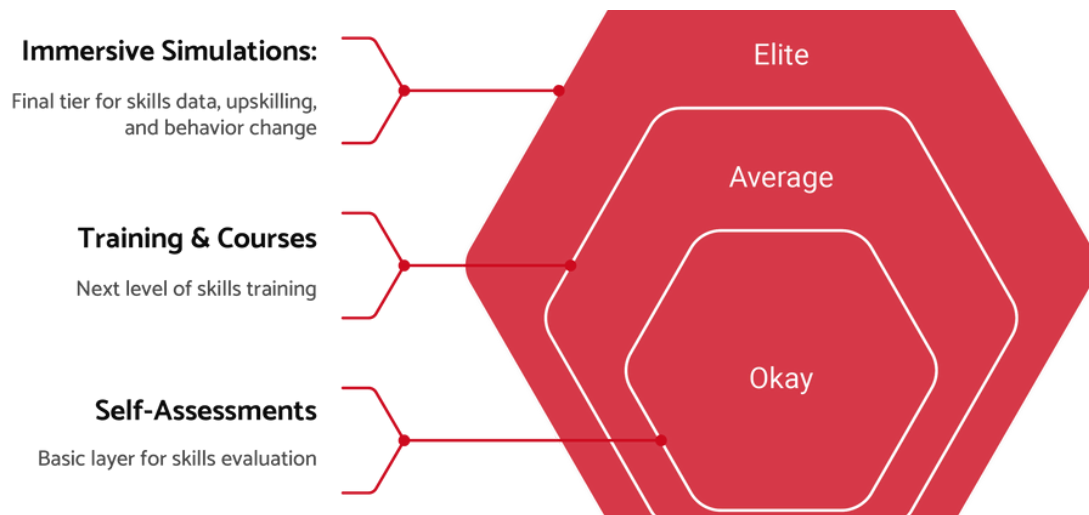
2 Step 2: Measure skills and collect data

Accurate skills data is crucial for tracking progress. Organizations should embrace systems that collect data while also providing actionable insights to inform workforce strategies.

Employ a multitool approach

Some organizations still rely solely on manager evaluations to document a baseline on employee skills. But is that enough? It's likely better to use multiple approaches to measure skills from the outset.

- The most basic layer is self-assessments. This allows you to collect tangible data on where the employees feel they are in terms of their skills.
- The next level up from that is basic click-next digital assessments. These can provide a rudimentary scan of an employee's strengths and weaknesses, but can't show you how they might demonstrate a skill on the job at a critical moment.
- The final tier for collecting skills data is immersive simulations that collect data at every single decision point, coach the employee to make better decisions, and create detailed reports for decision makers – and the learner – to see at the end of simulations. This allows teams to benchmark skills, develop abilities, and even identify skill gaps with real data.

Immersive Simulations:
Final tier for skills data, upskilling, and behavior change

Training & Courses
Next level of skills training

Self-Assessments
Basic layer for skills evaluation

Elite

Average

Okay

Find skills gaps early

The majority of companies rapidly promote employees without ensuring they have the right skill sets for their new roles. This results in major struggles in leadership and creates inefficiency.

Instead, using skills data from simulations and assessments, organizations can ensure leaders are promoted based on readiness rather than assumption. If you take time to identify skill gaps within a department, you'll save a lot of money and time in the long run trying to reskill and upskill employees.

You'll have a clear view into what they are doing well, where they need to improve, and where the business should spend valuable resources. It's very likely if your company is struggling in one area, there is a skill gap that simply hasn't been identified and dealt with appropriately yet. Collecting skills data fixes this problem.

3 Step 3: Leverage immersive simulations for learning

Simulations are unparalleled in building, testing, and measuring skills. They place employees in real-world scenarios where they can practice critical tasks without risk.

Scalability for large teams

Organizations with 500+ employees need to upskill large teams without increasing the complexity of corporate training. This becomes difficult when you're relying on basic tools, self-assessments, or even manager ratings for skill development.

Why? Because traditional development methods cannot scale effectively. This is because simple eLearning doesn't actually create any data on the back-end, and skill assessments don't track improvement or confirm skills verification.

That's why immersive learning is the answer. Simulations offer the ability to benchmark, verify, and develop skills across teams as big as 500,000. However, the difference between 500 people going through a simulation and 500,000 going through isn't more complex. It's easy to scale because immersive learning simulations are built with scalability in mind.

Rapid impact, without disruptive effort
Simulations don't require hours of seat time for the learner. Companies can save significant budget by reducing seat time simply by switching to immersive learning simulations.

Even better, immersive learning tailors the experience to the employee. It meets where they are at, instead of assuming a certain level of skill at the beginning of the training experience. You can choose from several types of immersive learning simulations, specific to your goals.

4 Step 4: Embed a culture of continuous skills-focused learning

Once you've accomplished steps one through three, it's time to make this process stick. You've now:

- **Defined your company skills strategy**
- **Benchmarked skills and collected skills data**
- **Implemented immersive learning simulations**

To make the shift permanent, it's time to embed skills-based learning into your company culture and workflows.

Embed learning into the flow of work
Learning is not an isolated activity. It should be seamlessly integrated into daily workflows across teams. Here's how to encourage on-the-job learning consistently:

- **Microlearning programs** that deliver bite-sized, relevant content.
  - These are most effective when delivered in the form of short micro-simulations, so you can collect skills data and change behavior.
- **Peer mentorship** programs that foster knowledge-sharing.
  - By including mentors in the process of continuous learning, employees feel more comfortable to build skills without judgement or feeling lost.
- **Project-based skill development** that allows employees to learn while executing tasks.
  - When you identify skill gaps from using immersive learning simulations, you can then create projects that focus on building those specific skills across the team.

Workforce Development Strategies

Peer Mentorship Programs

Project-based Skill Development

Immersive Learning Simulations

Microlearning Programs
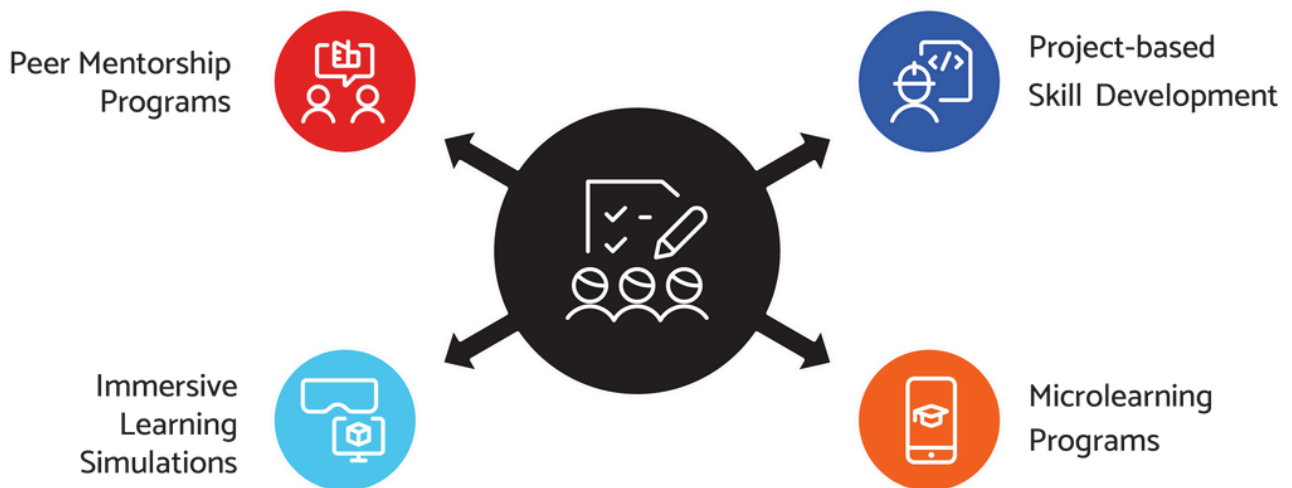
Examples:
- A sales team leverages short immersive simulations that provide real-time feedback during client calls, helping them roleplay in a simulated environment where scripts and best-practices are embedded into the training.
- A software engineering team implements pair programming, where junior developers learn new coding practices directly from senior colleagues.

Clearly define career growth pathways

Employees are more willing to invest in building their skills when they see a direct connection between learning and career advancement, including salary increases and leadership ladders.

Clearly outlining career progression pathways helps employees visualize their future within the company by:

- Defining the skills required for each stage of career growth.
- Providing employees with a structured roadmap to guide their development.
- Offering personalized tools for tracking progress and accessing relevant training.

Use skills data to drive strategic decisions

Smarter workforce decisions are driven by data-driven insights that help organizations:

- Identify talent gaps and anticipate workforce needs.
- Optimize workforce planning by aligning employee skills with business goals.
- Make informed decisions about promotions, hiring, and internal mobility.

Case-in-point examples:

- A healthcare organization can analyze skills data and identify a shortage of AI and data analytics expertise among its staff. Instead of costly external hiring, it creates an in-house upskilling program around AI, reducing expenses and improving efficiency.
- A retail company could use skills data to notice a high-performing territory of customer service employees. As a result, they fast-track those leaders and save time and money by allowing employees who already have mastered specific skills to "place out" of learning they don't need. They put their resources into training the underperformers, enabling rapid improvements in customer satisfaction.

What's next on the path to becoming skills-based?

Overcoming common challenges

Despite the benefits of becoming a skills-based organization, companies will face obstacles when transitioning to a skills-based model. These issues are usually employee resistance, leadership buy-in, and small technology or integration issues. Here's how to overcome them:

- **Leadership buy-in:** Achieve executive sponsorship by demonstrating the ROI of skills-based initiatives. Leverage small pilots of immersive learning simulations to prove ROI before scaling to the entire department or organization
- **Employee resistance:** : Be transparent in communicating the benefits of skill development for career growth and job security. In fact, clearly linking skills to career development is the fastest way to achieve employee engagement.
- **Integration issues:** Ensure the skills-based approach aligns with your technology systems and talent management systems. For example, your immersive learning simulation platform and skills data platform needs to integrate well with your existing LMS.
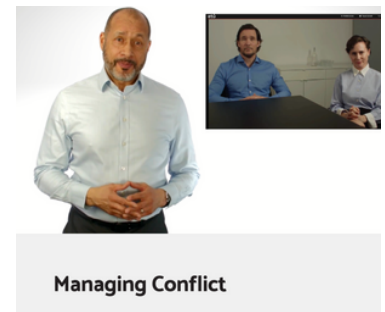
How to address key challenges in organizational change?

Leadership Buy-In
Demonstrate ROI through small pilots to gain executive sponsorship.

Employee Resistance
Communicate benefits for career growth to enhance engagement.

Integration Issues
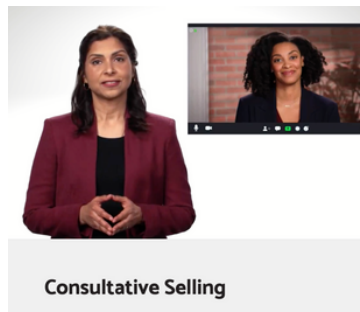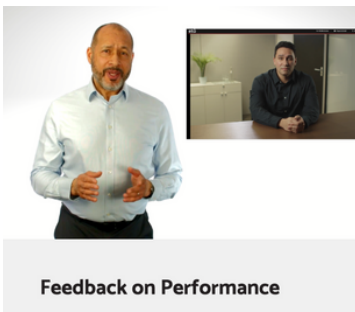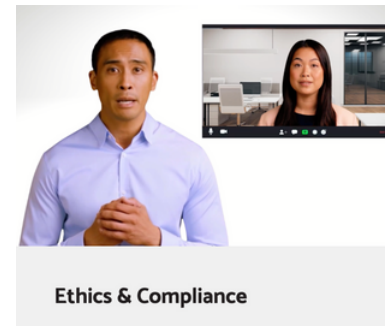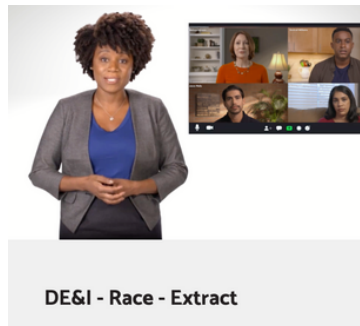Ensure alignment with technology and talent management systems.
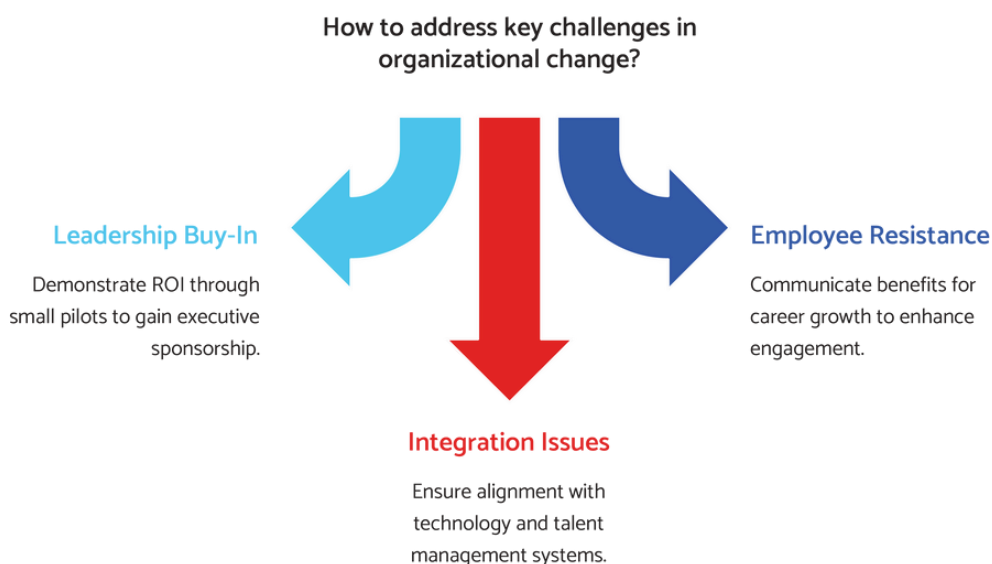
Future-proof your workforce today

AI, automation, and technology are evolving at a much more rapid pace than ever before. This will create noticeable skill gaps in industries across the world.

Close them before they become a problem. If you can hone your skills-based talent strategy within the next 6-12 months, you'll experience the benefits or accelerated growth for years to come. You'll be able to:

- Empower your teams to stay ahead of emerging business challenges.
- Drive real ROI with focused, data-driven skills development.
- Establish a culture of agility, innovation, and resilience.

Human-Centered Leadership

DE&I - Race - Extract

Ethics & Compliance

Feedback on Performance

Consultative Selling

Managing Conflict

Become skills-based with ETU

The move to a skills-based organization doesn't have to be overwhelming. ETU's immersive simulations and skills-based learning strategies provide the roadmap for success.

Book a consultation today >>