# ADDRESSING THE SKILLS GAP:
## TAKING A COMPREHENSIVE APPROACH TO UPSKILLING AND RESKILLING

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# Key Trends Driving the Need for Reskilling and Upskilling Talent

The fundamental view of how skills fit into the business landscape is changing. Key trends include a shortened shelf life of learned skills, shifting skills due to technology disruption, and a pure lack of available talent, creating greater competition. While these realities face businesses daily, the truth is employers have options to address and mitigate these risks.

## Shortened Half-Life of Skills

One of the issues with a fast-paced world is that we as business leaders can become numb to continuous change. However, in an environment where the half-life of a skill is five years or less, we can't be complacent or we risk falling behind. Regular training and upskilling is required to maintain performance and business continuity at a minimum. However, upskilling isn't always enough.

### *The half-life of a skill is just five years.*
### *-Researcher John Seely Brown*

## Shifting Skills and Digital Disruption

In the Lighthouse Research & Advisory 2019 Disruption Drives Reskilling study, 81 percent of talent leaders shared their concerns that the technological shifts in the market are going to fundamentally reshape the kinds of skills their workers need to be successful. In other words, eight in 10 organizations see an immediate need to reskill their workers to fill critical gaps and maintain operations. While upskilling focuses on training workers to perform competently in an existing job, reskilling is about retraining them for a fundamentally different role.

## The Talent Shortage is Getting Worse

Employers are doing their best to hire their way out of this environment, but the truth is there simply isn't enough talent to go around. For the first time we are seeing a domestic environment with more open jobs than capable workers to fill them. And, to put it in perspective, even if we had a way to magically upskill every unemployed worker and make them fit into an existing job, thousands of other positions would still remain unfilled.

On a global level, skills shortages are predicted in a variety of industries. From manufacturing and telecommunications to financial services to technology, more than 80 million workers are going to be needed to fill gaps in critical industries.

To compound things further, hiring is more expensive and risky than reskilling and internal mobility. It costs a considerable amount more to hire talent externally than it does to train someone inside the business, and that's assuming the new hire will perform at an equivalent level to the previous employee.

Bottom line: employers have to get on board with this need to reskill and upskill their workforce. Learning and talent, more than ever before, *have to work hand in hand to create the right formal and informal learning experiences that help workers to transition into other areas of the business.*

## Getting the Business on Board with Upskilling/Reskilling

Thankfully your organization isn't the only one that requires this sort of overhaul in skills. In the last few years, firms like Wal-Mart, Amazon, and AT&T have publicly pledged to reskill or upskill millions of employees, and other organizations are following suit.

Building a business case to support the need to grow and develop employees is a critical part of long-term success. By garnering support from leaders across the organization, talent leaders can improve outcomes and deliver more value to both the organization and the workforce. One of the best ways is to ensure that everyone is on the same page about the purpose of development. Remember, the goal of learning isn't learning just for the sake of it. The goal of learning is performance.

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At the same time, development creates a host of benefits within the employment relationship as well. For example, various studies show that development is the number one reason employees stay with an employer long-term. That benefit is cumulative: if an employee sticks around longer, performs better, and is more highly engaged, everyone wins.

*Source: LinkedIn, The Verge, CNBC*

The problem? The research shows that just 60 percent of employers methodically track the skills of every employee. Nearly half of them monitor skills on an ad hoc basis, if they even track them at all. This isn't something that a manager can be tasked with. The best results for measuring competencies and skills objectively come from using a structured and objective foundation, such as IBM competency frameworks. Competency frameworks offer a roadmap for all the jobs within an organization and offer a way to understand what skills are and are not necessary/critical/important for long-term growth.

The cost of not taking skills seriously is high, as highlighted in a companion report, Career Pathing as a Talent Imperative. Additionally, research released from Deloitte shows an estimated $2.5 trillion cost over the next decade from mismatched skills. That means enterprise firms simply must get serious about tracking, prioritizing, and enabling skill development. However, while it's critical to get executive buy-in, it's also important to think through the other stakeholders within the business and how to get them on board. If managers and employees are resistant to the change, it doesn't matter how much executive leadership supports the initiative because it will fail long-term.

# 3 Practical Suggestions for Building Grassroots Support for an Upskilling and Reskilling Initiative

On a macro level, most business leaders support the concept of reskilling and upskilling. However, on a per employee basis, it's more difficult to imagine the specifics of a broader development agenda that come with the associated price tag. With that in mind, consider the following practical solutions for creating a more concrete approach to development planning for each group of stakeholders, starting with the C-suite.

## 1) Executive skill mapping for business sustainability

One of the approaches more companies are taking to ensure long-term competitiveness is getting executive leaders involved in mapping the skills the organization needs for long-term success. It may be cliche, but "what gets measured gets done," has often been said.

For instance, a few years ago a global firm with more than 300,000 employees realized that the skills of its workforce were slowly becoming obsolete. It began tracking the skills that employees were acquiring through various methods and reviewing those at regular leadership meetings. Once a baseline was established and a set of key future-oriented skills were identified, the firm's leaders began communicating down through the ranks to every employee inside the organization. Over the following months, the leadership team could see the shift as more employees started to pick up the key competencies that were identified as valuable long-term capabilities.

*Figure 1: Sample Skills Map*

| Critical Skills | % Workforce Already Trained | % Workforce Trained This Quarter |
|---|---|---|
| Adaptability | 20% | 20% |
| Resilience | 0% | 0% |
| Design Thinking | 45% | 45% |
| Growth Mindset | 60% | 60% |

*Source: Lighthouse Research & Advisory*

This skills map gave leaders a way to play an active part in the process of reskilling and upskilling the workforce as well as ensuring that their key objective of long term competitiveness and sustainability was at the forefront. The truth is that skills are the currency of the business. It would serve organizations well if business leaders spent even a fraction of the time on skill mapping that they do on budgeting, forecasting, and planning from a financial standpoint. This also provides a more granular mechanism to check in on progress against the larger backdrop of a competency framework.

In a recent interview with the head of learning for a 200,000-person consulting and services firm, we learned that this individual had regular meetings with the CEO to keep him abreast of skill acquisition and forecasting to ensure a steady stream of skilled, motivated workers ready to serve the firm's multitude of global clients. This is the level of attention that skills deserve in a business context.

## 2) Manager talent planning via skill identification and prioritization

On a more tactical level, managers need a mechanism to plan for the needs of their own teams and departments. Helping them to align on skills is the ideal way to get them involved. Using a skills map from the executive team, managers can inspire, encourage, and motivate workers toward those types of training that deliver the most value organizationally as well as the most value for the manager's department.

For instance, training on a new sales process may not be on the list of high level skills identified by the executive team, but it helps the manager to meet immediate financial objectives and support the organization on its growth path. Conversely, training a cohort of employees on being more resilient and adaptable may not lead to immediate impacts but can help to support them during times of intense change and disruption.

Additionally, skill identification is a critical part of this process. Many employers do not have a clear method for identifying the skills of employees, and the number one way they do is by manager observations. In the chart below you can see how two different audiences, learners and talent leaders, answered the question of how employers currently identify the skills of the workforce.

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*Figure 2: Current Methods for Identifying Employee Skills*

| Method | Learning/ Talent Professionals | Learners |
|---|---|---|
| Manager Observations | 63% | 58% |
| Assessments | 51% | 37% |
| Peer Feedback/ 360s | 34% | 29% |
| Self-Reported | 26% | 19% |
| Not Sure | 5% | 18% |

*Source: Lighthouse Research & Advisory*

It's quite worrisome that nearly 40 percent of employees either self-report skill data or have no idea how their employer measures or assesses their skills and competencies, which doesn't inspire confidence in the average worker. It's also troubling that only half of firms are using assessments, the most objective and accurate mechanism to validate skills.

If skills are to become the high priority they deserve to be, then employers (and managers, by extension) must get better and more targeted at how they identify, measure, and validate skills among the workforce.

## 3) Employees utilize career paths as visualization tools

In a more individualized level, career paths help to create more structure and stability to an otherwise undefined development plan. Instead of hopping from ad hoc training to ad hoc training, a career path can help to illuminate the opportunities unlocked by further development and professional growth.

By highlighting future opportunities, employers can help each individual employee see the "what's in it for me" of long-term development goals. This includes both upskilling to develop someone up a career ladder as well as reskilling to move them into other roles in other career tracks as well.

## At least 70 percent of workers have left a job because they lacked a clear career path

Interestingly, this also has larger impacts on the business. Lighthouse Research & Advisory data show that at least 70 percent of workers have left a job because they lacked a clear career path. However, an astounding 95 percent of those same workers said they would have stuck around if they had development opportunities in front of them.

This essentially means that in the big picture, the employee population may be the largest set of stakeholders but may paradoxically also be the most receptive of a plan to both upskill and reskill the workforce.

# Common Pitfalls and Traps to Avoid

When it comes to reskilling and upskilling, employers often fall prey to one of three primary pitfalls. Below we explore each in detail and offer practical insights on how to overcome them.

## #1: Content is Always the Answer

Historically, when businesses approached a skills gap issue, the answer was content. Buy content. Build content. Whatever it takes, just throw enough content at the problem and it will go away.

Thankfully today's modern HR, talent, and learning leaders understand the shortsightedness of that approach. Not only do we know anecdotally that simply throwing content at a problem doesn't solve it, but the research demonstrates the priorities for learners in acquiring new skills as well.

*Figure 3: Preferred Learning Methods for Reskilling*

| Best Training Methods for New Skill Acquisition, Ranked |
| --- |
| 1. Experiential/On the Job Training |
| 2. Coaching and Mentoring |
| 3. Company-Provided Training (Lecture, eLearning, etc.) |
| 4. Job Rotation |
| 5. Reimbursable College Courses |

It's worth noting that this set of ranked responses matched when we asked talent leaders and when we asked the learners themselves. As you can see, content is third place behind other more tangible types of learning, such as experiential and social learning. This finding supports the age-old 70:20:10 learning model which indicates how people learn.

- **70 percent from experiential and hands-on activities**
- **20 percent from social interactions and coaching**
- **10 percent from formal courses and lectures**

If learning is to be high impact and deliver on the promise of skill development, it must at least touch the most important learning methods if not all of them. Courses and content are for reinforcement in this case, not the primary channel for skill growth.

## #2: It's Only a Learning Problem

As pointed out earlier in this report, the goal of learning isn't learning just for the sake of it. The goal of learning is performance. Just like we can't solve the problem of skill development just by throwing content at it, we can't assume that a training approach will lead to better performance outcomes. We have to experiment, measure, and revise on a continuous basis to ensure the best results.

If this is just seen as a learning intervention, it won't have the full weight of the business behind it to ensure success. It will be a one and done approach, which doesn't actually work in the majority of learning investments. Research on forgetfulness actually shows that learners will lose about half of what they learn in a training session if they do not have opportunities to contextualize their understanding, review critical concepts, or put the ideas into practice. Put simply: a $2 million dollar investment into a reskilling initiative that happens at a single point in time will be worth just $1 million a few weeks later if the learning isn't reinforced through some mechanism.

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It's also important in this context to weave in other elements of talent management to get the full picture. Are there outcomes identified in performance management conversations, whether annually or with more frequent check-ins, that demonstrate improvements because of skilling interventions? What about readiness for succession purposes? Are workers that are trained to be more resilient and adaptable more likely to succeed in a succession context, moving into other critical roles and delivering value for other parts of the business?

By making the conversation about more than just attending a training class, employers can strategically reinforce the concepts and ensure long-term retention and application of the knowledge gained from the upskilling/reskilling intervention.

## #3: Employers Make All Career Decisions

Research shows that learners are natural explorers. Given the right motivations and opportunities, a workforce can be self-developing when it comes to upskilling. However, employers often try to be very strict and scripted not just with training but with career mobility and direction as well.

To be honest, in an employer's market where there is an abundance of talent, this approach can work. However, in a scarce labor market where there are more jobs available than people to fill them, employers will lose their highest performers and/or limit the growth of the workforce by putting these kinds of limitations in place.

To exacerbate the matter further, in times of disruption that lead to higher investments in reskilling, such as what we see in the market today, employees often take this opportunity to redesign their career path, rethink old decisions, and look for fresh opportunities and challenges. By creating the right environment, employers can harness this natural energy and willingness to learn and grow, leading to a better set of learning outcomes and a more satisfied workforce as well.

Employees want to own, direct, and plan their own career paths. While employers can and should offer some level of structure and transparency into the possibilities, workers also need the freedom to make choices that align with their long-term goals and passions as well.

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# Key Takeaways

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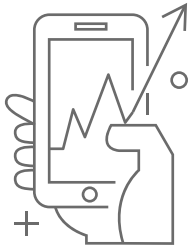
### Workplace
### Landscape

Disruption and technology
are changing the workplace
landscape, but talent
remains the competitive
advantage for employers
willing to create the
environment where people
can develop their skills and
be their best self at work.

### Learning
### & Talent

Learning and talent
management have to go
hand in hand. The larger
problem can't be solved by
only looking through one
lens as it creates blind spots
and improper conclusions,
potentially compounding
the problem further.

### Business
### Currency

Skills are the currency of
the business. Employers
should be leveraging
competency frameworks
to measure them, validate
them, and prioritize them
with the same urgency
that they use for financial
resources in the business.

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## About TalentGuard

Together with our innovative customers, TalentGuard is leading the development of the next wave of talent management technology and methodologies. Our Predictive People Development Platform puts skills and competencies at the center of all conversations and processes that drive career progression, promotion, succession planning and strategic workforce design. For the first time, we connect employees' career aspirations to organizational needs and gaps in one central system—unlocking deeper analysis and providing AI-driven predictions about future trends. Built by a seasoned team of HR experts, TalentGuard is your strategic partner in transforming the way your company attracts, develops and retains the talent you already know and trust—today's employees—so that you can achieve sustainable growth in a highly competitive environment.

For more information, visit https://www.talentguard.com.

# About Us

Lighthouse Research & Advisory is a modern analyst firm dedicated to setting the standard for excellence in talent, learning, and HR. By providing compelling research and actionable insights for business leaders, our team's mission is to navigate the rapidly changing field of human capital management to support today's talent and learning functions. From establishing frameworks and defining competitive practices to illuminating the ROI of the employee experience, our goal is to chart a new course for talent. Ben Eubanks is the Principal Analyst at Lighthouse, providing insights for today's talent leaders and vendor partners.

Prior to joining Lighthouse, Ben worked as a research analyst for Brandon Hall Group, focusing on learning, talent acquisition, and talent management. During his tenure, he published more than 100 pieces of research and provided advisory services to executives from some of the largest and most respected organizations in the world. He also has hands-on experience working as an HR executive, leading both strategic and tactical talent practices. Ben is the host of We're Only Human, a podcast focused on the intersection of people, technology, and the workplace. In addition, he runs upstartHR.com, a website serving HR leaders that has reached more than 750,000 readers since its inception.