

GUIDE

Filling Your Crucial Skills Gaps: An HR Leader's Playbook



As organizations transform, so must your workforce. Here's how you can identify missing skills and upskill your talent pool to meet the demands of a rapidly changing economy.

The economy of the future is here

As organizations transform themselves with new technology and new strategies, human resource leaders are challenged to construct a workforce to match their company's goals.

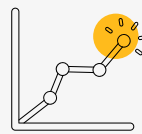
For years, the rise of new technologies, such as automation, analytics and advanced robotics, raised fears that machines and software would replace humans by eliminating jobs. Instead, new technology is driving the creation of new jobs and transforming existing jobs. Instead of too few jobs for the existing workforce, HR leaders in every industry are facing a gap in the crucial skills their organizations need in the coming years and the skills their workforces have now.

The low unemployment rates of the last few years and the rise of virtual and hybrid work has further exacerbated this problem, creating a labor market where finding people with the right skills is challenging.

At the same time, HR leaders are being called on to bridge crucial skills gaps in their workforces. Those that find ways to bridge those gaps will give their organizations an important competitive advantage.

The 'war for talent' is really a war for skills. HR leaders have a wide variety of choices to pursue the skills they need — upskilling, reskilling, hiring programs and other initiatives. Choosing the best options within a limited budget is the challenge leaders face.

2.4 Million Unfilled Manufacturing Jobs



2018 **Deloitte report** on the future of manufacturing estimates that 2.4 million jobs could go unfilled from 2018-2028 due to the skills gap, translating into a potential economic impact of **\$2.5 trillion**.

The Power of Skills-Based Workforce Planning

The first step to mapping a path forward for your workforce is understanding the skills landscape now and in the future.

For HR leaders responsible for deciding how to spend an always-limited L&D budget most effectively, the first step is to understand the skills environment that their organization and their workforce exist in. When mapping out the current skills environment, here are the elements L&D professionals need to consider.

The skills of the current workforce

The first step is to understand what skills your workforce already has. Ideally, skill information would be verified by third parties, through a certificate or some other credential. This skills data should include both technical skills — such as finance, engineering or software development skills — as well as so-called “soft” skills, such as interpersonal communication, project management and mentoring. It’s also valuable to quantify this skills data across your workforce so you know how many people you have in your organization with key skills and where they are located, both geographically and functionally.

The company’s future skill needs

Figuring out the skills your organization will need in two quarters, a year and further into the future isn’t easy. But there are several places to gather valuable intelligence on what your organization’s future workforce should be like.

» **Business plans.** Examining your company’s documented short- and long-term goals, as well as any planning or strategy documents is the first place to start. It will likely also help to talk to executives leading those initiatives. If a major goal is to “digitize the supply chain,” for example, understanding what that means will

help you determine whether your organization will need more developers or more warehouse workers.

- » **Industry trends.** Keeping an eye on trends in your industry can help you understand where your organization is likely to go and what skills your talent might need this year, next year and beyond.
- » **Competitors.** Finally, monitoring what kinds of job roles your competitors are hiring for, and what kind of skills or experience are listed in those job postings, can also help you foresee what direction your workforce might need to go. Job listings can be found on general career websites, such as LinkedIn, your competitors’ websites, and sometimes on the sites of industry trade publications or trade associations.

After having reviewed these sources of information, you should have a much clearer sense of what skills your workforce will need in the future.

Analyze and document the skills gap

The final step of mapping the skills environment — the core discipline of workforce planning — is to analyze the gap between the skills your workforce has now and the workforce it will need in the future. Not only is important to understand what skills are missing, but also where your organization will have those skill needs — what geographic locations, functional areas or business units. At this point is to identify the critical skills gaps — which gaps will be mission critical for your organization’s highest priority activities? Identifying the crucial gaps will let you know where to spend your budget.

Developing a Strategy to Fill Crucial Skills Gaps

Filling skills gaps is critical to your organization’s

ability to execute on its strategy. Chances are you'll need a mix of approaches.

With your crucial skills gaps identified, the next step is to figure out how to fill the gaps. Organizations have two options for this: retraining and upskilling their existing workforce or hiring new people. For many organizations, the best path forward will be a combination of both options, rather than one or the other.

Option 1: Retraining and upskilling

As your organization navigates a changing environment, it will likely end up needing fewer people in some existing roles. In addition, some individuals will be motivated to seek career advancement opportunities beyond their current jobs. Both of these phenomena create an opportunity for L&D leaders to organically reshape their workforce.

There are several advantages to reskilling and upskilling current employees for new roles and responsibilities. Those include:

- » **Tailor custom training programs to your organization's needs.** Rather than getting people whose skills mostly match your changing skill needs, L&D professionals can ensure that upskilling and reskilling efforts are perfectly aligned with future business needs.
- » **Retain your investment in existing employees.** Although you may be providing employees new skills, their knowledge of your company, informal networks within the organization and loyalty as employees will stay intact. This means lower, or sometimes zero, onboarding costs.
- » **Avoid the organizational trauma of job cuts.** By retraining employees for new roles, you can avoid the trauma of layoffs and job reductions, which can negatively affect the morale and performance of the remaining employees and damage your brand.

- » **Bolster loyalty and engagement.** Finally, by providing employees with new career options within the company you'll strengthen their engagement and loyalty to your organization. Learning new skills can boost engagement, as employees feel valued because you're investing in them.

Upskilling and reskilling existing employees provides many advantages for organizations, but it won't always completely fill every crucial skills gap. Sometimes, the number of new roles you need and the number of existing employees who will, realistically, transition to them may not match up.

In addition, the skills gap between where some employees are now and a new role will be too wide to be bridged with corporate training. A robust workforce management platform can help you map out career paths and show you where upskilling and reskilling can give existing employees the skills they need for new jobs. It can also reveal where the gap is too wide to be realistically addressed with internal training.

Despite these challenges, reskilling and upskilling is the fastest and most efficient way to reshape your workforce.

Option 2: New hires

Sometimes, getting the number of people you need with certain skills requires hiring new people. These new additions to the workforce could include permanent employees or contract/freelance talent. In either case, filling your crucial skill gaps most efficiently calls for a recruiting process that attracts and identifies the best-fit candidates.

Large organizations typically have a distinctive culture and suite of benefits and career opportunities to offer new hires. When it comes to filling skill gaps, it's also important to ensure that the new hires truly have the skills you need.

Workforce management software can help with this in two ways.

First, a well-developed skills ontology can ensure that you precisely identify exactly what skills your organization needs. If your workforce plan calls for more software developers, for example, chances are specific requirements — certain programming languages or familiarity with different development platforms — will be preferred by hiring managers.

A thorough ontology can help you home in on those skill requirements. Although you could develop your own skills ontology that maps out all of the specific skills you need (ex. accounting vs. tax accounting vs. international tax accounting), it's usually more efficient to use an existing skills ontology that draws data from a wide variety of sources and keeps it updated.

Second, a credentials-based approach to recruiting can ensure that your new hires truly have the skills you need. Objective third-party credentials, often tied digitally to individual profiles on social media and in other places, ensures that new hires have precisely the skills you need. It also provides a way to ensure that new hires also have the soft skills required for success in your organization.

Here again, a robust workforce management platform can help you identify, track and count independently issued credentials. While more general traditional credentials, such as college degrees, are not going away, there is a shift toward skills-based credentials that will influence how recruiters and hiring managers make new hire decisions.

Tools to Support HR Leaders

Skills-based talent management at the enterprise level requires a platform that works for employees and executives by providing critical information in a timely manner.

Developing a strategic workforce plan, mapping out your organization's skill gaps, and developing a holistic plan to address those gaps are complex activities. HR leaders need tools that can handle a large, dynamic, skills-based workforce and respond to their organization's dynamic talent

As you Evaluate Tools to Help you Address Skill Gaps at Scale, Keep in Mind the Following Considerations:



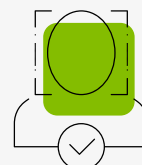
Is the software built around verified credentials to provide an accurate picture of the current workforce's skills profile?



Does the software integrate with other critical HR and enterprise information systems?



Does the platform have a built-in skills ontology? Is that skills ontology kept up to date with data based on recruiting and hiring activity in the marketplace? And does the skills ontology reflect the relationships between skills, or is it just a lengthy list of skills without any logical order or structure?



Does the platform use analytics and AI to provide a predictive view of your current workforce and your organization's future workforce needs?

needs. Frequently, an enterprise HR management tool is used for this.

As organizations consider their short- and long-term needs, however, many existing software solutions will only do part of the job. Skills-based talent management is still relatively new, and the future focus of workforce planning poses unique requirements.

As the competitive environment continues to change and evolve — and do so in ever shorter time frames — having resources to monitor, measure and modify the overall skills profile of your workforce will be critical. HR executives are increasingly seen as top strategic executives in an organization, responsible for managing talent recruitment and retention, change management and company culture. Having a clear picture of the workforce, now and in the future, and a tool that facilitates skills-based talent management will be critical for success.



Is Credly's Workforce Platform a Good Match for your Organization?

You won't know until you know more. Schedule a demo today to learn more about workforce.

We'll show you how the platform works for employees, managers and HR leaders, and how it can provide you with invaluable insights and action plans to strengthen your workforce in the future.