



Supercharging a Skills-Based Talent Strategy

How Skills Intelligence Drives
Business Performance

This eBook provides a blueprint for improving business performance by defining workforce competencies that drive strategic success. It advocates using a skills intelligence model to assess, develop, analyze and validate employees' skills. With the right foundation and approach, skills intelligence delivers powerful workforce insights to build business agility and resilience for the future.

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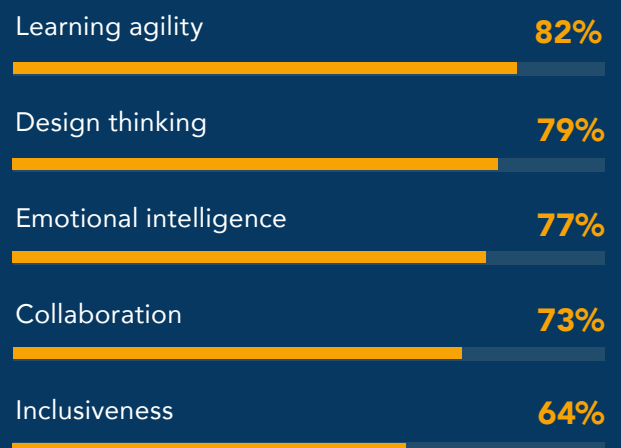
A Skills-Based Talent Strategy

In our rapidly changing world, the traditional approach to developing skills, based on role and hierarchy, must evolve. The key to driving business performance is a skills-based talent strategy, which improves organizational agility and keeps companies competitive.

In their quest for a more skills-based approach, employers have often focused on technical and role-specific skills, but many of those will likely be replaced — or at least impacted — by AI and automation. A future-oriented, skills-based talent strategy should focus on “power skills” — also sometimes referred to as soft skills. They include emotional intelligence, communication, decision-making, critical thinking, design thinking and even data storytelling skills. These are human-centric skills far less likely to be impacted by AI. They are also transversal across the organization, so improvements in these skills can have a big impact on business performance.



Most Important Skills to Address the Future of Work



Source: Brandon Hall Group™ Study, Transforming Learning and Development for the Future of Work

Percentages indicate responding organizations rating skills importance as 4 or 5 on a 5-point scale

A Skills-Based Talent Strategy

The move from role-based to skills-based organizations is well underway across all industries, but is more a marathon than a sprint. A skills-based strategy requires skills intelligence, which is based on a skills framework and comprises skill mapping, assessment, development and verification.

Proficiency in these areas remains elusive for many organizations. It is vitally important, however, because a skills-based strategy built on skills intelligence will deliver important business outcomes, including:



Growing the talent pools you need



Increasing organizational agility



Improving engagement and talent retention



Making learning more effective



Improving diversity and inclusion

The Power of Skills Intelligence

Skills intelligence has become a critical tool for organizations looking to align their workforce capabilities with strategic business objectives. As Brandon Hall Group™ research shows, many organizations are challenged to identify and develop the skills the business requires now and in the future.

Top Challenges for Future Skills Development



We have not identified the skills we will need for the future.



We have not identified our future skills gaps.



Our learning content does not support the skills we need to develop.



We lack the people, time and resources to support future skills development.



Our learning technology does not support future skills development.



We don't know how to measure learning well enough to ensure skills will be well-developed.

Source: Brandon Hall Group™ Study, Transforming Learning and Development for the Future of Work
Percentages represent the organizations agreeing that the statements are challenges

What is Skills Intelligence?

It starts with a skills framework as its foundation. It then leverages skills mapping together with advanced analytics to provide insight into the current and future skills supply and demand within an organization. This intelligence empowers leaders to make more informed talent decisions around recruiting, development and workforce planning.

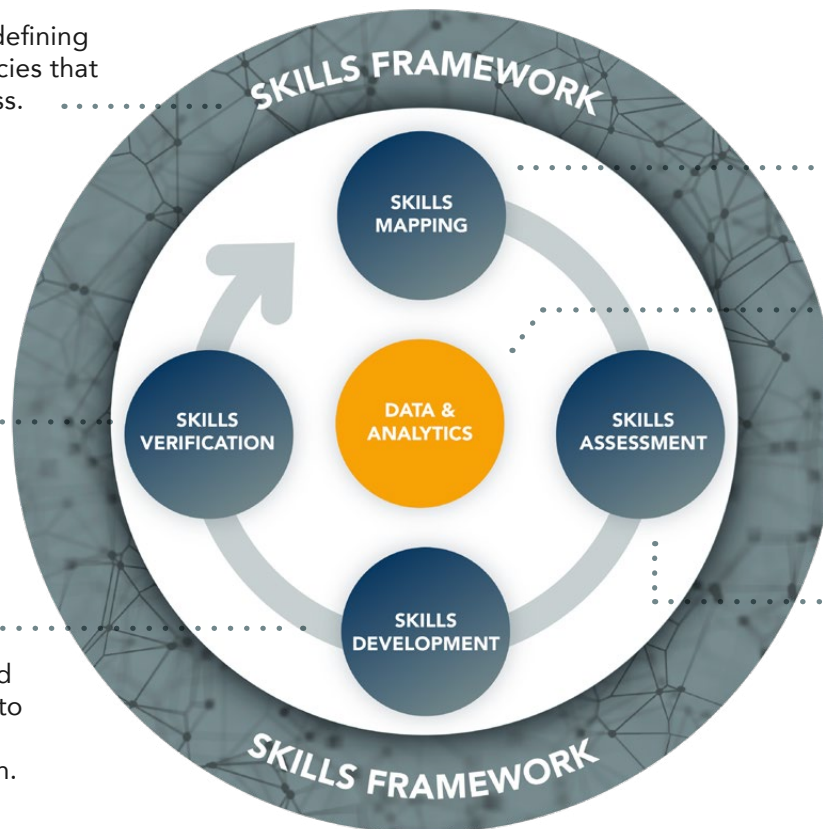
Skills intelligence also improves organizational agility and resilience. By understanding the skills gaps that exist today and anticipating future needs, learning and HR leaders can take proactive steps to upskill and reskill employees. This ensures the workforce is equipped with the competencies required to meet evolving business goals and priorities. Skills intelligence provides the necessary capability to pivot, upskill and redeploy talent quickly when conditions change.

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.



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.

Source: Brandon Hall Group™

Skills Framework

A robust skills framework is the cornerstone for building skills intelligence capabilities. In our model, it is a foundational layer to the concept of skills intelligence, underpinning the whole strategy. It provides a standardized taxonomy of all the strategic skills required for the organization’s business objectives, both current and future-looking, and enables creation of a consistent skills language across the enterprise.

With this structure in place, an employer can accurately map proficiency levels across the workforce for each skill. Gaps become visible. The skills framework also enables optimizing other talent processes from recruiting to learning to succession planning by tying them directly to business-aligned skills needs. A dynamic skills library can even empower employees to drive their own development and career mobility by seeing which skills are valued and sought-after.

Data and Analytics

Data and analytics are at the center of the skills intelligence model because they provide real-time visibility into the current and future skills supply and demand within an organization.

To enable skills intelligence, employers must bring together diverse talent data sources like learning management systems, HR information systems, and performance management platforms into a central skills database. This provides a single source of truth.

Robust analytics can then extract insights into workforce skills proficiencies, gaps and future needs. Care must be taken to ensure consistent data taxonomy, integrity and governance across systems. However, many learning and talent organizations lack people with the necessary data and analytics skills; improvement is high on most employers’ priority lists.

Most Important Future of Work Skills for Talent Teams

Source: Brandon Hall Group™ Study, Transforming Learning and Development for the Future of Work

91%

Data and analytics

71%

Performance consulting

65%

Organizational design and effectiveness

Skills Mapping

Skills mapping creates a comprehensive taxonomy of the capabilities required for an organization’s current and future business objectives and is central to establishing a strategic skills framework.

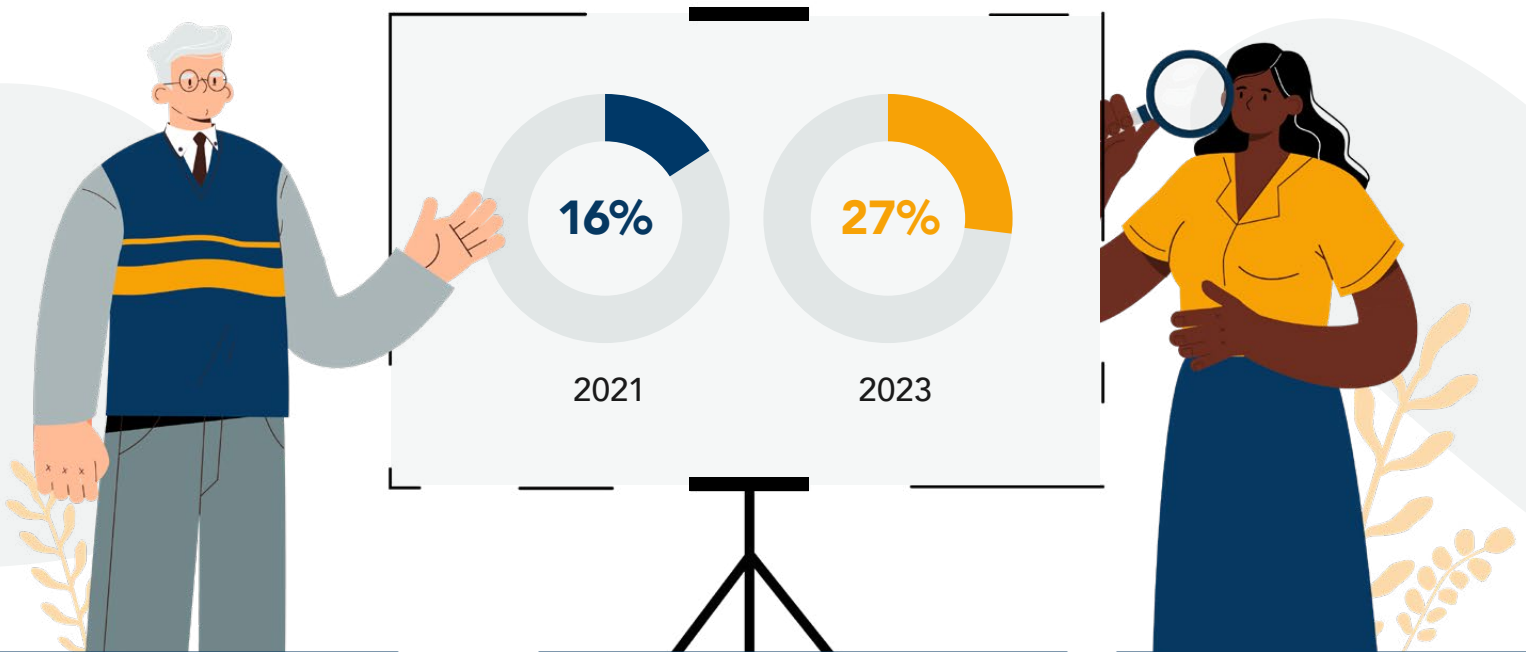
This enables systematically assessing the workforce’s current proficiency across each mapped skill to identify precise gaps. The skills taxonomy also allows for optimizing talent processes like recruiting, development and succession planning by tying them directly to the organization’s priority skills. Ongoing validation ensures the skills framework evolves along with business strategy.

Innovation in Skills Assessment

Organizations can only manage what they measure, so it is important to effectively assess and measure skills. The accuracy and validity of skills-related data determine the quality of the skills intelligence and support the overall transformation to a skills-based organization.

Existing approaches to skills measurement often lack assessment of skills proficiency before training and focus only on knowledge transfer after training. Often, the level of skills application is also overlooked. While there has been some progress over the past two years, according to Brandon Hall Group™ research, only about one-quarter of organizations believe they are proficient.

High Proficiency in Assessing Skills and Measuring Progress



Percentages reflect organizations that rate their proficiency as a 4 or 5 on a 5-point scale

Source: Brandon Hall Group Study, Think Like a CEO: How Learning Drives Business Impact

The shift to a skills-based talent strategy requires a transformation of assessment. There are two possible methods that can be used to assess employee skills:



Technology-driven

AI-powered tools can automate the skills assessment process by analyzing data from various sources, including resumes, job applications, performance evaluations and online profiles. For power skills, immersive learning methods can assess employees' ability to apply power skills. The technology simulates workplace scenarios and assesses how proficient the learner is in each skill.



People-driven

Employees or job candidates can self-identify their skills through skills assessment surveys during a skills-mapping exercise. They can also create skills portfolios showcasing applied skills and engage in self-reflection to identify current skills and growth areas. Manager input can also be elicited through performance appraisals, feedback sessions and other processes. Encouraging employees to participate in the process fosters a more accurate and comprehensive skills inventory within the organization.



"It's fascinating to me just how fast the technology is going. It's almost faster than you can make the decisions. And so that's been one of our challenges, in particular on the AI side of it."

**Talent Leader,
diversified industrial organization**

Progressive organizations combine approaches, where technology first does the heavy lifting to pre-populate skills data. Then, skills identified by employees, job candidates or managers can be overlaid or integrated.

Skills Proficiency

Identifying skills is only a first step. To make talent decisions, you must know how proficient employees are. Is an identified skill rarely applied? Or has the employee demonstrated some competence, but still requires some guidance? Or are the people you are evaluating fully competent and can demonstrate expertise?

Technology tools are getting quite advanced at identifying skills, but still need to improve at making proficiency decisions. People, either employees or managers, are better at assessing proficiency, but it is challenging to do this at scale and precision for a wide range of skills. Skills tests and assessments can work well for verification, but traditional testing methods can be limiting.

“Unless you're doing it (applying skills on the job), then you're probably not as professional as you thought you were. We've got people who are data scientists with PhDs but they haven't really been doing data science work for some years.”

**Talent Leader,
media organization**

“What might seem straightforward starting the process, becomes more complex as you dive in. This is especially true of power skills. For example, what does ‘strategic agility’ really mean, and how do you set about measuring proficiency in it?”

**Talent Leader in a
services organization**

The Advantage of Simulations

We are seeing new methods fill this gap, combining the scale advantages of technology and the accuracy of people. One such approach is simulation, where employees are put in realistic business situations where they are actively making decisions. Their observed behaviors are then automatically assessed by the skills needed to navigate the simulation. Simulation providers such as [ETU](#) have run trials with industrial/organizational psychologists to confirm the validity of the measurement. Simulations can be used both to assess skill proficiency before training and after training to understand the increase in applied skill proficiency.

Precision Skill Development

In role-based skills development, learning tends to focus on broad courses that cover many skills and capabilities that a specific job or role requires. This approach lends itself to knowledge acquisition, but not to practical application.



In a skills-based talent strategy, learning should be based on assessment results and allow learners to practice skills and apply them to real workplace situations. For example, take development of critical thinking, one of the important “power skills” necessary for people to thrive in a digital workplace where AI and automation are expanding.

An employee may first complete online lessons on critical thinking techniques like asking probing questions and identifying assumptions. They may then go through a simulation that requires the learner to apply the skills in a challenging situation. The simulation provides in-the-moment coaching and encourages reflection and deeper learning. Learners showing mastery in the simulation might regroup in an in-person workshop on more complex case studies.

Over time and through different learning contexts, the learner gains proficiency in facilitating critical thinking that ultimately enhances their team’s decision-making.

Precision also means personalized. Organizations must offer options for learners to acquire skills based on their existing skill levels. All employees have some existing skills in power skills. They also have gaps where they need development and some areas where they are already well proficient and don’t need unnecessary training.

Case in Point: Personalized Learning at Scale at IBM

IBM Consulting wanted to shift away from what they wanted learners to know and toward what they wanted learners to do differently. The new approach has accelerated the organization toward demonstrated mastery of skills versus completion of training.

The IBM L&D team re-evaluated its legacy consultant training program. The team shared all of the training materials for each of the consulting bands with its partner, ETU, which amounted to 140 hours of training content. ETU's team processed the materials and produced a plan to address IBM's key challenges. This included more than 40 simulations.

Insights derived from the analysis of learner performance within the simulations provided IBM Consulting with real-time data on the needs of its learners and paved the way for targeted and customized learning programs that increased the efficiency and effectiveness of skill development.



CHALLENGE:

Massively improving yield without multiplying cost



SOLUTION:

More effective, efficient and engaging learning



RESULTS:

Personalization at scale optimizes seat time and creates a scalable core consulting training program

KEY METRICS INCLUDE:

27%

reduction in seat time due to adaptive personalization

Net Promoter Score of

81



A 20-fold increase in employee participation through a new learning academy

\$5.6 million in program savings



Skills Verification

The biggest missing link in the traditional approach to learning measurement is verification of skills application. Brandon Hall Group™ research shows that only 35% of organizations measure how knowledge and skills are being applied by learners on the job or in simulated job scenarios.

Technology is a great enabler of measuring and verifying skills proficiency. This includes understanding any remaining gaps and designing initiatives to reduce or eliminate those gaps.

Here are a few ways AI and other emerging technologies can be leveraged to measure and verify skills proficiency:



Knowledge tracing through learning management systems uses AI to understand the concepts employees have mastered based on training content interaction and assessment performance. This provides data on current knowledge levels only.



Simulations and virtual environments are playing an increasing role in skill verification for power skills in addition to their role in precision skills development. They provide both the objectivity and scale needed. They also allow more dynamic skill measurement. By embedding power skills in multiple simulation experiences, skills intelligence is available on performance over time.



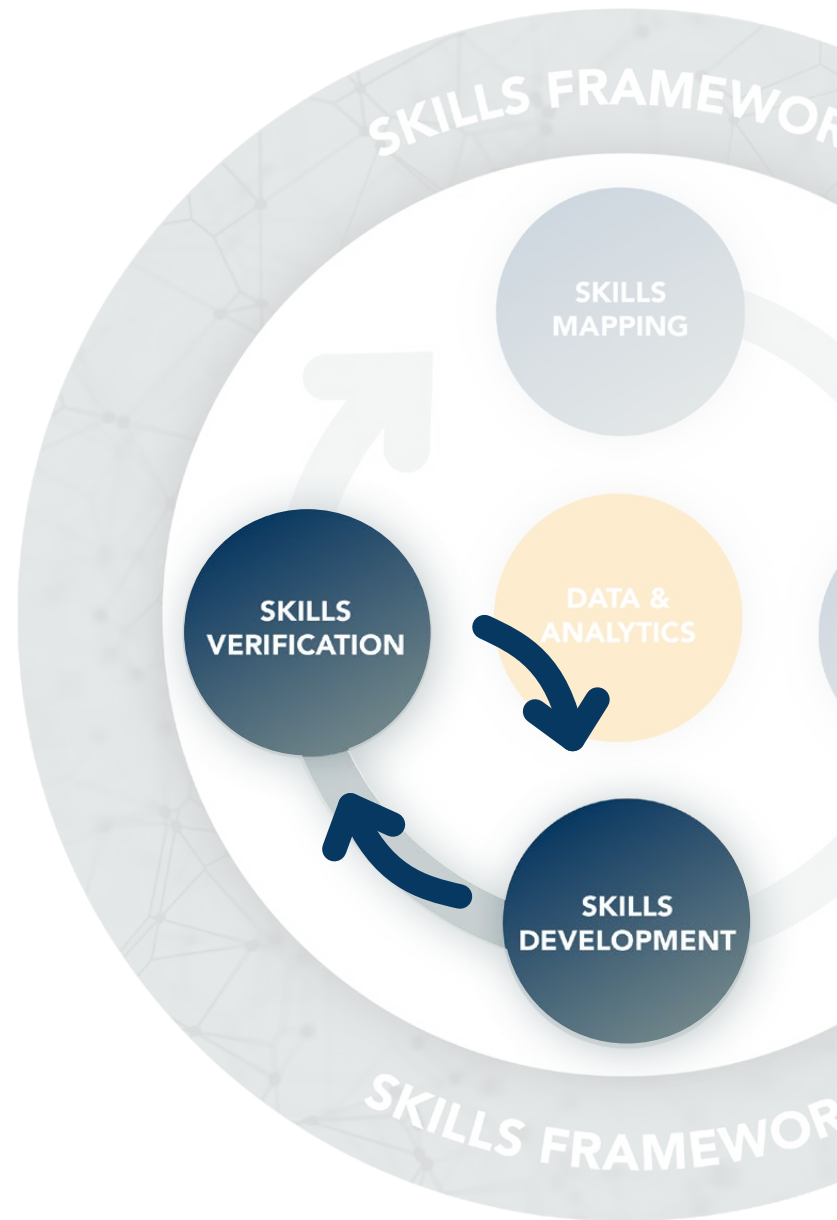
Natural language processing techniques can analyze workplace documents and communications to extract evidence of proficiency in soft skills like communication, collaboration and critical thinking.

The key benefits of using AI and emerging technology for skills assessment include objectivity, continuous measurement and removal of bias. Organizations get an accurate, real-time view of workforce competencies critical for agile decision-making.

But what happens if your measurement shows that skills are not being applied at the expected or required proficiency? In that case, there must be a feedback loop in which a learner is informed of a remaining skills gap. That leads to another round of skills development aimed specifically at the skill gap(s). The loop should continue until all proficiency targets from the learning initiative are met.

Skills Feedback Loop

Source: Brandon Hall Group™



Conclusion and Takeaways

A skills-based talent strategy is critical to prepare the workforce for the future. The strategy must be centered around skills intelligence because employers can't develop talent unless they understand the skills that reside in their workforce and the gaps they need to fill. From there, you can close the loop by assessing and developing proficiency through dynamic and personalized learning aligned with the types of skills you are attempting to improve.

As you get started on your journey with skills intelligence, here are some important considerations as you evolve your skills-based talent strategy:

1 Validate your skills framework. Ensure the taxonomy evolves along with business objectives through regular review and stakeholder input.

2 Scale strategically. Many organizations struggle or fail to develop skills intelligence because they try to do too much, too fast. Acquiring skills intelligence is complex. It's important to start small and scale as you gain experience and insight.

3 Focus on impact. Assess skill levels before learning initiatives and personalize the experiences to the employee's needs. This precise type of learning leads to more impact for the learner and for the business.

4 Empower employees. Communicate the importance of power skills across the workforce so employees understand how they can drive their own development and career mobility.

5 Deliver behavior change. Behavior change requires space for skills application, practice, and reflection. Use new technology to help you scale.

6 Make skills data a strength. Having data as a single source of truth is critical to a skills-based talent strategy. Leverage new approaches to skill verification for better talent decisions.

7 Knock down silos. Cross-functional collaboration brings a holistic view of skills needs and strengthens adoption.

8 Communicate progress. Share skills intelligence successes, use cases and metrics to sustain engagement. Celebrate success!

With the right foundation and approach, skills intelligence delivers powerful workforce insights to build business agility and resilience for the future.

About ETU

ETU helps the world's leading companies measure and develop power skills to achieve business goals. Our powerful simulation platform creates digital "learning-by-doing" experiences. Employees apply workplace skills in realistic scenarios, while the platform measures their strengths and gaps. Rich data insights drive precision skill development, at scale.



For more information, please visit: etu.co

About Brandon Hall Group

With more than 10,000 clients globally and 30 years of delivering world-class research and advisory services, Brandon Hall Group™ is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

Professional Certifications

Self-paced certification programs. Virtual group sessions for companies. In-person conferences and summits.

Membership

Individual and Enterprise Membership Options: Includes research assets, advisory support, a client success plan and more.

SOME WAYS
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Three annual programs recognize the best organizations that have successfully deployed programs to achieve measurable results.

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recognizes world-class HCM programs that transform their organization and achieve breakthrough results. This designation is the next step beyond the HCM Excellence Awards, which focus on a single program, and looks at the department as a whole.

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