



REDEFINING A SKILLS-BASED ORGANIZATION

It's more than placing skills at the heart of talent strategy—it's a complete re-imagining of how organizations are structured and a mindset shift in the relationship between roles, people, and business strategy

 15 MIN

EBOOK





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INTRODUCTION

Organizations around the world are facing a growing skills crisis. From generative AI to automation, the rapid pace of change has altered the skill sets required for jobs by 25% since 2015. And this rate is expected to double by 2027, meaning that finding the right talent will continue to be a key challenge for businesses globally.¹

In response, some organizations are undertaking a radical re-think of how they structure roles and responsibilities, how they hire, and how they develop talent. The result is a complete re-imagining of what it means to be a skills-based organization.

One way that organizations are striving to be more agile is by evolving their

thinking about work—from static jobs to dynamic work where skills are learned and applied in a more fluid way. Skills do not exist in isolation. They must be considered in the context of the whole person and whole company. It's not just what someone's skills are but how they are used.

Transitioning to a skills-based organization provides leaders with a unique opportunity to place skills at the heart of talent strategies. But for this transition to be successful, talent strategies must be aligned with business strategies. This is your guide for determining if this transformation is right for your organization, what to expect, and how to get started.

¹ 2023 Workplace Learning Report, LinkedIn Learning, February 2023



REDEFINING A SKILLS-BASED ORGANIZATION

A “skills-based organization” is more than a buzzword—it’s a major shift in how a company thinks about its people, work, and business strategy.

What does it mean to be a skills-based organization? For some organizations, it’s as straightforward as placing skills at the heart of talent strategies. This is a start, but it’s much more. To truly redefine your organization as “skills-based,” consider the following.

A skills-based organization recognizes that people have a wide range of unique skills, capabilities, and mindsets that can be utilized to succeed in various roles. These organizations also understand that a focus on technical abilities is just one part of the bigger picture: they

consider the individual as a whole person, how this individual fits within their organization, and the work that needs to be done today and tomorrow.

A skills-based organization recognizes that people have a wide range of skills that can be utilized to be successful in various roles. They consider the individual as a whole person, how their capabilities fit with the work that needs to be done today and tomorrow within their organization.



“To disassemble and reassemble an organization as one that is ‘skills-driven’ is a major shift versus just knowing the skills needed to do the job,” says Tracy Bosch, Senior Client Partner, Korn Ferry. “Becoming a skills-based organization requires a significant change in mindsets, behaviors, and culture norms.”

In many organizations, promotions are predicated on the availability of a job to be promoted into. So regardless of the skill growth of individuals, career mobility can be limited by organizational hierarchy or simply the tenure of their colleagues. Transformation to a skills-based organization can disrupt some long-held cultural and structural norms related to responsibility boundaries, career progression, and succession planning.

Without clear communication and leadership buy-in at all levels, the magnitude of such a shift can have a destabilizing impact. While adopting a skills-based approach could be the right decision from a business standpoint, the process of how this change is managed impacts the overall outcome. This is why it is critical to consider the impact of transformation on a practical level. This shift starts at the top but must permeate throughout company culture.

BETTER AGILITY AND ADAPTABILITY



Organizations focused on skills are 57% more likely to anticipate and effectively respond to changes.²



Skills-based organizations can quickly reallocate resources in response to shifting market demands, enabling them to seize new opportunities and navigate industry disruptions more effectively. Prioritizing skills also promotes creativity and innovation while creating a diverse and resilient workforce, which benefits employees, organizations and communities.”

KARIN VISSER

Vice President, Org, Work & Reward IP Development, Korn Ferry Institute

TALENT RETENTION AND ATTRACTION



Skills-based organizations are 107% more likely to place talent effectively and 98% more likely to retain high performers.²



People are looking for purpose and fit with their own beliefs and values. Learning, development, and career clarity are among the top three reasons why people join and stay in an organization. Skills-based organizations are designed to provide intentional and meaningful career progression opportunities aligned with an individual’s goals.”

KARIN VISSER

Vice President, Org, Work & Reward IP Development, Korn Ferry Institute



² Is the end of jobs at hand, Business Insider, March 2023

6 PILLARS OF A SKILLS-BASED ORGANIZATION

Re-imagining a business as a skills-based organization is a major shift encompassing much more than skills libraries and assessment.

Organizations that truly want to **transform for growth** know the best ways to unleash a person's skills and potential in conjunction with their broader business strategy.

1. ORGANIZE WORK AS A SET OF RESPONSIBILITIES

either as a job or a more temporary project or gig – linked to fluid sets of skills, competencies and capabilities, and aligned with the organization's strategy.

4. USE ASSESSMENTS OR INVENTORIES TO IDENTIFY RESKILLING AND UPSKILLING OPPORTUNITIES

thinking about an employee's development in terms of their potential for future valuable skills versus solely on past performance.

2. VIEW PEOPLE AS INDIVIDUALS

with unique skills, competencies, capabilities, and personal identity, embracing the "whole person."

5. USE PREDICTIVE MODELING/ DATA ANALYTICS

to identify what work will be done in the future, the skills needed to do it, and the best steps to acquire these skills, linking analysis with action.

3. CREATE AND MAINTAIN A "SKILLS HUB"

a centralized repository of skills, competencies, and capabilities needed to perform responsibilities to achieve the organization's strategy. Keep it up to date to track and manage emerging skills.

6. FOSTER AN ENVIRONMENT OF DIVERSITY, EQUITY, AND INCLUSION

by opening opportunities for employment, development, and promotion based on skills rather than solely relying on education or experience.

BUILDING SKILLS FOR THE FUTURE

Ninety-four percent of leaders expect employees to pick up new skills on the job,³ but the playbook for doing so is outdated. It can be difficult for people to make time for learning beyond their day-to-day responsibilities. Yet when employee training is separate from daily work, this often leads to surface knowledge acquisition. The trick is to provide access to required training and to do this reskilling in the flow of the work.



³ The Future of Jobs Report 2023, World Economic Forum, April 2023

Organizations that are redefining what it means to be skills-based address this by placing skill-building at the core of its talent and business strategies:

- 1 Use assessments to identify skill gaps and upskilling/reskilling opportunities, based on a person's technical abilities, behavioral capabilities, and personal identity
- 2 Integrate learning and mentoring into the workday
- 3 Create learner and organization-supported touchpoints for continuous feedback
- 4 Focus on faster reskilling opportunities and build to upskilling
- 5 Explore a range of solutions, including hiring additional people to help bring current employees up to speed faster

Consider an organization that needs to modernize its geographical capabilities. Its current employees need technical training to master new skills and systems. They also need to learn how to work in differently structured teams.

One option would be for employees to complete a GIS (Geographic Information System) certification program. But while the employees would be exposed to the technical skills, this exposure would happen in isolation, rather than the flow of daily work.

A skills-based organization would create faster learning touchpoints integrated into daily operations that reflect the desired team structure.

To accelerate this process further, the organization could also hire a critical mass of GIS experts to work alongside current employees who know the business. Together, these individuals could transform the process, technology, and skills of the overall team.

Skills-based organizations think about skills as an enabler and a catalyst, versus an endgame. Documenting skill gaps and providing more comprehensive upskilling and reskilling opportunities are important, but are just one piece of the puzzle. These organizations also consider how the culture and structure impact the way in which these skills come to life, ensuring people are positioned to maximize their full potential.

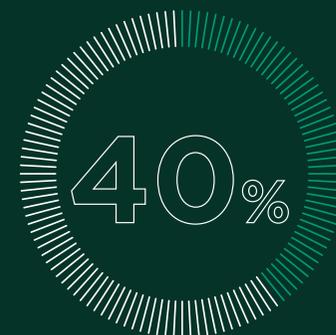


94% of leaders expect employees to pick up new skills on the job.³



Technology advancements, automation, and evolving job market dynamics are rendering certain job roles obsolete while creating new skill requirements in other areas. Skills-based organizations proactively adapt to these changes, ensuring their workforces remain relevant and future-proofed, rather than assuming their employees will simply learn as they go.”

SERENA JONES,
Senior Client Partner, Korn Ferry.



40% of leaders say their employees' core skills will change in the next five years.³



A skills-based organization understands that while some technical skills are indeed changing, other soft skills, such as adaptability, collaboration, and communication, will continue to be paramount for success. By taking a holistic view, a skills-based organization is better positioned to identify and fill current skill gaps while strengthening existing skills that are key for long-term success.”

SERENA JONES,
Senior Client Partner, Korn Ferry.



TRANSFORM YOUR ORGANIZATION FOR GROWTH

Is transforming into a skills-based organization the right choice for your company?

At Korn Ferry, we specialize in helping people, teams and organizations unleash their potential. We can help you:

1

Use our Success Profiles, which are dynamic benchmarks that show which skills (technical abilities, behavioral competencies, and personal identity) your people need to do the work based on responsibilities to further your organization's goals.

2

Organize, simplify, and normalize your organization's skill field using our powerful skills taxonomy.

3

Assess and identify skills gaps and create an action plan to recruit and develop people to fill these gaps, evaluating the whole person for fit and potential.

4

Better leverage existing investments in skills-tech platforms.

5

Support your organizational transformation with purposeful cultural change, including radically human communication.

6

Develop change-ready leadership and empower them with reward and recognition instruments to shape success.



FIND OUT HOW WE CAN HELP YOU TRANSFORM YOUR ORGANIZATION'S **APPROACH TO SKILLS**

GET IN TOUCH

Korn Ferry is a global organizational consulting firm. We work with our clients to design optimal organization structures, roles, and responsibilities. We help them hire the right people and advise them on how to reward and motivate their workforce while developing professionals as they navigate and advance their careers.

Business advisors.
Career makers.