

Getting ahead of the future skills revolution

How can you ensure you and your
organisation aren't left behind?

For your business to survive and thrive you need to be aware, agile and adaptable enough to cope with changing and volatile markets. You need to have the right talent and skills to innovate, create new products and drive transformation.

Whatever your business agenda - turnaround, growth, reinvention, merger and acquisition, survival - there is a corresponding skills agenda.

To grow your business by 20%, you need to grow your skills by 20%.

To reinvent your business strategy, you need to reinvent your skills.

Reskilling, upskilling and talent acquisition are all key components of any transformation. Any business growth through new innovations, new products and services or by mergers require new processes, new technical skills and new ways of problem-solving and decision-making to build new ecosystems and infrastructure.

Businesses that don't have the agility, talent and skills will struggle to survive the brutal realities of these market conditions. If the past twelve months have taught us anything, it is that being ready for tomorrow is tough.

The skills landscape is changing too - the revolution has already begun. Are you ready?

1. A future skills revolution – *the evidence*

Four key factors are contributing to the current skills revolution:

- The pace of skills redundancy is increasing.
- Future skills are changing.
- Skills gaps are intensifying.
- Expectations of how learning happens has shifted.

The pace of skills redundancy is increasing

The life expectancy of skills is decreasing. Economists argue that skills now have a shelf life of just five years.ⁱ The World Economic Forum (WEF) say we are facing a global reskilling emergency, and the prospect of the Fourth Industrial Revolution is on the horizon.

42% of core skills for existing roles are expected to change by 2022.

50% of all employees will need reskilling by 2025.

More than 1 billion people will need to be reskilled by 2030.ⁱⁱ

Future skills are changing

The nature of future skills is also changing. Industry-specific, niche and technical skills will always be needed, but there is a notable shift towards more transferable, soft skills - also more aptly called human skills.

Most of the WEF's skills of the future are soft skills. For example, creativity and innovation, critical thinking, complex problem solving, emotional intelligence, leadership and resilience.

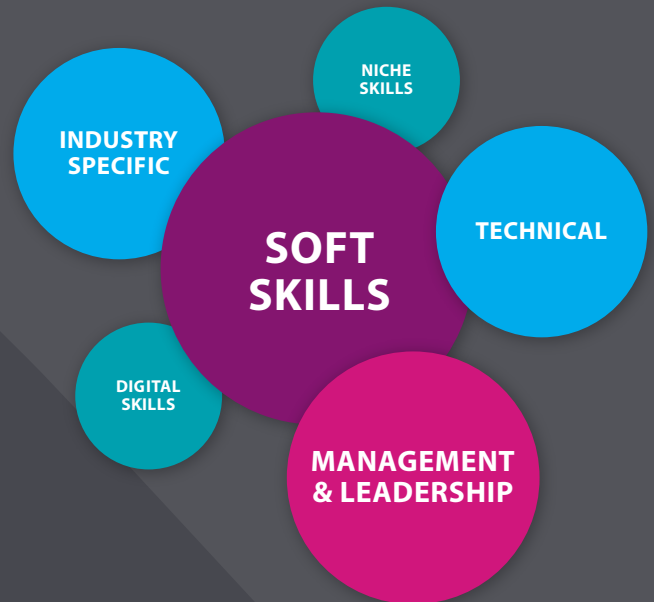
This shift presents a challenge for organisations that have traditionally focused their efforts on developing technical skills – which lend themselves to defined learning journeys ending in some form of certification.

Soft skills, being more behavioural in nature, require a more behavioural form of definition. Digital skills have also become more mainstream, a trend that is set to continue.

Future management and leadership skills are shifting too. In our paper *Leadership in the Balance*ⁱⁱⁱ, we shared six pairs of behavioural traits that leaders require to succeed now and in the future.

Resilience and focus
Pace and sustainability
Curiosity and decisiveness

Vulnerability and confidence
Empathy and determination
Action and inclusion

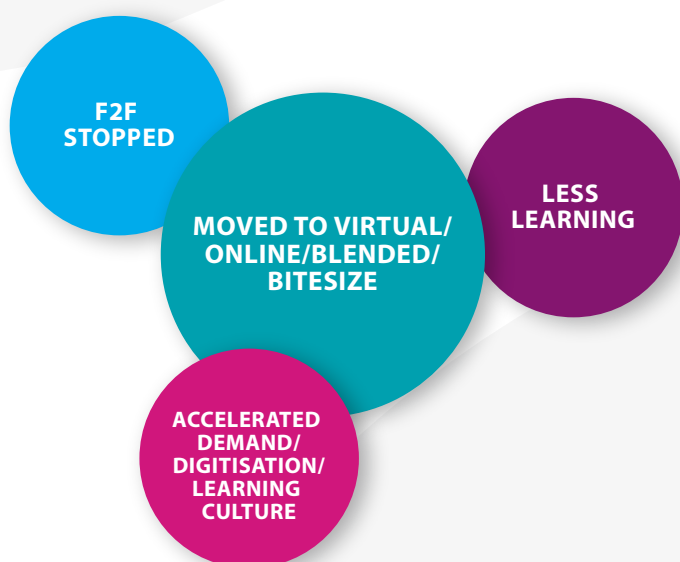


Skills gaps are intensifying

According to The Global Skills Shortage report^{iv}, just under two-thirds of organisations are finding it difficult to recruit the skills they need. ^{iv}

The technical skills in the shortest supply are trade skills, data analysis, data science, engineering, medical and specialist sciences. Sought after soft skills are problem-solving, critical thinking, communication, innovation and creativity, and the ability to deal with complexity and ambiguity.

The Open University's Business Barometer 2020 ^v report found that 56% of UK organisations are suffering a skills deficit, with 61% of organisations saying it is reducing their ability to be agile.



Expectations of how learning happens have shifted

The pandemic triggered a massive transition to digital working, and with it digital learning.

Our 2021 Learning Landscape Survey ^{vi} found that businesses of all sizes had experienced a huge swing towards virtual/online, blended and bite-size (including micro and nano) learning.

Expectations are that this trend will not reverse, and learners will demand more good quality, accessible learning. Learning that excites, engages and embeds.

Having the correct infrastructure, design and delivery capability is vitally important to the success of digital learning.

Given these major changes to the future skills landscape, businesses have to transform how they plan for and develop the skills they need.

Do you have a sufficient understanding of your future skills needs and gaps?

How ready is your business for the future skills revolution?

2. Business planning and skills planning – *two sides of the same coin*

Given the fundamental uncertainty of the business context, leaders are having to become more agile in how they run their businesses and how they business plan.

Agility is about being both responsive (responding quickly to market changes) and proactive (anticipating and shaping changes in the market).

Similarly, skills planning needs to become more agile – responsive and proactive.

By integrating future skills planning with business planning, businesses are better able to respond to and anticipate future skills need.

Ideally, skills planning becomes part of the same process – not an add on. In the same way, you consider what business plans need in terms of investment in technology, processes and resources, you consider the skills required and how to develop them.

Investing wisely

Unfortunately, a lot of employers have been taking the short-term approach recently. The Open University's Business Barometer 2020 ^v found that UK employers spent £6.6 billion on plugging short term skills gaps in 2020, a sizeable increase from the £4.4 billion spent the previous year.

Skills investment is generally several steps behind other business investments. This needs to change. Given the skills revolution, business investment and skills investment need to become one and the same, happening in an integrated way.

Prioritising value creation skills

No business can invest in everything. Futureproofing involves identifying the new skills that are required and prioritising those that contribute most to value creation.

Value can take different forms, including higher levels of productivity and profitability, innovation and business sustainability, recruitment and retention, employee engagement and morale. Value can also involve cost avoidance.

Value can also change and therefore needs to be reviewed. For many organisations, the acceleration of digitalisation means that digital teams will have more impact on your strategy than they did previously. As such, they would become a priority for investment.

Few businesses have cracked this challenge as yet, but many have begun.

How integrated is your skills planning with business planning?

What can you learn from other businesses that are ahead?

3. Getting ahead needs everyone to play their part

Plans are critical, but ultimately, they are only as good as the execution. To get ahead of the skills revolution, every level of your business needs to play its part – having the right conversations, in the right way, at the right time.

Executives

For board executives, there are three critical skills challenges to tackle:

- i. Do we have strong succession where we need it most?
- ii. Are we investing in the capabilities we need to succeed?
- iii. Do we have a healthy and diverse pipeline of skills and talent?

These are big challenges for most businesses. More and more, leading organisations are shifting from annual skills and talent reviews to a more frequent, ongoing process.

Executives also set the tone in any organisation. Employees know that work is changing. They want to understand what that change means for them, their work and their future. Giving voice to the skills agenda is key. Senior leaders need to talk openly about future skills and what skills the organisation needs to thrive.

Functional / business leaders

The leader of any function or business area is key to identifying, clearly defining and investing in the future skills needed to succeed.

Defining skills needs should be continuous, contextual, and specific – a major challenge that many organisations wrestle with. Leaders who are inexperienced in defining skills needs often turn to specialist organisations for assistance at this critical stage.

Once defined, informed choices need to be made about how best to develop these skills. Best practice companies are starting to do this by considering:

- Strategically, do we need to buy, build, borrow, keep or drop this skill?

<i>Buy – strategically valuable in the future, but have little (or none) currently</i>	<i>Build – strategically valuable, have some internal capability to build upon</i>	<i>Borrow – important but not a core skill, can partner with another business</i>	<i>Keep – an established capability, needing some maintenance</i>	<i>Drop – will not be needed in the future</i>
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- What is the right ratio of internal: external talent for this area?

The internal: external ratio will also vary by business. However, it is common for mature businesses to target a 70:30 or 80:20 ratio.

- How can we ensure we have the diversity we need?

Diverse teams, along several axes, have been shown to improve innovation and improve problem solving.

All managers

Managers are key to developing the future skills of their teams. In particular, they are:

- Critical to providing learning opportunities, encouraging self-ownership of learning, supporting risk-taking and ensuring that time is given to development.
- Powerful role models for continuous learning, flexibility, adaptability, and the need to learn new skills.
- Central to the upskilling and reskilling agenda for existing employees.

Most employers are very aware of the need for upskilling and reskilling. According to the WEF report, employers expect to offer upskilling and reskilling to just over 70% of their workforce by 2025. And two-thirds of them (66%) expect to achieve a return on investment on that upskilling and reskilling within a year.

Upskilling is when people learn new skills to do their jobs better. Reskilling is when people learn new skills to do a different job altogether. In practice, most organisations need both.

Managers play a key role in encouraging upskilling and reskilling. The WEF report also found that only 42% of employees were taking up upskilling and reskilling opportunities, so there is some way to go.

Employees

The good news is that skills development is beneficial for individuals as well as businesses.

The vast majority of people want to continue learning given the opportunity and the right encouragement - whatever their age. A large study found that 90% of over 50's remain keen to progress their careers.^{vii}

Learning is itself a skill. Encouraging and supporting employees to enhance their learning ability, and providing opportunities for continuous learning will equip them to develop the future skills needed - benefitting them and the organisation.

By ensuring employees are connected to the skills agenda, clear about the business vision, and supported to make sense of what this means for them – they are better placed to play their part in re-skilling and upskilling.

Getting ahead of the skills agenda needs all these levels to play their part. Without the strategic context, functional leaders are working in the dark. Without clearly defined skills, managers struggle to prioritise their upskilling and reskilling efforts. Without encouragement and tangible support from managers, employees often get stuck, working hard to stand still.

How engaged are different levels in the future skills agenda?

***How ready are managers and employees to meet the upskill/
reskill challenge?***

4. Getting ahead by joining up the dots

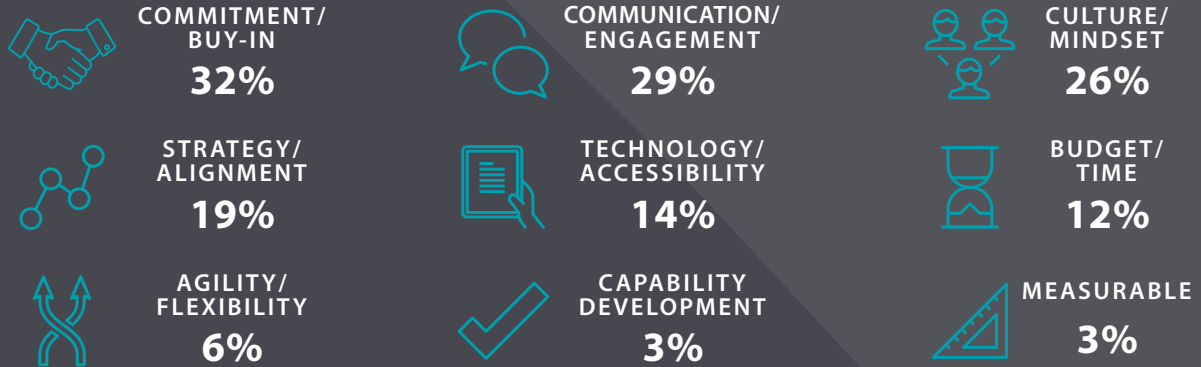
Critically, getting ahead of the skills revolution, means joining up the dots:

- Between the business strategy, people strategy and skills strategy.
- Integrating business and skills planning – both becoming more agile and adaptable.
- Ensuring executives, functional leaders, managers and employees are able and willing to play their part.
- HR and L&D working with all of these different groups and drawing on external specialists as needed.

It's undoubtedly a challenging time, but it's also an exciting time. Learning and skills have shot up the agenda for businesses and individuals over the last 18 months.

5. What next...

Most organisations, also need a shift in their approach to learning – to an agile learning culture. Our 2021 survey found an agile learning culture needs the following to be successful:



In part two of this series, we will share fascinating insight and best practices on how to shape the agile learning culture you need.

To learn more, please get in touch ...

Sources

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ⁱⁱⁱ HF report: Leadership in Balance
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^{iv} The Global Skills Shortage Report
<https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Documents/SHRM%20Skills%20Gap%202019.pdf>

^v The Open University's Business Barometer 2020
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^{vi} HF Learning Landscape Survey
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^{vii} McNair, S. (2011) Learning, work and later life in the UK: guidance needs of an ageing workforce, in Working and ageing: Guidance and counselling for mature learners, Luxembourg: European Centre for the Development of Vocational Training, 132-150
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