



Skills Are The New Currency

Use your talents to get ahead in the workforce.

Introduction

Organizations are struggling to fill jobs, hit deadlines and execute growth strategies due to an ever-shrinking pool of skilled workers. A recent PWC survey revealed that nearly 50% of CEOs are concerned with the availability of key skills,¹ and the 2015 Manpower Talent Survey found that 32% of employers are experiencing a global talent shortage. To put the nail in the coffin, 48% of U.S. employers say the talent shortage is having a medium to high impact on their business.²

Organizational leaders are right to be worried — without a workforce equipped with a diverse group of skillsets, productivity and innovation slows dramatically, while the better prepared competitors take the lead.

In response, hiring managers cast their recruiting nets far and wide. Taking advantage of all resources at their disposal – social networks, online job boards, campus outreach, professional recruiters and job fairs. All hoping they will get lucky and hit the skills jackpot: find the perfect candidate with the perfect set of skills.

Luck is not a strategy! Would you bet your future financial security or retirement plan on winning the lottery? We didn't think so. Sure it's fun while you play and fantasize about all the "what ifs," but a plan based on the hope that you will somehow beat the odds is - well - kind of crazy. So why bet your organization's future on the chance that you will find the right person with the right skills to challenge the competition, lead innovation and spearhead growth? And then somehow miraculously continue to be lucky for all your future talent and workforce needs?

Our fast-paced, uber-connected world, full of rapidly advancing technology, has made skills one of the most valuable currencies in today's economy. A highly skilled workforce is the currency that "buys" the innovation, productivity, employee engagement and competitive differentiation that drives growth and sustained success. To close the skills gap and increase the value of your skills currency, you absolutely must make learning and development a core corporate value.

Gone are the days of crossing your fingers and wishing recruiting your way out of a skills shortage, it's time to shift your focus to creating your own "luck" by establishing a culture of continuous learning that develops and nurtures the workforce you already have.

The vicious, seemingly never ending, skills gap cycle

Left unaddressed, your skills shortage will only get worse. A shortage of skilled workers puts pressure on current employees who are expected to pick up the slack by taking on more responsibility, working more hours, or doing jobs that they don't feel qualified to do. Employees end

¹ PWC, "16th Annual Global CEO Survey"

² Manpower Group, "Talent Shortage Survey",

up overworked, unsatisfied, stressed out, burned out and resentful towards management. This doesn't end well. Engagement takes a nose dive. Disengaged employees are four times more likely to leave their jobs than those who are highly engaged.³ The vicious cycle begins: your skills gap widens as you watch your top employees — with their experience and knowledge — walk out the door.

Recruiting will not break the cycle. Even newly hired and experienced employees can take 3-5 years before they are fully productive.⁴ While you may be able to fill some short-term needs, the cost of employee on-boarding and ramp up slows down your organization's ability to execute the strategic initiatives that drive long term success. Bersin by Deloitte research consistently shows top performing organizations invest significantly more on training than their low performing counterparts.⁵ While your organization is spending energy, money and resources recruiting, on-boarding and waiting for new employees to hit their stride, your high-performing competitors are widening their advantage.

The cycle is broken when you shift your workforce strategy from buying external skills (new talent) to developing internal talent through a culture of continuous learning. Corporate investment in training is the highest it's been in years, increasing to \$130 billion worldwide in 2013 according to Bersin's 2014 Corporate Learning Fact Book. Employees view corporate learning opportunities as a valuable job perk and a demonstration of the company's commitment to their individual success, which in turn improves satisfaction, engagement and retention.

Support learning with the right technology

Any organization serious about closing the skills gap should invest in a learning management system (LMS). An LMS will centralize learner - training and content administration, deliver on-demand training and assessments, enable self-registration, handle instructor-led training logistics, and track and report on training activities. Attempting to do all that manually with spreadsheets and email is a huge resource and mental drain. Not to mention the high risk of human error coupled with monopolizing your learning and development (L&D) team's time with logistics and paperwork. With all their time wasted, L&D teams are then left unable to do what they do best – and what brings the most value to your organization – develop and execute learning strategies. An LMS can also provide the social and collaboration features that support informal learning, encourage employees to interact and share knowledge and functionality that allows mobile employees to access learning anytime, anywhere. With an LMS, valuable learning content and information is at your employee's fingertips, ready to be accessed when and where they need it.

³ Corporate Executive Board "Driving performance and retention through employee engagement."

⁴ Josh Bersin, "Spending on Corporate Training Soars: Employee Capabilities Now A Priority" Forbes,

⁵ Bersin by Deloitte "Corporate Learning Fact Book"

Take an inventory

High performing organizations have strong business partnerships between department heads, human resources and training leaders. The tight relationship ensures that HR has a deep understanding of short and long term goals along with competency gaps and training needs. With that knowledge they can create learning strategies customized to the unique needs of each department.

Work with your internal business partners to take inventory of your current workforce skills and competencies. Identify the skills you will need to execute future strategic initiatives. As the saying goes, "luck comes to those who are prepared," so the sooner you begin a skills assessment the better. Don't wait until key employees quit or the start date of a strategic project looms! A thorough and honest inventory will be the launch pad for your new strategy of continuous learning and help you prioritize and define content and learning initiatives. Your skills assessment should include your current employee's skills and competencies, gaps that could impede the success of current initiatives, as well as future needs.

“Deloitte Consulting research shows a significant gap between the urgency of the talent and leadership issues leaders face today and their organizations' readiness to respond. To build the skills you need for the 21st century workforce, organizations must "broaden, deepen, and accelerate leadership development at all levels; build global workforce capabilities; re-energize corporate learning by putting employees in charge; and fix performance management.”

- Deloitte Consulting "Global Human Capital Trends Engaging the 21st-century workforce"

Some questions to ask an key items to consider as you begin your assessment:

Question 1: What will you need tomorrow? Meet with your executive team and business unit leaders to discuss their short and long term business objectives.

Action Item: Identify the critical roles and the skills needed for those positions, and then determine where the gaps are.

Question 2: Which skills are critical to success?

one or two employees

Action Item: Determine if they exist in the current workforce, and if so, are they isolated to just

Question 3: Who are your high potential employees?

Action Item: Identify key employees for skill development by reviewing performance and self-appraisals and manager recommendations.

Question 4: What are the risks? Who will retire in the next five years? Which employees are a retention risk? What is the business impact if employees with critical skills leave the company or transfer to another area of the business? How prepared is your workforce for future projects or strategy shifts? How does your skill inventory align with the organization's 2, 3 or 5 year plan?

Action Item: The Devil is in the details. Leave no stone unturned. Basically, ask all the questions you can think of. Interview managers and colleagues to make sure you're getting a holistic view of the organization.

Make coaching part of every manager's job description. Today's manager is both an individual contributor and a team manager with a long list of individual responsibilities and projects in addition to team management. The art of coaching has taken a hit because, frankly, managers are stretched too thin. It's time to rethink the manager role! Bring back the concept of manager as coach., Train them on coaching strategies, and give them the time and resources to coach their teams for success.

For Employees:

- Empower employees to take charge of their own development. As part of performance planning, have your employees develop their own learning plan to address skill gaps or prepare for a new position or set of responsibilities.
- Recognize subject matter experts and reward them for sharing their knowledge in training sessions such as Lunch and Learn sessions.
- Create communities of practice and forums where employees can ask questions and share knowledge, while encouraging cross-functional and cross-level participation.
- Devote at least one monthly team meeting to learning. View Ted Talks, assign articles, invite guest speakers and be sure to carve out time to discuss what was learned.
- Encourage and reward employees for sharing new knowledge! At team meetings, have employees give a synopsis of what they've learned from a course or independent study.

“Lack of skills is impacting organizational productivity, competitiveness and ability to serve customers, 24 percent of employers have cited a negative impact on employee engagement, innovation and creativity.”

- Manpower Group "The Talent Shortage Continues".

For Managers:

- Help managers understand that skill development, promotion from within, and internal transfers are a positive rather than a negative (losing a good employee) by providing incentives to develop their people. Squash the mentality that if you invest in developing your talent they will leave your company.
- Include learning and skills development in team goals and performance evaluations. This is a quick win to hold people accountable to L&D.
- Make coaching part of every manager's job description. Today's manager is both an individual contributor and a team manager with a long list of individual responsibilities and projects in addition to team management. The art of coaching has taken a hit because, frankly, managers are stretched too thin. It's time to rethink the manager role! Bring back the concept of manager as a coach, give them the time and resources to coach their teams for success.

How one company closed their management skills gap

A common, and detrimental, skills gap that is all too often ignored, involves people management. Managers have significant influence on employee engagement, satisfaction and performance. Yet many companies still give team managerial responsibilities to employees without evaluating their potential fit for the role, and then provide little or no skills training and mentoring. It's a problem that a lot of organizations tend to sweep under the rug. Gallup's 2015 State of the American Manager Report, shows a link between today's poorly engaged employees and poor managers. Their research found that the manager accounts for 70% of the variance in employee engagement.⁹ Given the negative impact that bad managers have on company performance, organizations must take an honest look at the skills and performance of their team managers, as well as their talent and affinity for managing people.

A mid-sized all-natural cosmetic manufacturer made the mistake of promoting top performers into manager roles without training or support or determining whether they were good candidates for team management. When they began to experience high attrition, they reviewed exit interviews and

⁹ Gallup "State of the American Manager, Analytics and Advice for Leaders".

employee surveys. They discovered that the root of the problem was negative manager/employee relationships and poor management skills. The company took immediate action by moving some of the problem managers to individual contributor roles and putting others through a comprehensive management performance improvement program. At the same time, they made a commitment to promote managers from within and launched a management development program to build their encourage the development of their managements strengths.

The manager development learning program required management candidates to:

- Be nominated by their manager and meet the manager core competency profile
- Complete a learning plan that combined on-demand and live learning: 1. Management courses that cover important skills such as team building, coaching, performance management, project management. 2. Communication skills that cover all the hard conversations managers need to have with their employees. 3. Ethics and leadership that go beyond the basic, check-the-box-compliance training.
- Be paired with a manager coach. The coach serves as an advisor and also provides on the job training and experience before the employee is moved into a manager role. The candidate partners with the coach on internal projects, attends the coach's team meetings, and fills in as the team leader when the coach is on vacation or travelling.
- Continue the coaching relationship for one year after promotion to a manager role.

The investment paid off quickly. The company saw positive results within one year of the launch of the program. Employee satisfaction rose and attrition rates went down. Manager feedback – from those that went through the improvement plan as well as newly promoted managers – was overwhelmingly positive. Managers now had the skills and support they needed to be great leaders of engaged, high performing teams.

The manager development program was designed to ensure that team leaders reflect the organizational culture and management philosophy, were well versed on compliance rules and regulations, and had a thorough understanding of policies and procedures. The program combined formal and informal learning with opportunities to reinforce learning with on the job training experiences.

Hit the skills jackpot!

An investment in learning and development for every employee, from entry-level to executive, will provide the foundation that shapes your culture and leads to a high performing workforce. Begin by partnering with your business leaders to identify your company's unique needs, do a thorough (and honest!) skills inventory. Keep in mind that building and maintaining a highly skilled workforce is a long-term commitment so it won't happen overnight, but it is worth it! When you have the right people with the right skills ready when you need them to execute, you'll leave your competitors far behind. While they are desperately trying to recruit their way out of their skills shortage, your organization will have already increased the value of their skills currency and hit the jackpot: happy high performing employees, succession bench strength, high productivity and increased revenue.

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