

Unlock skills and build future capacity

Spotlight on the internal
talent marketplace

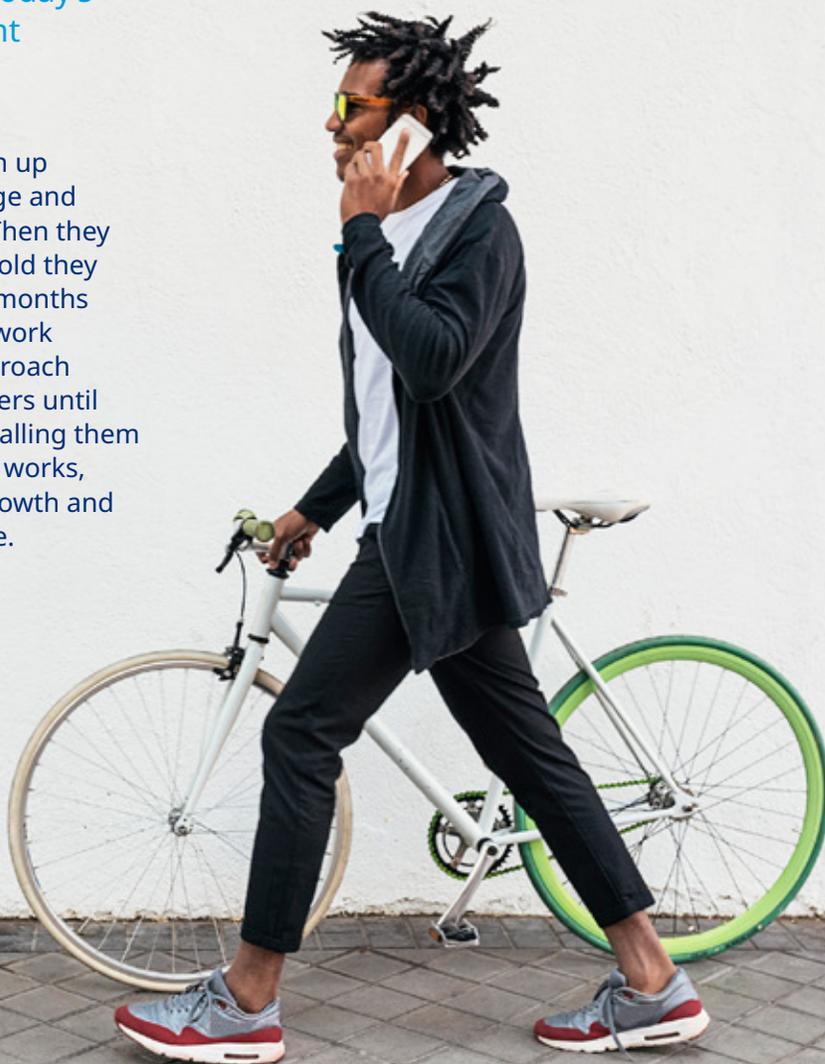


welcome to brighter

Michael works as a cloud developer at a management consulting firm. The COVID-19 pandemic provided him with the opportunity to pause and reflect on his career. As his employer invites him back to the office, Michael thinks his current role may not be a good fit. He knows he doesn't want his manager's job — that pathway isn't appealing — and Michael sees whole layers of the organization that have been cut, so he's not sure about his next career move. However, it's crystal clear to Michael that he wants to work with a company that aligns with his values, invests in his development, and provides the flexibility and support to allow him to be the best version of himself. He knows the market value of his skills. How can Michael work with his employer to align his values, motivations and career satisfiers to continue a relationship? How can he be sure the company will invest in him so he retains his marketability?

Imagine a world where organizations can understand employees' current skills and capabilities — and what they are capable of doing in the future — and use targeted development to match those skills to business needs at scale and speed. A world that can connect employees to opportunities inside and outside the organization and help deploy, engage, develop and retain employees. This is no longer an HR aspiration: It is now an attainable business imperative and a competitive advantage in today's economy. This is an internal talent marketplace.

Digital natives (like Michael) have grown up in a world where information, knowledge and experiences are available on demand. Then they work for an enterprise where they are told they must sit in their current jobs for 18–24 months before making a change, can't take on work outside their functions and can't even broach the subject of a move with their managers until month 20. Meanwhile, recruiters start calling them after 12 months. This system no longer works, and employee demand for flexibility, growth and development is driving systemic change.



Strategic use of talent

Spurred by the digital and societal disruption brought about by the COVID-19 pandemic, internal talent marketplaces are on the HR agenda. Driven by the need for ever-more agile business models that can respond to rapidly changing opportunities and threats, leaders are increasingly looking for ways to connect talent to work more seamlessly, with skills as the new currency. **Mercer's research**¹ supports this, with executives citing “organization skills and capabilities” as the top obstacle to delivering on business transformation.

Mercer has teamed up with Eightfold® AI to unlock the full potential of the workforce through world-class talent strategy design powered by cutting-edge talent AI. Strategic practices, such as work design, workforce planning, upskilling/reskilling, pay for skills and career management, can be propelled with talent insights previously unavailable. Insights are enriched by a global metadata set comprising more than 1.5 billion talent profiles and 1.4 million unique skills.

Continuously refreshed, the platform can deliver real-time insights about each individual's potential, career trajectory, skills, skill adjacencies and more. This enables employers to be more strategic in using an internal talent marketplace to continuously match talent to work while building future skills.

For example, employers can match employees to projects or critical work that make the most of their skills without a permanent job move. In 2020, 36% of organizations made it easier to share talent internally — a further 26% are executing plans to make this happen in 2021.² The challenge now is to codify and establish marketplace best practices for a sustainable path forward.



¹ Mercer. *2021 Global Talent Trends Report*, available at <https://www.mercer.com/our-thinking/career/global-talent-hr-trends.html>.

² Ibid.

The need for sustainable practices

Over the past 24 months, we have seen many organizations implement internal talent marketplaces. But without the right mindset and enabling architecture, valuable skill sets can go unmined, work needs may continue to go unmet and any immediate benefits will be short lived. To be effective in the longer term, internal talent marketplaces need to be sustained through culture, the redesign of work, and the reinforcement of people practices and processes, such as compensation and employee development opportunities. In addition, simplicity and a compelling user experience are nonnegotiable.

Innovative companies are building skills taxonomies from which they can start to understand new and evolving career paths and move away from a mindset of hierarchical or role-based progression to skills-based progression.



A movement to quantify skill value

According to Mercer’s research, only 28% of companies are gathering information on individuals’ current skills — a finding that has remained stubbornly low year after year.³ The good news is that technology and data have progressed to include skills databases and AI to identify and support use cases, like pay for skills. Getting employees on board with new ways to quantify their value and build capability will be necessary for skills-based talent strategies to work. Employees need to see that learning new skills leads to career opportunities, tangible rewards, and recognition or promotion. Yet only 12% of the companies Mercer surveyed plan to reward skill acquisition to sustain transformation.

The COVID-19 pandemic accelerated discussions and brought shifts in how and where we work, how workplaces and workforces are organized, and in the employee–employer relationship.

Make it easy

Only half of the employees (54%) in Mercer’s recent study⁴ say it is easy to sign up for internal gigs today. There is much work to do to weave the internal marketplace into the fabric of an organization. Increasing exposure to opportunities and promoting the value of nontraditional career tracks can significantly accelerate skill development (or the deployment of underutilized skills in new contexts). Furthermore, organizations find that making progress in a talent marketplace is a critical driver for increasing diversity in thinking and innovation.

³ Ibid.

⁴ Ibid.

A mindset shift

Business requirements change constantly. The war for talent is more intense because the shelf life of skills continues to decrease. We need to shift from a mindset of redundancy to one of reinvention. Reinvention means transforming the economics of work, reducing the cost of hiring and training while delivering savings from reskilling existing employees. Employees need to build new skill sets to be viable in the marketplace and have sustainable careers. The most valuable thing an employer can provide — beyond just a paycheck — is the opportunity to stay relevant by building skills. Developing marketable skills leads to financial security, career satisfaction and well-being for employees and their families. This is the intersection of empathy and economics in practice.

Moving to an internal talent marketplace requires a complete mindset shift from how companies have approached internal talent previously. Together, Mercer and Eightfold offer the best breed of technology and world-class consulting on workplace transformation, people practices and skills-based strategies to define, design and bring internal talent marketplaces to life.



AI does the heavy lifting

AI and big data have advanced to a point where they can do the heavy lifting to develop a skills-based talent system and create a portal that will reinvigorate and reinspire the workforce. From auto-populating employee skills to mapping skills to jobs and providing seamless integration with learning and career systems, talent marketplaces can now grow organically, meeting teams where they are. As we look at the workforce post-pandemic, everyone is exhausted, and companies appreciate anything that helps minimize the work of getting a skills-based talent system off the ground.

Mercer's expertise in designing the **new shape of work**, including its new skills-based talent model, combined with **Eightfold's AI-based talent platform** creates a unique opportunity to invest in the employee experience to energize and reinvigorate employees.



Five questions to consider

1. Are there pockets of your organization that are already leveraging a talent marketplace approach (whether acknowledged or not) to match skills with work opportunities?
2. How confident are you in your current talent supply approach, and how successful have your hiring decisions been? Could your efforts be more successful if you increased reliance on internal talent mobility?
3. Given recent events and the scramble to redeploy talent when the pandemic hit your business, what is the cost implication if you fail to build an internal talent marketplace?
4. How confident are you in your organization's ability to upskill, reskill or redeploy talent compared to your competitors?
5. How compelling is your employee experience in targeting talent populations, and how engaged and empowered is your workforce?



Readying managers

After being woefully unprepared to assess current and future skills, HR and business leaders now understand the necessity of moving toward an internal talent marketplace. Mercer's research found that for 71% of HR leaders, the greatest and most lasting impact of the pandemic was the need to relinquish control.⁵ Technology enables leaders to do this successfully — and employees crave this control. However, middle managers are stuck. They have inherited traditional talent management systems yet are required to function in new and different ways.

How do you manage the evolution from stable to hybrid to truly agile workstyles in which talent and skills flow to work? When people move around for various opportunities, everything gets disrupted — rewards, benefits, career pathing and succession planning. But done correctly, with managers supported by change management and coaching, the internal talent marketplace can deliver a broad range of benefits for talent acquisition, development, engagement and retention.



⁵ Ibid.

Five tips for success

- 1 Audit the company's readiness.** Start with an audit of the organization's readiness to assess receptivity for moving toward a skills-based talent marketplace. Evaluate HR processes, skills taxonomies, and employee and manager attitudes.
- 2 The culture needs to focus on skill development.** It can't simply be a culture of collaboration and sharing. The essence of what drives the organization forward must center on skills as the currency of work versus the jobs people have. Employees at all levels need to understand why the organization is focused on developing skills to future-proof its performance.
- 3 Establish a robust internal skills data set.** The skills taxonomy needs to be applied at every level of the organization. Strong internal skills data fuel the internal talent marketplace. The good news is that much of this can now be automated.
- 4 The business drives the skills.** Although HR may provide strategic input and support to enable execution, the driver of the skills in demand is business needs, and the business must see the value of continuous skill development. This effort can't be led by HR.
- 5 Don't let perfection get in the way of progress.** Companies will be waiting forever if they don't move forward until they have perfect internal skills data or full employee engagement in a tool. A primary benefit of an internal talent marketplace is building flexibility for the unexpected. You won't have all the answers before you get started, but you should know all the critical questions.

Companies that link career trajectories and/or compensation to developing targeted future skills will democratize learning opportunities and create a culture that proactively incentivizes business transformation. The necessity for internal talent marketplaces arises from the collision of technology with the business need for agility and the increasing importance of improved employee experiences — especially as employees look for jobs through a consumer lens. No one wants to job-hop, but employees are willing to opportunity-hop. Employers that present their people with options and mobility may find that loyalty is no longer an outdated concept.

Delivering real benefits

With the support of expert consulting and an AI-based talent platform, an internal talent marketplace delivers a broad range of tangible benefits. Workforce agility is improved. Employee performance and productivity is enhanced through targeted development. Engagement is heightened by improving the employee experience and growing empowerment while broadening career opportunities. This mindset change can also foster greater transparency as well as increased diversity, equity and inclusion (DEI). But most of all, an internal talent marketplace can build organizational agility and create a fluid platform to respond to market demand, especially in uncertain times.

Interested in learning more?

Reach out to a Mercer consultant to get insights to future-proof your organization.

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