THE NEW PARADIGM FOR TALENT

Virtual HR Leaders Exchange USA, in partnership with Eightfold.

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On July 16, it was time for the US to take center stage with a Global HR Executive *Virtual HR Leaders Exchange*, brought to you by Eightfold AI, the AI-powered talent platform.

Recruitment and retention have always rightly been high on the HR agenda. But at a time when tenure is shorter, change is accelerated and in many sectors talent is increasingly scarce, the underlying issue of just how businesses have the right skills, let alone the right people, is uppermost in everyone's minds.

Our groups therefore focused on the skills-first approach to talent management which has recently started to gather serious momentum; alongside further aspects of long-term upskilling and skills strategy.

Here's what we learned!

"SKILLS FIRST" IS BUBBLING UP TO THE TOP

As our introduction hinted, a business lives or dies by the skills it has at its disposal. To take an example in the news (but far away from our attendees): if Boeing can't attract good engineers, it simply won't be able to design and build aircraft.

In our fast-moving world, HR's focus was primarily on people: attract and keep the best talent and your business will benefit. And that's not going to change – companies will still put effort into recruitment and retention.

But the HR specialist is being encouraged to take a more granular view: the unit of measurement of talent is not 'the person', but 'the skill'. Businesses need skills, and people bring more than one skill to the business. Indeed, the focus on skills has partly been highlighted by the fact that every job description now seems to contain 30 bullet points of "desirable" skills. This recognition, manifested in all sorts of ways, is being called a "skills-first" approach.

DIG DEEP INTO THE INTERNAL LABOUR MARKET (ILM)

A "skills first" approach usually highlights an alarming number of gaps in a business – particularly where recruiting the right talent can take months. This has led to a new focus on the internal labour market (ILM): where recruitment is faster, onboarding is easier, and people gain new pride from being internally promoted. What's not to love?

"Understanding what you have inside of your doors is important"

This is not the same as just "making jobs available internally". One of our attendees spoke about a role which was advertised internally for over 100 days without application, despite being an ideal step-up role (indeed, the job ultimately went to an internal candidate). The purpose of the skills database is to avoid exactly these sorts of delays by giving HR enough information to be proactive – to be able to approach an employee and say, "this might be ideal for you…".

But there are two key challenges with the internal labour market:

1. Creating a skills database and a meaningful taxonomy (or hierarchy or framework – different experts are calling the structure different things as this discipline emerges) that internal recruiters will genuinely be able to use to find the talent they need to fill a role. This database needs to be increasingly comprehensive and granular; and will in future likely include plenty of soft skills too; possibly even soft skills as endorsed by colleagues in 360-degree feedback sessions.

Those are building blocks that you can build from. I might not have competency models for each department. Each team head might not know everything that they need to do. But if we're all using the same common language to identify skills, then we can make a start.

2) Encouraging enough employees to use the database – and regularly enough – so that their skills and aspirations are recorded and there is a broad enough user base to make a contribution to the search for talent. Anything lower than around 60% completion is likely to fall below expectations.

The database cannot be 'set it and forget it'. We have to think about how we collect that information, determine a single source of truth which is reliable for the recruiter; and then automate that data so that we're putting less effort on the plate of the employee… I'm hoping that employees start caring about building their profile because they can think about marketing themselves internally

SOLVING THE MIDDLE MANAGER BLOCK

There's a third challenge to the internal skills market, and it's cultural. In some firms (entirely reasonably), it is the norm to ask for approval from a line manager to apply for an internal role. The true internal skills market unfortunately demands that this formality is broken down in the name of speed and efficiency. This is going to be a tough pill for some managers to swallow.

When you move to a skills-based organization where you understand who does what, where they do it and what they want to do, then you get into a proactive space where you identify the skills ahead of time. And instead of it being a manager doing a shoulder tap, it can be, hey, we want to invite you to apply even if you're in a different department, a different industry

BUY-IN FROM THE TOP

Has there ever been an HR initiative which didn't live or die by top-tier sponsorship and visible support? The internal skills economy is no different. Ensure that your leaders demonstrate the value of participation.

An L&D effort should not be just an HR thing, it should be a company thing.

WHAT, MORE SYSTEMS?

The granularity of the emerging skills market of course is only made possible by technology – but that means buying yet more systems. In a world of SaaS services, the instinct might always be to buy in; but at least one contributor had developed an entirely in-house "Corporate University". Especially for content-driven applications, there may be good reasons to do some development in-house. Either way, some cool heads are needed:

> It's important to assess the need and know what you're trying to solve for. We're not trying to upskill or reskill everyone within the organisation. Is it a business strategy? Is it a gap, an opportunity? We can't boil the ocean all at once. Everybody says we need to upskill, but what does that really mean?

STRATEGY FIRST

Whatever the technology need, our attendees all agreed that initiatives like a skills marketplace needed to be justified by a clear strategy which is supported by data

- What business strategy does a skills requirement support?
- What is the requirement? What skills are missing preventing us from delivering the strategy?
- And what is the ideal response? Can we internally upskill, can we promote and fill a gap lower in the chain, or do we need to recruit externally?

Interestingly enough, some of our people discovered they couldn't upskill in their teams because they didn't know which skills were needed…

IF IT'S STRATEGY FIRST, IT'S USABILITY SECOND…

Systems only work today if they are usable. The days of employees accepting 90s-quality digital systems is long gone; indeed the best candidates know the best systems and will rule out working for firms which underinvest in second-class tech.

Everything you provide should be app-friendly, available on mobile and as intuitive as an iPhone.

At a previous organization, they had space where employees could put their skills in, and nobody did. The tool was inept and it didn't tie into anything else.

NOBODY IS TRULY COMFORTABLE WITH AI (YET)

There is no question that AI is being felt across the talent management cycle. It will change both jobs/job descriptions; and also the practice of HR and talent management. Equally, though, the curtain has been drawn back. Our attendees all felt that if 2023 was the year of AI optimism, 2024 is the year of AI realism: it's a powerful force multiplier but not a replacement for thought or innovation, particularly in the nuanced and people-centric discipline of HR and talent.

Contributors felt that many tools billed as AI were not quite as AI-heavy as promised (in particular, machine learning is often being conflated with AI). They felt that trust in AI was low across all corporate levels, and at best AI is in its "early days".

AI will make things easier in some ways, but there are some things that we will never delegate to AI: face-to-face development, succession plans and so on.

START SMALL; START WITH CULTURE

Every step-change in HR operations usually begins with some sort of trial. The advice is rightly – especially with technology-driven changes – to start small, and to start somewhere. A whole organization is unlikely to want to switch on a skills-based marketplace overnight. One of our contributors offered the following stellar advice:

- Find the early adopters – the departments where there can be most value from a skills-based approach, and where it will also be appreciated.
- Leverage your values. Unlike the skills market, your values will be largely static. Those values also inform the cultural behaviours in the business; indeed those behaviours will be amplified when they reflect the values, and diminished where they don't. Find the departments and leaders where a broad competency model most aligns with the values of the business and the cultural behaviours of the team.
- And as always, tie it to the business strategy; the outcomes you're trying to achieve.

You can't build the whole house. So start with the garage…

When the offer of a new way of working aligns with a team's people and culture as well as the business' values, there's a much greater chance of adoption and further propagation across other teams

AND FINALLY... IT'S A JOURNEY.

Our HR professionals all recognized that constant change is now the new normal. Skills management is now a journey which has no visible end and simply requires HR teams to make educated best-guesses over increasingly short timeframes. They must lead their employees (and often their C-Suite too) through complexity and change, focusing ruthlessly on the skills the business needs now and for the future.

My key takeaway is that this is a journey. We don't have the answers. Nobody does. Our biggest challenge is to manage people through all this change and to instil the idea that it's OK if we don't know what works until we try it... As long as we're doing something, we're advancing the needle in the right direction. We often can get hung up on trying to be perfect whereas today we need to be more pragmatic.

On that journey, there are very few reliable moorings along the way. But what you do have to fall back on is the culture of the organization: the "why" of the business which serves as its North Star. The skills you need – and the people who embody them - will continue to be defined by that culture.

If you're committing to retaining and developing people, that's going to be part of the broader envelope of your culture. If that cultural narrative doesn't fit, then employees and future candidates won't buy into it. So staying authentic to the organization remains a guiding principle.

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