

Building a Skills-Based People Strategy

Shift from a Focus on Jobs to a Focus on Skills



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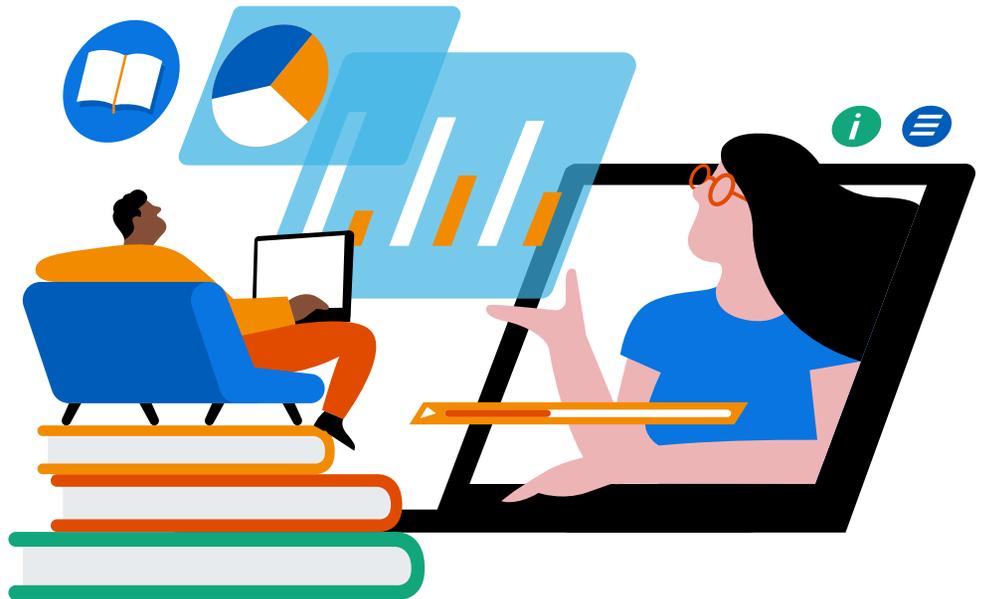
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Introduction.

We're experiencing seismic, global shifts in the world of work. Predictions about the "Great Resignation" are proving true, leaders and employees alike are still figuring out how to adjust to hybrid and flexible work as the new normal, and companies continue to struggle with how to diversify their workforces.

An increasing emphasis on skills, for both employees and organizations, is one of the biggest shifts of all. At Workday, our philosophy is that collecting and developing skills, and maturing and progressing capabilities, are the ways workers will see both career success and career satisfaction in the years ahead.

Business success depends on skills, too. With the advancement of technologies emerging at an exponential rate, business needs are changing rapidly. Organizations are reinventing the way they operate, reimagining roles, and redefining work by shifting away from a focus on jobs to a focus on skills. This allows companies to curate activities for workers based on their unique capabilities and interests. These dynamics have created opportunities not only for organizations but also for employees, and have turned skills into an imperative.



The skills imperative.

So why are skills such an important focus now? It's the convergence of three areas, which were amplified by the global pandemic. The first is the idea of the democratization of work—moving from roles or jobs as the point of primacy to the actual work itself. The second is technological progress, specifically the advancement of machine learning and how that helps us predict what we'll need from work. This includes determining who the best people are to do the work based on their current skills, connections, and career interests. Lastly, there's the idea that in a time of tremendous uncertainty, we're seeing people with the greatest breadth of capability having the greatest ability to thrive.

And so here we are today: in the midst of a skills imperative.



Getting started with a skills-based approach.

Understanding your people and engaging them throughout their career journey enables you to respond to changing business needs. With the recognition that skills have become an imperative, the next step is determining a course of action. A skills-based approach with a focus on people is the critical starting point, with a few elements that must be in place for all companies, despite their unique challenges and needs:



A skills data foundation.

Understanding the skills and capabilities of your workforce. Essentially, this is your skills DNA, gleaned from your organization's unique private and public data.



Reporting and analytics.

The ability to analyze and plan for build, buy, and borrow decisions to meet the skills needs of your organization.



Technology to plan, execute, and analyze skills-based people strategies.

The ability to put plans into action to leverage technology and tools to upskill, reskill, redeploy, or hire talent, with a focus on developing talent—not just acquiring it.

How Workday can help.

Skills are becoming the unifying language for talking about work and workers, and they are the medium of exchange in the supply and demand for talent. With Workday, you can tap into internal talent resources and foster learning, growth, and internal mobility.

- Workday **skills cloud** brings structure to traditionally unstructured data and enables skills-based matching of people to jobs and work. With skills inference, we leverage all of the rich data in Workday to infer skills that a worker may have, as well as provide skills suggestions.
- **Skills dashboards** provide insight into skills adoption, skills acquired and lost, and how a worker's skills compare to skills on their job. With the skills topic feature in **Workday People Analytics**, HR leaders can gain additional skills insights specific to trends, gaps, and supply and demand.
- Leveraging **Workday Human Capital Management**, **Workday Recruiting**, **Workday Talent Management**, and **Workday Learning** enables organizations to respond quickly to changing needs and to meet people where they are. Skills are not a siloed issue in any of these areas—they are foundational to a skills-based people strategy and core to creating delightful, personalized experiences for employees.

Aligning around a skills strategy.

Before you start to think about the application of skills and how to leverage the innovation of machine learning, it is critical that the organization align around a skills strategy. This strategy should be defined across talent functions in order to start breaking down historical silos within your HR organization and helping to deliver a unified talent experience for your workforce. Additionally, a skills strategy enables the organization to build consensus in the following areas:

- **The key talent challenges that require attention and support**
- **The path forward to solve those problems via skills**
- **A common definition of skills and the role skills should play in technical and operational solutions**

Organizations often look at technology to help define what's possible, but each organization will take a different journey to get to its ideal and unique end state. This is why defining a strategy is so important to help you map out your skills path, plan for the twists and turns based on your unique organizational complexity, and set a realistic timeline for your success. There are a number of different ways to achieve your goals with skills, but understanding where you are today and where you want to go are critical first steps.

Attributes of an agile, skills-based people strategy.

A key component of understanding your organization's current climate is understanding if your culture supports a skills-first approach. Gathering this insight requires identifying what an agile, skills-first culture looks like, and then determining what's required to operate with a skills-first strategy across the enterprise. For example, are employees encouraged to take risks as they learn new things? Do managers have visibility into their teams' skills gaps?

A company will know it has an agile, skills-based strategy when it consistently and broadly demonstrates eight attributes:

- 1 Connections across silos.** Cross-functional relationships spark curiosity and encourage the development of skills. Breaking down silos and bringing together diverse perspectives and a variety of expertise prompts new thinking and creates opportunity.
- 2 Open and candid communication.** Transparency about current and future skills needs, the workforce's skills interests, and opportunities help employees stay motivated while optimizing skills across the business.
- 3 Psychological safety.** Employees are supported and encouraged to explore, experiment, and learn new things. They feel safe to take risks—and to even fail—knowing they can iterate through applied learnings.
- 4 Disciplined link of skills to business impact.** Knowledge of the skills that are needed and how they enable individual, team, and organizational decision-making.
- 5 Continuous iteration and reflection.** Agility in the design, development, and evolution of solutions by tapping into different skills portfolios and perspectives.
- 6 Leaders' responsibility for skills management.** People leaders become the enablers of a skills-based environment, and ensure skills are identified, developed, and deployed enterprise-wide.
- 7 Strong, shared cultural values.** All employees align with the company's single set of values.
- 8 Easy access to skills-based opportunities.** Employees know how to gain the experiences they need in order to pursue their interests and make decisions about their career.

We envision these attributes creating a type of audit for organizations to assess where their current culture creates tailwinds versus headwinds to operating skills-first.

Mapping a successful skills strategy.

Once you know where you are today, there are some fundamental steps to take in order to lay the groundwork for mapping a successful skills strategy. These basic building blocks include:

- 1 Defining key characteristics** for the future skills environment. This means getting cross-functional alignment around the key elements to successfully enable skills and create the necessary environment to support this skills-based talent approach.
- 2 Designing guiding principles** to structure future skills-related decisions. This supports ongoing alignment to help projects and practitioners make decisions that are consistent with the key elements and characteristics that the organization has set for the future of skills.
- 3 Highlighting operational impacts** that require attention in order to support skills within the new environment. Understanding and planning for these impacts enable the organization to take a more holistic approach, as opposed to a technology-only solution. It also accounts for the necessary changes across the dimensions of people, process, data, and technology.
- 4 Leveraging personas** to help bring these ideas, or concepts, to life. The focus is to define how skills support each persona, while also incorporating who interfaces with skills in enabling the persona—for example, the manager or HR. This activity gives us a truer sense of how skills are used in different ways by different roles and across different functions to drive business and individual value.

Some organizations are at the starting point and need to create these foundational elements, while others are at the stage of validating current thinking around these ideas. Either way, these steps are critical—so is the documentation you develop to help guide future decision-making about how to think about and apply skills and the way technology enables your strategy.

How Workday can help.

Workday delivers transformational services that break down the barriers between disparate talent functions and enable a more holistic approach to the workforce. These services have already made an impact on more than 2.5 million employees across our customer base.

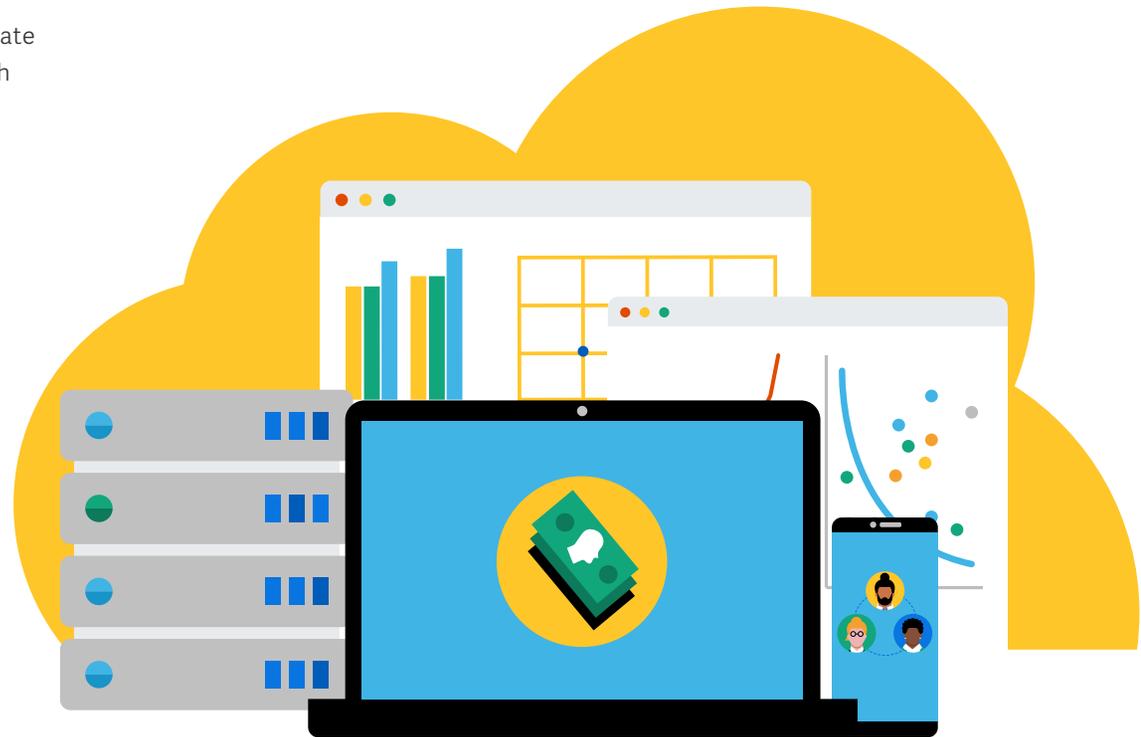
- As part of our workforce strategy services, we developed a **skills survey** and a **proprietary progression model** that help us identify where organizations are really starting from in terms of their skills journey, as well as the logical next steps to ultimately achieve the art of the possible. We focus on what's most practical to address a customer's specific objective and solve their unique challenges.
- These workforce strategy services also help organizations define their intended use of skills and the key objectives those skills will deliver to the organization. Leveraging as-is analysis, workshops, and personas, Workday collaborates with each customer to outline how skills can best facilitate the engagement and development of the workforce through the various Workday talent products.

Hard work leads to big payoffs.

Workday believes in transparency, so we want to emphasize something about the information we just shared: rethinking the way your organization works requires a committed effort. While it can be difficult to think strategically about philosophies, processes, and organizational structures in new ways, it is critical for planning out your journey and making sure that the new solutions, approaches, and technology you embrace will actually solve the challenges you face.

As HR leaders, we understand how a skills-based transformation benefits employees and employers alike. We see so much opportunity in the ultimate goal of reshaping the future of work and democratizing opportunities with this creative innovation.

The possibilities are exciting. It's up to organizations now to develop the readiness to stay agile, keep pace, and address the challenges of the new world of work. The technology is ready when you are.





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