BUILDING A FUTURE-FIT WORKFORCE: RESKILLING AND RETHINKING WORK
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HR is facing one of the most significant challenges of the last 50 years, as it looks to assess human capital needs for the future and balance workforce expectations. Identifying and closing skills gaps is essential to success, and there is a growing need to rapidly adjust policies, procedures and put learning and support in place to accelerate this change.

Recent lockdowns have led organisations to consider their strategy around hybrid working and flexible workspace – a positive benefit of which has been the accelerated uptake of online communication, and workflow management forcing the upskilling of many employees. Although some leading edge organisations are exploring the benefits of technology, how to utilise emerging technologies remains a critical challenge facing HR. Similarly, so does the development of skills for those now working in a hybrid or purely home-based environment.

This research indicates that talent sustainability is a pertinent issue – and with an ageing global population, steps need to be taken now to ward off the potential negative impacts. Other macro trends include an accelerated shift to Carbon Net Zero due to the global climate crisis, and an increase in automation changing the nature of jobs. This combination is forcing organisations to consider how they keep pace. Culture plays a part, ensuring that continuous development is strongly embedded and creating opportunities for people to learn new skills to ensure more flexibility within the workforce.

This CRF report confirms the disruption this external landscape is causing organisations. Four-fifths of CRF survey respondents believe digital transformation, flexible working and the availability of external talent will force significant changes in working practices and the skills required over the next three to five years. For many, how to assess this and close the gaps is rapidly becoming a strategic imperative.

When budgets may be tight, understanding the specific skills gaps to be able to target development is more important than ever. Technology advances have long enabled us to distribute knowledge-based e-learning materials, however, knowledge may not always translate into applied skill. Instead, is there a way to leverage today’s technology for real time skills development – with real people and situations?

This research reinforces the importance of HR’s capacity to develop leadership capability to ensure survival and growth, and drive business success. Leaders are increasingly operating virtually to support their teams, make decisions, and manage performance. Yet, how are leaders being supported and provided with specific feedback and the opportunity to practise? Assessing talent is not new, however, we are seeing a growing shift in using technology to simulate real business scenarios for leaders to practise skills and receive feedback.

With continued economic and competitive pressure, these challenges are likely to stay in sharp focus for some time. L&D and HR professionals have a unique opportunity to add value by supporting the development of more agile and flexible ways of working and of developing leadership talent within their organisations.

Rob Field, Learning & Development Director, Advanced People Strategies

Commentaries

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Rob Field, Learning & Development Director, Advanced People Strategies
If we were not already convinced, the current context has highlighted the fundamental value of asking what it means to build a future-fit workforce. Rapid change and pervasive disruption have characterised this past year; however, this is only the beginning of a new era of work.

Advancing technology, environmental challenges, and demographic shifts will continue to converge and force businesses to keep transforming their operating models, technology, people and culture to keep pace and stay relevant in the market. Reskilling isn’t a one-off phase; it’s the new business age; with 1 in 3 jobs likely to change radically as individual tasks are automated and the adoption of technology increase.

Of course, the alternative for senior leaders is to keep merging, acquiring and purchasing new talent as skill gaps emerge. An expensive and clinical approach, that remains deaf to the calls for organisations to take responsibility at a societal level for the people and communities they serve. As this research paper highlights, the companies who do best in this new era will be the ones who see their workforce as renewable rather than replaceable.

In a future-fit workforce, continuous reskilling will be a requirement for all. Organisations need to be creating the right environment so that continuous learning is inevitable: shaping the best learning culture for learning and unlearning, ensuring knowledge management practices are world-class, and harnessing data and analytics to give people what they need before they know they need it.

We are undoubtedly entering an exciting era, where teams have huge potential to redefine the role, reputation and strategic contribution of the L&D department. As this report signifies, the relevance and power of workforce learning will continue to grow, but L&D teams must get the shift right. I hope that as a result of reading this research, you are in a position to create supportive cultures in your teams and your organisations that allow people to thrive, so they can operate as the best version of themselves; unlocking their own potential as well as that of your business now and in the future.

EY Lane4 is delighted to support this research advocating a multidimensional, systematic and culturally appropriate approach to building a future-fit workforce, recognising that individuals, leaders and organisations have a part to play in its achievement.

Amy Walters, Head of Research, EY Lane4
To say that this is a timely report would be an understatement. The Covid-19 pandemic accelerated many of the trends underlying the future of work – including automation, gig work, remote work, and the premium on agility. The democratisation of work – driven at full throttle by the pandemic – and the impact of emerging technologies has compressed a five-year period of change into five months. It is these twin forces that challenge many of our legacy mindsets and processes, forging a new shape of work.

Legacy structures and processes are reinforced by the traditional notion of work denominated by a person in a job. Many have attempted to limit the future of work to discussion of hybrid work and its implications of where and when work should be done – but they do so at their peril. The future of work requires us to also question how work is done, who does it, what the work is and why we do it.

Hence companies are reinventing work to enable human talent to engage with it as seamlessly as possible. One consequence is that we see organisations evolving from the traditional “one to one” relationship between a person and a job to the “many to many” relationships between skills and a variety of gigs, assignments and work projects. This is resulting in a shift from jobs to skills as the currency of work. Yet while 53% of organisations are identifying new skills needed for their post-Covid operations, only 14% have implemented skills-based talent strategies such as pay-for-skills or a skills framework.

Leading organisations are future-proofing themselves by taking a strategic view of future skills needs and market supply and demand, and adopting a practical approach to talent and reward practices that will enable increased flexibility and resiliency.

At the same time, progressive organisations are re-examining a more humanistic work model through good work standards that can drive positive change for individuals, businesses, investors and communities. Part of these new work standards is enabling human talent to reskill and upskill to survive and thrive.

Building a future fit workforce will require a fundamental rethink of the deal between talent and organisations. Ensuring people sustainability through future employability and skills is now a critical part of the employment contract and one employers need to address adequately. At the epicenter of the new deal is the promise of continued relevance and empowerment to learn, more than any notion of guaranteed employment or competitive pay and benefits.

In the infamous words of the great futurist Alvin Toffler in his 1970 work Future Shock: “The illiterate of the 21st century will not be those who can’t read and write. It will be those who can’t learn, unlearn and relearn.”

Ravin Jesuthasan, Global Leader, Transformation Services, Mercer

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ABOUT CRF

Founded in 1994, Corporate Research Forum (CRF) is a membership organisation whose purpose is to increase the effectiveness of the HR function, in order to drive sustained organisational performance, through developing the capability of HR professionals. Through more than twenty years of research, and the expertise of our team, we have developed a deep understanding of the ways HR can contribute to business outcomes, what works, what doesn’t, and in what circumstances. With a network of over 200 leading organisations, we continue to grow as the respected focal point and knowledge source for improving corporate and individual performance.

We support our members in enhancing their personal capabilities and building organisational effectiveness, guiding them through topics relevant to success, identifying actionable insights and practical recommendations, and facilitating networking opportunities. Our work helps organisations and the HR function make sense of the environment in which they operate, and develop capacity to deal with continuous uncertainty.

We explore topics through an evidence-based lens, highlighting practices that enable the function to deliver business value, and sometimes critiquing existing practices. Our approach is rooted in the principle that adults learn best through action, experimentation, discussion, reflection and interaction with others.

For more details on how your organisation can benefit from CRF membership please contact Richard Hargreaves, Commercial Director at richard@crforum.co.uk. Alternatively, please visit our website at www.crforum.co.uk.

AUTHORS

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Nick Dalton is a speaker, author and advocate for ‘Paradox HR’. Until the end of 2020, he was Executive Vice President HR Business Transformation for Unilever. Previously Nick was EVP HR for Europe and the Global Markets, having day-to-day responsibility for Unilever’s HR partnering globally. His passion is for change management, organisational development and industrial/employee relations. He describes his ‘purpose’ as ‘bringing creativity from conflict’ and is an HR professional, because he believes that if ‘we change the workplace, we do change the world’. He co-authored the book The HR (R) Evolution: Change the Workplace, Change the World (2019, Routledge).
The landscape against which the future of work will evolve has shifted dramatically since the start of the 2020s. As well as dealing with the aftermath of the Covid-19 pandemic, we can expect ongoing turbulence due to a shifting geopolitical and economic context, an ageing and shrinking workforce in most major markets, technological change, shifting social norms and working practices, and the impact of Carbon Net Zero policies. By the end of the decade, we can expect the nature of work and the workforce to look very different compared with today.

In the face of high uncertainty, organisations need to prepare for multiple workforce scenarios. As employers take steps to build a future-fit workforce, they face a ‘triple whammy’: skills shortages in some parts of the workforce, redundancies in others, and societal pressure to do the right thing by employees. A future-fit workforce is one that is adaptable, agile and resilient. Increasingly we see the concept of sustainability being applied to the workforce. Employers are looking to invest in reskilling rather than restructuring and redundancy. Stakeholders expect organisations to apply the lens of sustainability to their talent and act to mitigate the social impact of changes to employment.

Our research shows that preparing the workforce for the future is a key priority for CRF members. 83% of survey respondents already have active programmes in place to develop strategies for the future of work, and in just under a third of organisations the programme reports directly to the CEO.

The starting point for building a future-fit workforce is to apply the discipline of strategic workforce planning to identify the capabilities required to execute the business strategy, to work out where the gaps lie between current supply and future demand, and to build plans for developing a workforce that supports...
long-term business goals. Actions can include investing in automation, redesigning work or outsourcing as well as reskilling, upskilling, tapping into the contingent workforce or hiring external talent. We set out CRF’s seven-step Strategic Workforce Planning Model which outlines the key elements.

Preparing for the future of work also requires us to consider how the design of work might change and how jobs could be reconfigured to enable automation and increase workforce flexibility. A key enabler is to switch the focus from ‘jobs’ to ‘tasks’. Jobs can be deconstructed into their component work tasks and reconfigured in ways that optimise the application of technology and allow work to be delivered in different ways, for example through flexible teams using Agile project management methods.

One of the major trends identified in this research is a shift towards skills – and away from jobs or roles – as the essential unit of analysis for defining the workforce of the future. The focus on skills is already affecting how organisations plan, hire and develop their workforce. Building and maintaining an accurate workforce skills profile is becoming a priority for many organisations and is critical for reskilling. However, a lack of good workforce skills data is a significant barrier to be overcome.

The triple whammy of skills shortages, dealing with redundant skills and pressure for a more sustainable and flexible approach towards talent is pushing companies towards investing in reskilling and upskilling. It is not always easy or affordable to hire in external talent, particularly for in-demand skills. As some of the case studies in this report show, reskilling and redeployment can be both cost effective for the company and purposeful for employees. Those organisations in the early stages of thinking about reskilling can learn from practical insights shared by the experiences of companies covered in this report. Most important is to foster and support a culture of learning across the organisation which underpins the success of specific reskilling programmes. Also overlooked by many organisations is the need to communicate with the workforce about the company’s strategic direction and what it means for future skills. Reskilling is more likely to succeed where there is a sufficient overlap between the employee’s current skills profile and the demands of a future role. Preparation for a new role needs to include not only formal learning but the opportunity to practise new skills on-the-job and the support of experienced mentors and peers. Job rotation and internal mobility are essential in helping employees build relevant experience and develop skills.

We introduce the CRF model for building a future-fit workforce, developed through this research, which sets out as a two-by-two matrix the strategies we observe in practice. You can use the model to evaluate your organisation’s current approach and identify where to focus future activity and investment. The key point is that the approach needs to be determined by the business strategy, talent philosophy and strategic workforce plan, and directed towards those skills which are most strategically important for the future of the organisation. The model is organised on two axes:

- **Focused vs Systemic**: Focused approaches target reskilling and upskilling activities at specific job roles, employee segments or skillsets at risk of redundancy or significant disruption. Systemic approaches enable people to continuously develop and reskill through creating a culture of learning and putting tools and support in employees’ hands. Systemic often means connecting strategies for reskilling to the broader purpose of the organisation, and aiming to build sustainable talent pipelines and secure people’s livelihoods over the longer term.

- **Internal vs External**: An Internal orientation means preparing people for future roles within the organisation, for example by developing upskilling programmes, internal talent marketplaces and nudging people to develop in-demand skills. An External orientation can mean supporting people to find jobs outside the organisation. It can also involve creating an ecosystem of external partners who share the same goals to co-create solutions to long-term workforce challenges. One of the enablers for external partnerships is a flexible employment model being piloted at some organisations.

While the default response of many employers to skills shortages has been to recruit people to fill gaps, a ‘buy not build’ strategy is unlikely to be sustainable if the overall labour supply is falling. Building a future-fit workforce will require a multi-dimensional strategy that takes a longer term, risk-based view, and includes developing and redeploying people and increasing workforce flexibility as well as looking to the external market to meet future skills needs.
INTRODUCTION

Many of us will be hoping that despite being just two years into the 2020s, the decade has already delivered its most turbulent disruption: the Covid-19 pandemic. There are though, good reasons to believe that the 2020s will continue to be turbulent. By the time we reach the 2030s the nature of work and the workforce is likely to look very different thanks to such factors as the geopolitical and economic context, demographics, skills, technology and changes in social norms and working practices.

CRF, and our sister organisation PARC, have been charting developments in the future of work for many years. Our most recent 2018 reports defined a number of trends which we believed would have an increasing impact on business over the next decade:

- The ageing of populations globally and the resulting impact on workforces and consumer behaviour
- The geopolitical and economic balance of power shifting from North America and Europe to China and Asia
- Political volatility and the rise of populism
- Trade disruption and the potential retreat from globalisation
- The stagnation of productivity, GDP and wages in the advanced economies
- Advances in technology such as AI and machine learning
- Climate change

Since publishing our 2018 report *The Future of Jobs, Work and Working*, the landscape against which the future of work will evolve has shifted dramatically.

Like most other organisations outside the medical and scientific sphere, we did not foresee the first global pandemic in a century causing massive damage to the world economy. The extent of permanent damage is still unclear, but Covid-19 delivered a profound shock to the entire planet. Much of human behaviour is based on linear assumptions and many of those were shattered in 2020. As such, we expect many of the changes to consumer, investor and employee behaviour to have lasting effects.

Similarly, we listed climate change as a ‘wildcard’ in our 2018 report, concluding: “That the world is warming up is clear but the speed, scale and impact are difficult to foresee.” Fast forward to 2021 and a Climate Emergency has been declared, with governments starting to enshrine Carbon Net Zero targets into law. The implications of this for governments, businesses and entire economies are only just beginning to emerge and are likely to have profound implications for organisations’ business and people strategies.
From a global politics perspective, although the challenge to US hegemony was only a matter of time, it brings a new uncertainty as the era of the Washington Consensus world trade regime draws to a close. The replacement of Trump with Biden has certainly not dampened the growing hostility between the US and China.

In short then, while the challenges of 2018 still stand, they have been compounded by factors of even greater importance and urgency. What we thought would be a decade of significant change, has transformed into an age of “Radical Uncertainty”.

The nature of this decade’s disruption will be very different from that envisaged by much of the literature on business change. This tends to assume that change will be driven by business innovation. New technology, new processes, new products and new business models will see the creation of new companies and the death of obsolete ones. Many are expecting a ‘Fourth Industrial Revolution’ in which the clever, the agile and the lucky create new businesses and new occupations, while others are either thrown out of work or forced to adapt.

While this, or something like it, may yet come to pass, it is looking just as likely that the disruption of the next decade will come from outside the business world, in the form of unforeseen natural and political upheaval. Climate change and government responses to it, running in parallel with the aftermath of a pandemic, an ageing population and a shrinking workforce, may yet pose more of a challenge to existing business models than the expected advances in technology. The challenge for governments and corporations will be massive.

This report – a joint project between CRF and PARC – will consider how organisations can anticipate and prepare their workforces for the coming shifts. We will explore what it means to build a future-fit workforce, and the practical actions organisations can take around workforce planning, redesigning work in the light of technology adoption and reskilling people for uncertain futures. We will also examine to what extent organisations are taking meaningful and practical steps to anticipate and accelerate these changes. PARC’s report – authored by Steven Toft – can be accessed here.

A CRF member survey undertaken for this research paper, which garnered responses from 114 senior HR leaders, asked respondents which factors they felt would have most impact on their workforce or working practices over the next three to five years. (See Figure 1).

The top choices were digital transformation of both the internal business processes and the organisation’s operating model; the effects of the adoption of flexible working practices; and the availability of external talent to hire into the organisation. The impact of environmental and sustainability issues was recognised as an issue that would have significant or substantial impact on the organisation by 76% of respondents. However, the ageing workforce – which we consider to be one of the biggest risks for the future of work – was seen as a significant concern by less than half of respondents in the medium term.
1.1 FORCES SHAPING THE 2020s

The continued dominance of the pandemic in global discourse, risks us allowing the topic to crowd out discussion of other factors shaping our future. However, long-term trends already visible by 2020 will continue to have an impact on the outlook for our economies, organisations and employment.

Many of these factors will naturally have been accelerated by Covid-19. As Ian Goldin, Professor of Globalisation and Development at the University of Oxford explained: “The pandemic compressed into a year trends that would otherwise have taken decades to emerge.”

There are many potential factors to consider and whilst it is impossible to predict their impact with certainty, it is possible to make some educated guesses.

THE AGEING POPULATION

The world population is ageing in an unprecedented fashion. Humanity has never before experienced a period when the old outnumber the young, but that is the direction in which we are heading – rapidly.

Although this trend has been clear for some time, the 2020s will see the impact of falling birth rates and increasing longevity start to affect the shape of the workforce. It will see the workforce shrink – in absolute terms in some countries, and in relative terms almost everywhere.

Almost all advanced economies will see the share of population aged between 20 and 64 decline over the next decade. This situation is not just confined to the developed economies: some of the emerging economies are ageing rapidly too. Just as they industrialised at a faster rate, so their birth rates decline and life expectancies rise at pace. Emerging economies’ rate of ageing is such that they will catch up with the advanced economies during this decade and the next.

It is likely that an ageing population will reduce economic growth. To increase output, either productivity or the number of people working will have to increase. Ageing populations also significantly increase the risk of labour shortages. The option of dealing with these by importing migrant labour is becoming increasingly closed off, not only because of populist reaction against immigration, but also because the countries which traditionally supplied the labour will face their own shortages. Most obviously, for many economies, a shrinking working age population means a shrinking workforce, which is unlikely to be offset by people remaining in work beyond the traditional retirement age. But also, older workers tend to be more reluctant to acquire new skills, change jobs or move location. Even without a numerically smaller working age population, an economy with a high proportion of older workers may find it more difficult to adapt to rapid changes.

CHANGING ECONOMIC AND POLITICAL LANDSCAPE

The latter half of the 2010s saw an increase in political volatility that took most of the business world by surprise. Few in the mid-2010s would have foreseen Brexit, the election of Donald Trump and the rise of populism. Anti-globalisation, anti-immigration and environmental movements will continue to gain momentum.

Though the challenge to US hegemony from China has been forecast for some time, the coincidence of China’s newly found confidence with the pandemic and political turbulence elsewhere in the world has contributed to the sense that there is a changing of the world order. A prosperous and powerful China no longer feels the need to defer to a set of rules made in Washington.

The effect of this is that the global business regime championed by the US for the last three decades, upon which most assumptions about world trade have been based, is being challenged. For businesses, this rapid shift in the rules of the game will contribute to the uncertainty of the next decade.

According to Professor Goldin, one of the biggest risks we face globally is a new Cold War with China. This will exacerbate protectionism, making it increasingly difficult to collaborate on solving global issues such as climate change and tackling future pandemics.

Western companies will face some difficult choices: how do we square our ambitions for growth in China with the political and human rights situation there? How do we stand by our policies on diversity, inclusion and fair treatment for all in countries which do not recognise the rights of minorities? This will be a major test for companies’ commitment to ethical standards and ESG (environmental, social and governance) responsibilities.
A SHIFT TO CARBON NET ZERO

The shift to Carbon Net Zero will likely speed up in the 2020s. Many governments have, or are about to, set legally binding targets for 2050 or earlier. The UK, New Zealand, France and Denmark have all set 2050 as their target, with others including Sweden and Germany aiming for 2045. Similar legislation is proposed in Canada and Spain and is likely to follow in most other advanced economies.

The work needs to begin this decade, and the economic impact will be significant. As the Resolution Foundation pointed out, the shift to Carbon Net Zero is nothing less than the abandonment of the energy assumptions on which our economies have been built: ‘Net Zero by 2050 will require an immense set of changes, including the transformation of agricultural and industrial processes, shifts in consumption patterns, and an end to the dependence on carbon-based energy that facilitated the birth of an industrial society 250 years ago’.

The implications are huge both for businesses directly involved in the fossil fuel industry, and for those which use fossil fuels in their operations. The workforce implications are also significant. A transition of this nature will inevitably make some skill sets obsolete while creating a demand for new ones. Jobs will be destroyed, created and, perhaps most importantly, changed.

All this will be taking place against a background of the rising skills shortages discussed earlier. All major economies will be trying to do the same things at the same time and will therefore be needing the same sorts of workers. Those countries and companies with a buy-not-build approach to employee resourcing may find themselves in difficulties.

AUTOMATION

The impending automation of work is probably the topic most discussed under the ‘Future of Work’ banner. There are clearly fascinating technological developments underway, however, their impact on employment and the wider economy are difficult to assess.

An extensively cited 2013 Oxford Martin School study by Carl Frey and Michael Osborne suggested that 47% of US jobs were at risk of automation over the next 10-20 years. This sparked a long debate in which OECD economists argued that the figure was likely to be much lower, on the basis that routine thinking tasks rather than routine manual tasks. The workforce implications are also significant. A transition of this nature will inevitably make some skill sets obsolete while creating a demand for new ones. Jobs will be destroyed, created and, perhaps most importantly, changed.

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for Transformation Services at Mercer, highlights that three things happen as a result of automation. Highly repetitive, rules-based work is typically substituted by automation; more variable ‘human’ work can often be augmented by automation resulting in significant improvements in productivity; and automation can also create human work. What does seem likely is that AI will change the way we work by taking over many routine tasks. The difference is that they will be routine thinking tasks rather than routine manual tasks. The challenge for both employers and employees will be to keep their skills up to date so they can keep pace with technological change.

The World Economic Forum (WEF) projected that over the five years to 2025, 85 million jobs globally will be lost to machines, with administrative, accounting, factory and mechanical jobs being worst affected. While WEF’s analysis finds that many more jobs will be created than will be destroyed – with 95 million new jobs to be created by artificial intelligence and automation – this is not necessarily good news for employers or employees. These new jobs are unlikely to be in the same locations as those which are lost and will require different skills.

The impact of automation will be significant for some parts of the workforce and will be dispersed unevenly geographically. For example, companies may currently have large call centres located in low-wage regions, but as those jobs are automated over the next decade, the jobs that are created may well be in other parts of the country or even the world. This will lead to high unemployment in some areas such as the north of England where low skilled work was once concentrated. This will require HR not only to develop strategies for upskilling and reskilling, but also think much more creatively about how to stimulate alternative jobs in the local market, for example through partnering with other local employers, supporting entrepreneurs, or helping people move to other regions in order to find work.

Automation may also exacerbate the rising inequality witnessed in advanced economies over the last three decades. There has been a steady shift in the composition of the workforce as ‘mid-level’ administrative and skilled manual jobs disappear and we see a corresponding increase in professional and technical employment. This is leading to a polarisation or ‘hollowing out’ of the labour market. This rise of professional, technical and knowledge-based work in advanced economies is likely to continue, and as a result inequalities in pay and career opportunities look likely to increase.

“The move from shareholder to stakeholder capitalism should not be an empty slogan; it needs to be reflected in companies actively engaging with their employees, communities, suppliers and customers.”

IAN GOLDIN, PROFESSOR OF GLOBALISATION AND DEVELOPMENT, UNIVERSITY OF OXFORD
BUILDING A FUTURE-FIT WORKFORCE: RESKILLING AND RETHINKING WORK

-Changing Social Order and Increased Scrutiny of Business-
Companies are facing increasing scrutiny from the public, media and investors with directors being held responsible not only for the financial performance of the company but also for ensuring that it is run with broader ESG interests in mind. This is one of many trends exacerbated by the Covid pandemic and the global events of the last two years. Consumers now expect business leaders to be visible and make statements about social and political issues which are often tangential to the company’s business model or purpose. Pressure is being piled on by investors too: a recent example being Deliveroo’s IPO in early 2021 which was shunned by several influential asset managers due to concerns about the sustainability of the business and its treatment of gig economy workers.

Those that received government coronavirus aid can expect significant scrutiny, with an awareness that many companies were, in effect, bailed out by government support during the pandemic. Elsewhere, companies that give pay awards perceived as excessive, or that behave in ways that contradict their values and corporate purpose can expect to be called out.

Under the ESG umbrella, another key trend we note is the concept of sustainability – generally applied to a company’s supply chain – being extended to its workforce. Stakeholders increasingly expect organisations to apply the lens of sustainability to their talent as well as their operations. It is becoming less acceptable to hire and fire people at will. Employers are expected to offer decent work, to pay a living wage, tackle exploitative working practices, and employ a diverse workforce that reflects the communities they serve. For some companies, the wider social and economic impact of the employment they bring to the local community is part of their license to operate. Therefore, any change to that deal will mean employers have to think carefully about how to mitigate the social impact of reduced employment.

“-When you look at the future of work agenda from a broad stakeholder perspective around both the expectations businesses have of themselves and the expectations of stakeholders around environmental issues, biodiversity loss, water extraction, carbon usage, or the role of the company in society, all of that is shifting.”

Tim Walker-Jones, Group Head – Future of Work, Anglo American

Talent sustainability is one of the drivers behind the interest in upskilling and reskilling outlined in this report. Investing in employees’ ongoing education and development, offering opportunities for reskilling, and contributing to the employability of people in the local community are all increasingly expected of large employers. Amy Walters, Head of Research at management consultancy EY Lane4, confirms: “We are definitely seeing a shift in motivation from organisations to become more purpose-led, with companies acknowledging their responsibility to the wider society they operate in, and this is spilling into their attitude towards reskilling and learning more generally.”

In summary, as employers reflect on what it means to build a future-fit workforce post-Covid, there is a great deal of uncertainty. Organisations are likely to face a ‘triple whammy’: skills shortages in some parts of the workforce, redundancies in others, and societal pressure to do the right thing by employees. Preparedness is essential: identifying the risks and opportunities arising from the business strategy and what they mean for jobs and skills, and building flexibility and agility into the workforce. Through this report we expand on the various ways employers can achieve these objectives, in particular through:

• Developing a culture of continuous development
• Having an ongoing dialogue with the workforce about the implications of the business strategy for skills and jobs
• Creating opportunities for people to learn new skills and put them into practice
• Investing in learning and development and career development tools and support that enable people to take responsibility for their own development
• Developing targeted upskilling and reskilling programmes
• Creating more flexible organisation structures and working practices that enable people to flow to where the work is and apply their skills across multiple projects
• Redesigning work to enable talent to engage with work through a variety of constructs including jobs, gigs and assignments
• Building flexibility into the workforce through developing new employment models and being geared up to engage contingent workers where necessary
• Fostering internal mobility
• Building partnerships with other organisations and stakeholders to share resource and co-create solutions to shared challenges

Few companies were prepared for the Covid-19 pandemic and the uncertain environment we live in means we can expect future shocks. With this in mind we must acknowledge the potential risk of upcoming crises and prepare to face them. This report sets out how organisations can develop future workforce scenarios and be ready to act on them.
2.0 STRATEGIES FOR BUILDING A FUTURE-FIT WORKFORCE

CRF’S MODEL FOR BUILDING A FUTURE-FIT WORKFORCE

This research is based on interviews with around 30 companies on their approaches to building a future-fit workforce, and data gathered from our industry survey with 114 responses. We have also been exposed to other organisations through our work, networks and research. The following sections of this report set out our findings in detail, together with stories of what organisations are doing in practice. In this section, we synthesise the results into themes that characterise the strategies we see companies adopting. Our analysis is set out as a two-by-two matrix.

(See page 15 for full matrix).

The model is organised on two axes:

FOCUSED VS SYSTEMIC

One differentiator we observe is the extent to which future-fit workforce strategies are:

- **Focused** on specific job roles, skills, employee segments or physical locations (e.g. closing down a factory) at risk of redundancy or significant disruption. Companies with a focused approach provide support such as reskilling programmes, redeployment or outplacement targeted at those individuals or groups who are directly affected by these changes. The primary goal is to minimise the costs of restructuring and better match workforce supply and demand.

- **Systemic**, enabling people to continuously learn, develop and reskill through creating a culture of continuous development. Systemic strategies involve signalling to employees...
what the business strategy means in terms of future skills, and supporting employees to determine their own future by putting tools and support in their hands, rather than being prescriptive about a specific outcome or destination role. Tools such as online learning, and talent marketplaces and support such as career workshops are provided to all employees. A systemic approach can also involve connecting strategies for reskilling and upskilling to the broader purpose of the organisation. It can also mean taking a broader ecosystem view of the future of work: working in partnership with stakeholders such as other employers, suppliers and governments to develop joint solutions to shared challenges. While minimising the cost of restructuring is important, there are also broader goals such as developing a sustainable talent pipeline, acting as a socially responsible employer, and securing people’s livelihoods, and not just their jobs, over the long term.

**INTERNAL VS EXTERNAL**

The second differentiator is the degree to which actions are internally or externally oriented.

- **An Internal** orientation means focusing on actions that help people prepare for and be redeployed into positions within the organisation. These might include reskilling and upskilling programmes, and internal marketplaces to connect people with opportunities inside the company. This can also include communicating the skills implications of the business strategy to nudge people towards developing in-demand skills, and implementing pay-for-skills policies that reward people for developing high-value future skills.

- **An External** orientation involves preparing people to find work outside the organisation, which at a basic level might involve providing outplacement services. It could also involve training people for specific jobs available in the external market, for example retraining water engineers as plumbers, or supporting people who are leaving the organisation to become entrepreneurs. On the other hand, an external orientation can also involve creating an ecosystem of partner organisations who share the same goals. Similar to the Star Alliance in the airline industry, organisations collaborate to share the cost of developing new capabilities, take part in job swaps, or share employees across a trusted external talent marketplace. While the Star Alliance concept is only just emerging, we find that some of the more advanced organisations are actively engaging their external networks to co-create solutions to their long-term workforce challenges. See section 7 for more detail.

Figure 2 on the following page sets out the actions we might expect organisations to take in each of the four quadrants and references case studies found later in this report.

**HOW TO USE THE MODEL**

The model is designed to help you evaluate your organisation’s current approach, and identify where you may want to focus future activity and investment. Questions to consider include:

- In which quadrant(s) are we operating today? Do we need to shift towards taking a more systemic approach or become more externally focused?
- What does our business strategy and strategic workforce plan tell us about where to focus activity? Do we have specific short-term reskilling requirements? Should our priority be to develop longer-term workforce and talent flexibility? Or is it both?
- Who are the key stakeholders for these programmes and are we taking the right actions to meet their objectives and priorities?
- Are we being ambitious enough in our approach? Should we be doing more to prepare people to have meaningful livelihoods outside the organisation, for example?
- What tools, solutions and relationships can we draw on to realise our goals?

A few important points to note:

- The approach adopted by any organisation has to be determined by the business strategy, talent philosophy and strategic workforce plan.
- Organisations setting out on this journey will need to start with putting in place some core enablers such as a good understanding of the current profile of the workforce or the right learning infrastructure.
- Some organisations will be operating in multiple quadrants simultaneously, for example running targeted reskilling programmes while also working on building a developmental culture.
- Many organisations will evolve their approach as they become more experienced and their reskilling journey progresses. For example, they may set out by being focused on a specific business issue but broaden out their practice over time. Martin Spence Learning & Development Specialist at BT, explained: “In the past we might have been quite directive: identifying groups of people whose work was changing and redirecting them to something that was similar or where their skills were a good match. This has changed dramatically over the last couple of years. We are moving to an approach that’s much more empowered and individualised, creating an adult-adult climate.”
## CRF Model for Building a Future-Fit Workforce

### INTERNAL – FOCUSED
- Identifying jobs at risk due to technological and business changes
- Reskilling and upskilling for specific roles, e.g. reskilling financial analysts as data scientists
- Redeploying people internally whose roles disappear due to a reorganisation
- Learning and career development pathways for specific role transitions
- Top-down driven change management approach
- Key business stakeholders take responsibility for championing specific skillsets

### EXTERNAL – FOCUSED
- Training people for specific roles outside the organisation, sometimes known as ‘outskilling’
  - e.g. Severn Trent Water retraining former employees as plumbers
- Temporary job swaps, e.g. Aldi and McDonalds entering into a talent exchange agreement in Germany during Covid lockdowns; in Argentina General Motors and Unilever sharing talent to balance talent supply and demand during the pandemic
- Partnering with other employers to pool funding for developing specific skills, e.g. co-investment in building data and digital skills

### INTERNAL – SYSTEMIC
- Business strategy and workforce plan clearly communicated to all employees
- Signposting in-demand future skills and ‘nudging’ employees to develop them
- Internal learning systems open to all employees
- Developing searchable workforce skills data
- Mapping job adjacencies to identify potential future reskilling pathways
- Internal talent marketplaces to enable developmental experiences
- Career development tools and support such as careers workshops available to all employees, e.g. giving all employees a personal learning budget to spend as they choose
- Upskilling line managers to have good career conversations
- Creating a mobility hub to support people through transitions
- Developing a culture of continuous learning
- Developing flexible employment models and contracts to better match workforce supply and demand
- Pay for skills
- Linking talent strategy to ESG/sustainability strategy and goals
- Business cases include costed targets for reskilling as well as restructuring/redundancy costs
- High-involvement change management strategies

### EXTERNAL – SYSTEMIC
- Planning for securing livelihoods in the local community over the longer term,
  - e.g. Unilever’s Women of More programme which supports female entrepreneurs in Kenya
- Purpose workshops aimed at helping individuals identify their purpose and how it connects with their work
- Partnering with a network of other organisations such as supply chain partners or other local employers to achieve similar goals collectively
- Developing partnerships across multiple employers to share employees/ongoing talent swaps,
  - e.g. the P&G/Google employee exchange programme
- Developing flexible employment models and contracts in concert with other organisations to facilitate cross-company talent sharing
- Engaging with external talent networks and ‘gig’ platforms to meet resource needs
- Turning overheads such as training centres into sources of revenue
- Making public commitments on future of work targets and publishing results,
  - e.g. Unilever has made external commitments on the future of work
- External auditing of performance against public commitments

**Examples from case studies in this report:**
- BT, Ricoh
- Severn Trent Water

**Examples from case studies in this report:**
- ABN AMRO, IBM, NatWest
- Unilever
of organisations have active programmes for developing strategies and plans for the future of work.

Our survey examined the current state of preparedness for the future of work: how companies are organising to deliver their plans, what actions they are taking and the common barriers they face.

The vast majority of respondents (83%) already have active programmes in place in their organisations for developing strategies and plans for the future of work. The reporting lines of these programmes also demonstrate the degree of importance for organisations. In just under a third of organisations (32%), the programme reports directly to the CEO, and 34% report to the CHRO. See Figure 3 opposite.

Looking in more depth at the objectives of these programmes, the top two priorities (both cited by 69% of respondents) were developing new working practices post-Covid and developing greater workforce flexibility, for example through implementing Agile methodologies. Just over half (52%) listed planning for reskilling and upskilling at scale as a priority, while the application of technology to partially or fully automate or AI-enable jobs was seen as a lower priority, cited by just under a third (31%). See Figure 4 on the following page.
We asked survey respondents which strategies for resourcing and talent deployment they are adopting to meet their future workforce needs. It shows that, while use of Agile working practices, strategic workforce planning and use of online learning technology to support upskilling and reskilling are reasonably widespread, more advanced practices such as adopting technology-enabled talent marketplaces, using online platforms to access ‘gig’ workers, or sharing talent with other employers are in their infancy. (See Figure 6 on the following page). We explore these trends in more detail throughout this report.

We also explored common barriers to the success of developing a future-fit workforce. The most common challenges were the quality of data about the current skills profile of the workforce and the supporting HR technology not being fit for purpose. See Figure 5 below.

**FIGURE 4**

What are the principal objectives of your programme? Select all that apply.

- Develop new working practices post-Covid: 69%
- Develop greater workforce flexibility e.g. Agile teams: 69%
- Support digital transformation of internal business processes: 65%
- Support digital transformation of our business model*: 58%
- Support reorganisation of the operating model/org. design: 58%
- Culture change: 58%
- Develop employment value propositions to attract critical talent: 54%
- Cost reduction/efficiency improvement: 52%
- Plan for reskilling/upskilling at scale: 52%
- Application of technology to partially/fully automate or AI-enabled jobs: 31%
- Changing the geographic footprint of the workforce: 30%
- Developing strategies for redeployment/managing redundancies: 22%

*e.g. developing e-commerce capability; changing how we interact with customers

Source: CRF Future-Fit Member Survey 2021

**FIGURE 5**

To what extent is each of the following a barrier to success around developing a future-fit workforce for your organisation?

- Poor quality info. about current skills profile of the workforce: 55% Strongly or mostly agree, 27% Somewhat agree, 8% Neutral, 8% Somewhat disagree, 8% Strongly or mostly disagree
- Internal technology platforms and systems not fit for purpose: 55% Strongly or mostly agree, 27% Somewhat agree, 8% Neutral, 8% Somewhat disagree, 8% Strongly or mostly disagree
- Availability of the talent/skills needed in the external marketplace: 37% Strongly or mostly agree, 28% Somewhat agree, 20% Neutral, 12% Somewhat disagree, 10% Strongly or mostly disagree
- Lack of clarity on future skills/capabilities needed to execute business strategy: 33% Strongly or mostly agree, 40% Somewhat agree, 13% Neutral, 15% Somewhat disagree, 10% Strongly or mostly disagree
- Leaders do not see taking action now as a priority: 33% Strongly or mostly agree, 20% Somewhat agree, 13% Neutral, 15% Somewhat disagree, 19% Strongly or mostly disagree
- Lack of time/money to invest in programmes for reskilling/upskilling: 32% Strongly or mostly agree, 28% Somewhat agree, 15% Neutral, 15% Somewhat disagree, 10% Strongly or mostly disagree
- Learning resources/access to education does not address reskilling needs: 18% Strongly or mostly agree, 24% Somewhat agree, 27% Neutral, 18% Somewhat disagree, 13% Strongly or mostly disagree
- Reluctance of employees to engage in reskilling/upskilling programmes: 13% Strongly or mostly agree, 30% Somewhat agree, 17% Neutral, 23% Somewhat disagree, 17% Strongly or mostly disagree
- Quality of graduates does not match future needs: 7% Strongly or mostly agree, 17% Somewhat agree, 32% Neutral, 23% Somewhat disagree, 21% Strongly or mostly disagree

Source: CRF Future-Fit Member Survey 2021
### FIGURE 6

Which of the following strategies for resourcing and talent development are you deploying or planning to deploy in your organisation to meet your future workforce needs?

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Currently deploying</th>
<th>Planning to deploy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of working practices that increase workforce flexibility (Agile, Scrum)</td>
<td>59%</td>
<td>23%</td>
</tr>
<tr>
<td>Introducing apprenticeship schemes to support reskilling</td>
<td>55%</td>
<td>13%</td>
</tr>
<tr>
<td>SWP to identify gaps/priorities for investment in talent or reskilling</td>
<td>46%</td>
<td>39%</td>
</tr>
<tr>
<td>Deploying learning technology (e.g., Degreed) to support reskilling and upskilling</td>
<td>40%</td>
<td>26%</td>
</tr>
<tr>
<td>Developing programmes to tap into previously under-utilised talent pools (disabled workers, older workers, career changers, returning mothers, socioeconomically diverse)</td>
<td>39%</td>
<td>30%</td>
</tr>
<tr>
<td>Defining career or learning pathways for in-demand skills</td>
<td>37%</td>
<td>46%</td>
</tr>
<tr>
<td>Sourcing talent from geographic locations we previously would not have tended to access</td>
<td>34%</td>
<td>22%</td>
</tr>
<tr>
<td>Working with employment agencies or other to develop greater flexibility/build flexible talent pools</td>
<td>33%</td>
<td>17%</td>
</tr>
<tr>
<td>Introducing new employment contract types to enable more flexibility/agility amongst the direct workforce</td>
<td>30%</td>
<td>16%</td>
</tr>
<tr>
<td>Increased reliance on non-permanent workers (e.g., contractors, consultants)</td>
<td>26%</td>
<td>9%</td>
</tr>
<tr>
<td>Adopting technology to model the impact of emerging technologies, assist in identifying future skills, or redesigning jobs (e.g., Faethm)</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>Offering non-financial incentives to encourage reskilling/upskilling (e.g., time off, opportunities for career moves)</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Adopting technology to map the current skills profile of the workforce, (e.g., skills cloud or similar)</td>
<td>15%</td>
<td>39%</td>
</tr>
<tr>
<td>Acquihiring (acquiring other businesses in order to secure talent)</td>
<td>14%</td>
<td>8%</td>
</tr>
<tr>
<td>Using online platforms to access ‘gig’ or freelance workers (e.g., Upwork, Topcoder)</td>
<td>13%</td>
<td>11%</td>
</tr>
<tr>
<td>Sharing talent with other employers in/across your industry (e.g., pooling resources, secondments, job swaps)</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Adopting technology to facilitate internal movement/deployment such as a technology-enabled talent market place (e.g., GLOAT)</td>
<td>9%</td>
<td>37%</td>
</tr>
<tr>
<td>Offering financial incentives to encourage reskilling/upskilling (e.g., bonuses, salary uplift)</td>
<td>9%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: CRF Future-Fit Member Survey 2021
3.0
STRATEGIC WORKFORCE PLANNING AS THE FOUNDATION OF PREPARING FOR THE FUTURE OF WORK

Strategic Workforce Planning (SWP) is an essential discipline for understanding the implications of the future of work, and a key first step in building a future-fit workforce. Its goal is to understand what capabilities will be needed to execute the business strategy; to work out where the gaps lie between current supply and future demand; and to build action plans to develop a workforce that supports long-term business goals. Actions may include reskilling, upskilling, investing in automation or robotics, redesigning work, tapping into the contingent workforce or restructuring the workforce. It is as much a mindset as a formal process and is about creating the conditions for managers to think deeply and systematically about what workforce is required to execute strategy effectively.

While SWP can be seen as a relatively cumbersome element of the regular business planning cycle, the Covid pandemic has proven that it can be used as a dynamic tool to develop scenarios on a relatively short timescale. For example, the rapid shift to e-commerce in the retail sector required swift redeployment and retraining of staff. Some organisations have found that using a stripped-down version of the methodology we set out below enables them to take focused decisions (such as prioritising parts of the workforce that require reskilling in the short-to-medium term).

We are likely to see significant restructuring and strategic repositioning of businesses as we emerge from the pandemic and the implications of the future of work become clear. This will drive demand for expertise in SWP. Organisations facing a high degree of uncertainty can use SWP to improve the way they approach change, explore different scenarios, and plan for different contingencies.

SWP helps organisations consider questions such as:

• What strategic capabilities will the business need to master to execute its strategy?
• What new capabilities will we need to build or acquire? Which capabilities that we have today will no longer be required – and how should we tackle the surplus?
• How can we improve productivity through technology and automating work? How might we need to redesign jobs?
• Where are we likely to experience shortages and surpluses of talent?
• What actions can we take to avoid restructuring costs by better matching talent supply and demand?
• What is the current and future skills profile of the workforce and where do we need to take action to address gaps?
• Where are there skills adjacencies that offer the potential for reskilling?
• Where might we need to build greater flexibility into our workforce?
• How can we best prepare our workforce for the future of work?

CRF’s research Strategic Workforce Planning: Unlocking Future Capabilities, set out a framework for strategic workforce planning.
What new work will the organisation need to be able to do, and where do we need to develop capability for the future?

The analysis needs to focus on differentiating capabilities, i.e. those that:
- Have greatest impact on business outcomes
- Are difficult or time consuming to develop
- Are not in common supply externally
- Are a significant stretch from where the organisation is today.

**WHAT INTERNAL CAPABILITY DO WE HAVE?**

This stage involves understanding the current workforce and how it is changing in order to assess the availability of people to meet future demand. This means looking at factors including:
- Current size, location, and profile of the workforce (e.g. skills, length of service, demographic information, diversity data)
- Job/skills families and skills levels (skills may include both generic skills which apply to the whole workforce, leadership or management skills, and technical or job-specific skills)
- Expected major talent flows both in and out (turnover patterns, retirements, anticipated restructurings, internal moves, vacancies)
- Talent management information (succession plans, internal talent pools, anticipated cohort recruitment such as graduates) to provide information about the future internal supply of talent
- Career paths and promotion information, which shows the nature and speed of movement in talent pipelines
- Resourcing mix (balance of external vs internal resourcing for critical workforce groups), important in terms of understanding future supply options

This stage of the process can be data-heavy and require data analysis capability in HR. However, by narrowing down the analysis to the strategic capabilities and talent identified in stage one, the effort can be focused where the greatest shifts are anticipated.
Assessing the future shape of the workforce and potential workforce risks includes building a picture of the external supply of talent in the timescales required to fulfill the business strategy, including broader workforce, demographic and technological trends that may affect the availability of talent.

Relevant external market information would include:

- Changes in the working population in the markets in which the company operates. The shift to remote working seen in the pandemic may mean that companies will benefit from access to broader talent pools in geographies where they do not have operations.
- Understanding competitors for critical talent, and whether this competition is likely to increase or decrease.
- Likely future shortages or surpluses of key skills in current and future labour markets.
- Output of the education system in terms of subject, level and type of qualifications and quality of skills.
- The impact of innovation or automation. Is technology becoming available that will allow work to be wholly or partly automated? Will that result in demand for different skills?
- Alternative sources of supply, such as outsourcing, contingent workers or acquihiring (buying a company primarily for the skills and expertise of its staff rather than its products or services).
- Alternative hiring strategies to tap into new talent markets (older workers, people with disabilities, former service personnel).
- Pools of workers currently working in other sectors who could be reskilled.
- Industry trends and the impact of regulation.
- Changing assumptions in the working population, for example around diversity, workplace culture, and environmental or social impact.

Examining these and other relevant factors helps build a picture of where the biggest changes in the labour market are likely to occur which might require the organisation to develop different resourcing strategies.

**MODELLING AND MATCHING SUPPLY AND DEMAND**

Once the organisation has developed a point of view on the capabilities needed to deliver the strategy and examined data relating to the internal and external talent supply, it should be possible to develop models to match supply and demand, assessing the gaps between what the business will need and its potential future workforce supply. Sometimes this will be obvious – we need a lot more of X and it’s hard to find – and will not require detailed modelling. Where modelling is required, real-time analytical tools such as Dynaplan allow different scenarios to be simulated quickly.

**WHAT’S THE GAP?**

The purpose of this stage is to identify gaps between future need and current supply and highlight the areas where action may be needed. This step may consider multiple timeframes, settling out when gaps are likely to open up, and allowing action to be phased in line with anticipated demands.

Gap analysis can be done both at the level of individual roles, workforce groups, or be skills-based. Focusing on workforce groups or skills allows planning for cohort-based recruitment and development, or for reskilling programmes.

**WHERE ARE THE CRITICAL RISKS?**

A key aim of SWP is to identify the few critical things that will trip up the business if it fails to take action and that otherwise might have been missed by projecting forwards from operational plans. For example, capabilities that were previously in high demand becoming redundant as a result of technology shifts. See the BT and Ricoh case studies on pages 45 and 46.

This step involves reviewing the gap analysis through the lens of risk. If we fail to address the gaps effectively and in good time, where is our strategy most at risk? Risk is not just about the size of the gap – it is a combination of the size of the gap, how critical it is to strategy execution, and how difficult it will be to close the gap. Focusing on risk is an exercise in prioritisation: helping narrow down all the possible actions to those which are absolutely necessary to achieve a minimum level of capability to sustain the business, or which are most critical to accomplishing the strategy.

It also opens up a conversation around options for mitigating the risks identified. Do we need to take action to build partnerships across our industry to pool investments in new skills and share resource? Where might we need to invest in upskilling programmes?

“We have to be explicit about what we think we will need as a business so that people can start to make choices for themselves about how much they are prepared to invest in their own upskilling and reskilling. We need to be having grown-up conversations about what the future might look like and give people choices about how to respond.”

**ROWAN FYFE, HEAD OF LEADERSHIP & TALENT, RS COMPONENTS**
HOW DO WE FILL THE GAPS?

Having identified the major gaps and risks, the next stage is to formulate an action plan. This stage forms a bridge between the business strategy and people strategy/plan. The process of SWP does not necessarily result in a single planning document, but should feed into other business and people plans.

While some actions – recruitment and training – may be obvious, there may be other deeper organisational issues that need to be tackled. For example, developing a new line of business might require changes to the business operating model, the organisation culture may need to be refreshed, or investment in technology may be required to support new working methods and processes.

Possible options available to address gaps and risks identified through SWP might include:

- **Buying in talent through recruitment.** An outcome of SWP is to differentiate between ‘make’ roles which would be developed from within; and ‘buy’ roles, which would be brought in from the external market. ‘Make’ roles – which may involve reskilling or upskilling – require a higher level of investment in training and development.

- **Growing talent internally** through both formal on-the-job skill and career development, and deployment of people through developmental experiences.

- **Create talent transition pathways** to smooth out internal demand curves or redeploy people from parts of the business where demand for talent is reducing, while avoiding blanket workforce reductions. One of the benefits of SWP is to reduce restructuring costs through better planning of redundancy or retrenchment programmes.

- **Improving retention and engagement.** Analysis may indicate ‘leaky’ parts of the talent pipeline that need to be addressed through understanding and responding to the reasons for turnover.

- **Increasing workforce flexibility** through ‘borrowing’ talent from the contingent workforce (temporary and agency staff, self-employed contractors, consultants).

- **Developing differentiated EVPs.** Where the organisation is looking to hire skills it previously did not require (such as developing a new technical capability or hiring talent from outside its sector), or attract different talent segments (e.g. Generation Z talent, increasing diversity in the talent pipeline), it may be necessary to make changes to the employer brand and employment value proposition. This could include offering more flexible patterns of work (especially part-time working), rethinking career pathways, developing mentoring schemes, or updating reward and benefits packages.

- **Rewarding employees for developing new skills.** For example, IBM reinforces its skills-based career development strategy by rewarding those who develop skills needed for the future. It provides managers with predictive analytics tools to help managers make skills-based compensation decisions. Another company has set learning targets for employees, measured by the average amount of time per week spent on the company’s learning platform.

- **Automation of work.** Reducing the demand for workers or automating some tasks currently done by humans.

- **Redesigning work** to meet changing business needs more effectively. For example, developing multi-skilled teams to increase resource flexibility or designing a new function or job role to focus on a new capability to be developed.

- **Outsourcing of non-core activities.**

- **Targeted mergers and acquisitions** or acquihiring, where a business is acquired for the purposes of securing its talent.

- **Changes in where work is located,** including remote working.

- **Collaboration with the education system** or government training programmes. Several organisations have launched initiatives with local schools and universities, for example to encourage children to pursue STEM careers.

- **Validating the degree to which the organisation’s plans for learning and development address the issues arising from the SWP.** For those capabilities that have to be developed from within, does the L&D plan include sufficient investment in those areas?

- **Knowledge management strategies.** Where cohorts with deep expertise are due to retire within the planning horizon, is there a plan for capturing and transferring their knowledge?

HOW DO WE EVALUATE THE EFFECTIVENESS OF THE PLAN?

The final stage of the process involves setting up mechanisms for evaluating and improving the practice of SWP and monitoring the implementation of actions arising from the plan.

Evaluation might involve asking stakeholders questions such as:

- What do key stakeholders think about the achieved results relative to the costs incurred or effort involved?

- Did we implement the actions agreed in the plan?

- What impact did these actions have on business outcomes and key metrics?

- Do we regularly revisit assumptions and update plans accordingly?

- Do we communicate the results of SWP to those people in the organisation who need to know about them?

- How can the process of SWP be improved?

For a more detailed discussion of Strategic Workforce Planning, see our full report [here](#).
The best way to use new technologies is usually not to make a literal substitution of a machine for each human worker, but to restructure the process.

ERIK BRYNJOLFSSON AND ANDREW MCAFEE, AUTHORS OF THE SECOND MACHINE AGE: WORK, PROGRESS AND PROSPERITY IN A TIME OF BRILLIANT TECHNOLOGIES

The predominant model of work over the last 150 years has been rather static and inflexible: work done in the same physical space at the same time under full-time, permanent employment. In contrast, the emerging world of work sees workflows and jobs being broken up into tasks and activities which are increasingly dispersed over space and time. The automation of work, discussed in section 1, is creating opportunities to deconstruct jobs into their constituent tasks and reconfigure roles in ways which increase productivity and make jobs more meaningful for humans.

Simultaneously, organisation designs are becoming more permeable, with work flowing across internal organisation boundaries or reaching beyond the edges of the organisation to be delivered in partnership with multiple players in a company’s wider ecosystem. As we discuss in section 1, a key objective for organisations preparing for the future of work is to build a workforce that’s characterised by agility and flexibility. Flexibility can be measured on multiple dimensions, including:

- What work needs to be done?
- How is the work done?
- Who does the work? Human or machine?
- What is the company’s relationship with the worker? Employee, contingent worker, or something in between?
- Where is the work done? In a company facility or remotely?
- How is the work organised? Through a fixed organisational hierarchy or reconfigurable agile teams?
- What skills are needed to deliver the work?
- Why do we do the work? What is its value and how does it help us execute our strategy and deliver our purpose?

These and other questions of how to increase workforce flexibility were brought into sharp relief by Covid-19. As companies continue to design their organisations and workforces for a post-pandemic world, these considerations will need to remain at the forefront of planning.
For example, our survey asked respondents about the impact of the pandemic on their investments in automation and other technologies to transform work. A third (34%) said it had somewhat accelerated their investments in redesigning work to be technology enabled, and 11% said it had significantly accelerated their plans. See Figure 8.

“...it is obvious that people perform a wide variety of different tasks during their workday. To think clearly about technology and work, therefore, we have to start from the bottom up, focusing on the particular tasks that people do, rather than looking from the top down, looking only at the far more general job titles.”

One of the enablers of this way of thinking is to switch the unit of analysis from the ‘job’ to the ‘task’. Experience of automation, for example, suggests that while whole jobs can rarely be automated, individual component tasks often can be. For example, in the legal profession, machines which can ‘read’ and filter documents are reducing the human workload and associated costs of the hugely time-consuming and document-heavy process of disclosure during litigation.

Jesuthasan and his co-author John Boudreau developed a four-step framework which can be used to design work ahead of making decisions around automation, outsourcing or organisation design.

1. **Deconstruct jobs into component work tasks.** Dividing jobs into their component tasks makes it possible to identify those which can be tackled differently – for example through automation, employing a contingent worker, or packaging the task as a project that can be advertised on internal talent marketplaces.

2. **Assess the relationship between job performance and strategic value.** The question that needs to be answered at this stage is, which opportunities for redesigning work will have greatest pay-off? The objective is to identify those pivotal areas of work performance that will have an outsized impact on strategic goals, and to focus activity in those areas with the goal of maximising the ‘Return on Improved Performance’.

3. **Identify options for recombining tasks in light of technology or process.** Stages 1 and 2 answer the question of what work to redesign. Stage 3 focuses on how that work is achieved. This might include:
   - **Automation.** Jesuthasan identifies three principal forms of automation to consider. Robotic Process Automation (RPA) can be used for high volume, low complexity, routine tasks. Cognitive automation, such as AI and machine learning, is particularly effective.
for tasks requiring pattern recognition, learning from interactions or extracting meaning from big data. Collaborative or social robotics are used to augment human capabilities.

- **Changing working practices.** For example, delivering work in project teams that convene around tasks. As management methodologies such as Agile and Scrum become more commonplace, these allow for tasks to be configured in different ways. They also affect the roles of team members. Traditional organisations are built around a static structure with clear hierarchies. In contrast, Agile methodologies mean bringing together temporary networks of teams which coalesce around a specific task or mission before dissolving and reconfiguring around different goals. At any one time an employee could be working on multiple projects across different teams and locations.

- **Flexible resources and alternative work arrangements.** Explicitly designing work opens up opportunities for using alternative models for sourcing talent. For example, many companies are creating technology-enabled talent marketplaces that deconstruct work into tasks and short-term projects for which employees can volunteer. They increase the visibility for employees of opportunities in different parts of the company, and make it easier for managers to staff-up projects by tapping into sources of talent they might otherwise find difficult to access. Tasks or projects can also be advertised on external ‘gig’ platforms where contingent workers can bid for work. According to Jesuthasan, marketplaces will be a defining feature of how organisations connect talent to work in the future. “While the traditional model of permanent, full-time employees in fixed roles will still have its place, moving towards a marketplace view of talent gives you both flexibility and velocity. While people might still be permanent employees of the organisation, marketplaces provide flexibility and capacity for projects to be staffed effectively or for people to develop needed skills. As well as using the market to allocate talent to work on a more agile basis, it can also act as a signalling mechanism to nudge people towards developing skills that are of future value to the organisation.”

4 **Optimise work by putting it all together to reinvent jobs.** Simply reconfiguring jobs is not the end of the story. How individual jobs interact with the organisation design, decision rights, social networks, and implications for careers all need to be considered.

While redesigning work is an opportunity for HR functions to make a significant contribution to preparing the organisation for the future of work, we often find that HR professionals lack the necessary skills. It is often the case that conversations are taking place in the business about work redesign but HR is either not invited or has to muscle in to get involved. Many of our interviewees expressed frustration that they were reliant on external experts or consultants, or that they simply did not have the capabilities. CRF’s research has found HR functions lack expertise in job design and job analysis, and that organisations often do not have formal processes or methodologies for job analysis. (See CRF’s research Resourcing – How HR’s Core Competence is Evolving for more information).

This is an area where HR may need to invest in its own upskilling, as Unilever has been doing over the last three years as part of its future of work agenda. The consumer goods company has run “Be Resourceful” workshops to teach HR professionals methodologies for breaking down jobs into roles and tasks so they can support managers in redesigning work and thinking differently about how they can resource projects. Paddy Hull, VP, Future of Work at Unilever said this skillset will become more important as Agile management techniques become more widespread and ever more work is completed through the Agile methodology, i.e. people coming together to work on projects at pace for defined periods of time.

**MEANINGFUL WORK**

The redesign of work described in this section raises important questions for HR around the purpose and meaning of work. While there may be benefits in increased productivity or lower costs, HR also needs to consider the impact on the organisation culture, social cohesion, and employee physical and mental wellbeing. As one of our interviewees commented: “Employees are having to sit with a greater sense of ambiguity than ever, and there’s a loss of identity that comes with the way work is changing.” As work is redesigned, it’s important to also reflect on the following:

- Does the redesign result in work becoming more meaningful because the repetitive, routine tasks are automated allowing humans to focus on higher value, more complex work? Or less meaningful, perhaps because work is fragmented and people become disconnected from the ultimate results of the work they do?
- Does the redesign of work increase or decrease social connections and cohesion, which is an important source of meaning at work?
- Does involvement in a greater number of projects and tasks mean people have more opportunities to learn and collaborate with a wider range of people, or does it simply put people at greater risk of burnout?
The pandemic will most likely result in durable changes to working practices. Within weeks, it forced the use of technology which might otherwise have taken years to adopt and busted remote working, changing attitudes to work and the workplace.

There are potential downsides to remote working. Commentators have raised concerns about the gradual depletion of human capital in the form of creativity, relationships and strategic thinking. The 2021 Microsoft/Edelman Work Trend Index found a sense of digital exhaustion and a widening disconnect between employers and business leaders, yet also a strong desire to maintain the flexibility of remote working. There are, then, two countervailing forces, one driving towards a greater use of remote working and the other stressing the critical interaction found in a shared workplace.

How this will play out in the long term, and the impact on productivity, is still not clear. The emerging picture suggests that most companies will not return to their 2019 working patterns.

**IMPACT OF THE PANDEMIC ON WORKING PRACTICES**

Just under half of respondents expect employees to spend 50% or less of their working week in the office.

Our survey asked organisations to outline their plans for work locations post-pandemic. For those roles which could be done remotely, we asked organisations what model of working they plan to adopt. Only 1% expect a full-time return to the office and 3% anticipate fully remote working. Instead, the most common response (27% of respondents) was a 60:40 split of office versus home working, with the second most common (21%) 40:60 office versus home split. See Figure 9.

A significant majority of respondents also expect the change in working practices to have an impact on their office footprint. Nearly one-fifth (19%) expect their location footprint to significantly change, and 52% expect it to change somewhat. See Figure 10 below.

**FIGURE 9**

Considering roles which could be done remotely, which of the following best fits the model of working you plan to adopt in your organisation?

- 60:40 office vs home working: 27%
- 40:60 office vs home working: 21%
- Dependent on manager discretion: 14%
- 50:50 office vs home working: 11%
- 20:80 office vs home working: 11%
- Dependent on employee discretion: 8%
- Fully remote: 3%
- 80:20 office vs home working: 2%
- Back to the office full-time: 2%
- Don’t know/not applicable: 1%

Source: CRF Future-Fit Member Survey 2021

**FIGURE 10**

To what extent do you anticipate your office location/footprint will change as a result of Covid-19?

- Significantly change: 19%
- Change somewhat: 52%
- Remain more or less the same: 26%
- Don’t know/not applicable: 3%

Source: CRF Future-Fit Member Survey 2021
One of the major trends we identify in this research is a shift towards skills – and away from jobs or roles – as the essential unit of analysis for defining the workforce of the future. The recurring message was that skills will be the critical currency in the future of work. This is similar to the shift from ‘jobs’ to ‘tasks’ in the context of work design (discussed in section 4) and is already having a significant impact across the range of people-related processes, from workforce planning through selection and deployment, learning and development and career management, to how people are paid. We are also seeing a plethora of technology-driven tools that enable planning, work allocation, learning and career progression to be skills-driven and decoupled from specific jobs. In order to facilitate this, building and maintaining an accurate skills profile of the workforce is becoming a priority for many organisations.

Key drivers for this trend towards focusing on skills include:

• Work being increasingly packaged as one-off projects rather than ongoing work processes. This is both driven and facilitated by the rollout of Agile project management methodologies which break down large deliverables into smaller chunks of work requiring specific skills.

• Employers want to understand which jobs are likely to be disrupted by technological change. Focusing on skills supports organisations’ efforts around reskilling by identifying potential skills adjacencies (see section 6). Tools such as Faethm use multiple data sources and AI to model which jobs are most likely to be affected by technological change and identify potential parallel skills and reskilling pathways. For example, NatWest uses AI and predictive analytics to define the jobs that will be required in five years’ time, the skills requirements for those positions and potential reskilling pathways. The bank has established a mobility hub that’s responsible for supporting people through their reskilling journey (see Case Notes on page 42).

“Taking a skills-first approach requires a fundamental retooling of all your HR processes. Workforce planning has to be skills-centric and that then has to pull through into talent acquisition, talent development, learning, and the design of the employee experience.”

STEVE BRIGHT, DIRECTOR, INTERNATIONAL HUMAN RESOURCES, NORTHROP GRUMMAN

“It’s difficult to focus on reskilling unless you understand what skills you have today and the critical skills you’ll need given your business strategy.”

CLARE MONCRIEFF, LEADER, PEOPLE DIRECTION, NOKIA
• Organisations are developing their strategic workforce planning capabilities in order to plan for critical future skills (see section 3).

• Cost pressures meaning companies are having to do more with less regarding learning and development. Prioritising critical future skills helps focus L&D strategy where it can deliver greatest business impact. Ameet Thakkar, Vice President Future Skills and Learning at BP said: “The opportunity is there for L&D to have a seat at the table and make a much more significant strategic impact compared to our traditional focus on high volumes of compliance-based learning or trying to deliver on every single ad hoc request that comes through.” The latest learning experience platforms work best when they are primed with good skills data that enables them to deliver learning that’s personalised to individual needs.

• Technology is supporting greater skills transparency. Both general HCM systems such as Oracle and Workday and specialists such as Degreed and Burning Glass are creating ready-made skills taxonomies that employers can use off-the-shelf or adapt for their business. This is removing a lot of the ‘heavy lifting’ companies would previously have had to undertake themselves.

• A skills-based approach can also have benefits in terms of supporting efforts around diversity and inclusion. “Talent marketplaces can be really positive for inclusivity,” said Sari Ek-Petroff, HR Business Partner, Leadership and Talent Development & Culture at VTT, the Finnish research and development institution. “They open up opportunities to people beyond the normal grapevine or appointing-who-you-know approach.”

• As artificial intelligence is becoming more advanced, emerging tools can read across multiple structured and unstructured information sources including CVs, social media posts, performance reviews and job experiences to infer individuals’ level of skills and assess the breadth and depth of skills across the organisation. They can use this information to provide personalised learning recommendations based on adjacent skills, alert employees to in-demand skills and warn them if their skills are going out of date.

• Talent marketplaces such as Gloat and Fuel50 facilitate skills development by connecting people with opportunities to develop and practise new skills on-the-job. The marketplace can act as a signalling mechanism, alerting people to hot skills. Managers can advertise both permanent positions and short-term assignments and projects. Employees can complete a skills profile setting out the skills they have and would like to develop. The system alerts them to opportunities which would enable them to build those skills. Unilever’s Paddy Hull said: “Our platforms help us address a key challenge which is getting people to think about career options beyond their core function, and for hiring managers to be open to recruit people from a wider set of functions.”

“Significant jumps in data and technology have allowed for practices such as pay-for-skills and skills-to-job matching to leap forward.”

MERCER GLOBAL TALENT TRENDS, 2020-2021

The new tools make it easier for employers to ‘nudge’ people towards developing high-value future-critical skills. However, getting good data on the skills profile of the workforce is a significant challenge. Mercer’s Talent Trends research found that two-fifths of HR leaders don’t know what skills they have in their workforce. “LinkedIn has better data than our internal systems,” is a common complaint.

Our survey found that creating a skills framework or taxonomy is a live issue for many organisations. While less than a quarter (23%) report they already have a skills framework that underpins their efforts for reskilling and upskilling, just under a third (31%) have one in development. See Figure 11 below.

FIGURE 11

Does your organisation have a framework or taxonomy of skills that underpins your reskilling and upskilling programmes?

23% Yes
31% No, but we have one in development
35% No
11% Don’t know

Source: CRF Future-Fit Member Survey 2021
“Having a common approach to skills that’s shared across all our HR platforms is essential to our approach to developing a future-fit workforce. We are essentially replacing job titles with skills. It’s a complete reinvention of the way we do HR.”

PADDY HULL, VP FUTURE OF WORK, UNILEVER

Organisations over the years have struggled to develop useful skills frameworks and keep them up-to-date with live employee data. Reasons for this include:

- They tend to be backward-looking, focused on what the organisation already has rather than what’s needed to prepare the organisation to execute its strategy and be future-ready.
- The effort required to build and maintain a skills taxonomy is often not worth the effort.
- The lists of skills against which organisations assess people (for example within their job families or competency frameworks) are often too detailed or not future-focused.
- We lack valid ways of assessing skills levels in a cost-effective manner.
- There is often little incentive for employees to maintain their skills profiles.

What we hear from our research is that, while the latest tools can help you get started, they are limited and rarely give the full answer. Generic taxonomies generally need to be augmented in order to meet the particular needs of different organisations, and for the foreseeable future, companies may still need to manually manage their own.

Our survey highlighted the extent of the challenge in gathering high quality workforce skills data: only 11% considered their data to be fairly or highly effective. Contrastingly, 41% of respondents considered the data their organisation holds on the current skills profile of the workforce to be highly or fairly ineffective. See Figure 12 opposite.

Respondents were actually slightly more optimistic about their understanding of the future skills requirements of their organisation. 14% considered the effectiveness of data on the future skills needs of their organisation to be highly or fairly effective, and 26% said it was somewhat effective. Almost a third (32%) considered the quality of data on future skills needs to be highly or fairly ineffective. See Figure 12 opposite.
BUILDING A FUTURE-FIT WORKFORCE: RESKILLING AND RETHINKING WORK

5.1 PRACTICAL CONSIDERATIONS IN TAKING A SKILLS-BASED APPROACH

“In L&D we really need to be focusing on getting our data in order. It doesn’t matter how good the tools are, if you don’t have good data on people’s experience, background and competencies, you won’t be ready to make the most of the adaptive tools that are emerging on the market.”

AMY WALTERS, HEAD OF RESEARCH, EY LANE4

The experience of organisations who are further down the track in taking a skills-based approach to developing the workforce of the future highlights some practical considerations. The key message being that it’s essential to have joined-up thinking between the business strategy, workforce plan, talent acquisition and development processes, learning and on-the-job development.

TAKE A SKILLS-CENTRIC APPROACH TO CAREERS DEVELOPMENT

The shift towards skills is an opportunity for employers to rethink their approach to career development. CRF’s 2020 research on careers found that career development in many organisations is not sufficiently focused on developing skills which are critical for future success of the organisation. 82% of respondents to our survey agreed or strongly agreed that career development activities were not sufficiently focused on future skills.

A skills-centric approach might include the following:

- Ensuring the outputs of the business strategy and workforce planning processes feed directly into talent and career development processes, so people know what skills will be needed in the future and how they might acquire those skills. Having processes for communicating which skills will be in demand in future.

- Providing access to job experiences and relevant learning to help people develop future-focused skills. An effective career development strategy needs to describe how people can identify and access the experiences they need to develop their career, whether it’s through internal ‘gigs’, project assignments or permanent job moves.

- Connecting the Learning & Development and Careers agendas by not only providing relevant personalised learning content, but also connecting people with opportunities to put skills into practice. New technology platforms are making it easier to provide a joined-up experience for individuals. For example, Degreed’s Career Mobility platform serves up potential assignments as well as recommended learning, and also updates users’ personal skills profile as they work through learning content on the platform.

- Prioritising educating managers, and other professionals who support career development, on the skills implications of the strategy and strategic workforce plan so they can give good careers advice and support to their teams. It’s important to remember, that while AI-based systems can infer an individual’s current level of ability based on their past experience, they can’t predict what someone might be good at. According to Burak Koyuncu, Managing Director, Workforce Solutions at LHH: “That’s why you need not only to have the systems, but also to make sure people have someone to talk to who can help them with their career development, to explore options and alternatives. It’s a fundamental part of reskilling.”

“One of the roles HR can play is to help people understand where they might fit in the organisation of the future and to help them take personal responsibility for upskilling themselves. Our responsibility is to let you know what the future might look like and to put the tools and opportunities in your hands. Your responsibility is to get yourself fit.”

ROWAN FYFE, HEAD OF LEADERSHIP & TALENT, RS COMPONENTS
“We’re moving into a world of personalisation – that’s why it’s essential we have tools that allow individuals to assess themselves and make decisions about their own career development and learning.”

ANABEL FALL, GROUP HEAD OF PEOPLE INNOVATION AND TRANSFORMATION, ZURICH INSURANCE COMPANY

PUT THE TOOLS IN EMPLOYEES’ HANDS TO ASSESS AND DEVELOP THEIR OWN SKILLS AND PLAN THEIR CAREER

The latest technologies are promising in terms of increasing the transparency of skills in the organisation, supporting internal mobility and providing a personalised learning experience. Some organisations begin by asking employees to complete a skills profile, which can then be searched by managers and HR and can connect to talent systems and marketplaces. Some companies provide raw data – from internal HR systems and external data such as LinkedIn – for employees to edit and update. Unilever asks all employees to complete a skills review on the company’s Degreed learning platform. Employees answer a series of questions about their skills, and the system uses AI to infer from their responses their level of attainment of each skill. The person’s line manager then reviews their profile and confirms it is an accurate reflection of the individual’s actual skill level. The skills profile is then regularly reviewed as part of the performance management cycle.

CONSIDER HOW TO REWARD PEOPLE FOR DEVELOPING SKILLS

Some organisations are experimenting with adopting pay-for-skills. IBM’s compensation strategy rewards people for developing skills which are of future value to the organisation. IBM can track whether the skills people say they have are actually demonstrated at work. Its Watson Compensation Advisor – which guides managers on pay decisions – can put a monetary value on an individual’s skills and compare their current salary level to check it’s set at the correct level. Information on new skills acquisition also feeds into decisions around compensation. The underlying logic is that salaries should reflect not only current contribution to the business, but also the future value to the company of the employees’ skills. Mercer’s Global Talent Trends research found that 14% of companies are planning to implement pay-for-skills in 2021. However, it is early days and few companies understand how to do it at scale. Pay-for-skills has been particularly challenging to master due to a lack of good information on both pay and skills.

USE YOUR STRATEGIC WORKFORCE PLAN TO COMMUNICATE AND SIGNAL TO THE WORKFORCE FUTURE PLANS AND PRIORITIES FOR SKILLS DEVELOPMENT AND RESKILLING

“Updating your skills architecture in the absence of a strategic workforce plan is the tail wagging the dog,” said Mercer’s Ravin Jesuthasan. “You need to start by defining the essential work you need to be able to do in the future and then work back from there to build a view of what skills you’ll need.” Our research found that only 3% of organisations communicate the outcome of their strategic workforce planning to the workforce. This is a huge missed opportunity for signalling to employees what skills the organisation values and the steps employees can take to keep themselves future-relevant.

UPDATING TALENT ACQUISITION TO BE SKILLS-CENTRIC CAN ALSO SUPPORT ACHIEVEMENT OF DIVERSITY GOALS.

Northrop Grumman is shifting its approach to talent acquisition and development away from qualifications towards skills. “This grew in part out of the Black Lives Matter movement in 2020,” said Steve Bright, Director, International Human Resources. “We used to focus on hiring for qualifications, but we realised that closes off opportunities to all sorts of people. Taking a skills-first approach not only helps us achieve our goals around growing the workforce, it’s also helping reinforce our position as one of the leading D&I employers in the US.” Unlike many other employers who start their skills journey in talent development, Northrop Grumman is beginning in talent acquisition. Job profiles for open positions were updated to describe the skills and experiences the company was looking for, rather than qualifications it expected people to have accumulated. Following a successful pilot which tested a skills-based approach to recruitment in one of the company’s major programmes, the company has now committed to a skills-based approach to HR across the organisation.

CONSIDER APPOINTING KEY STAKEHOLDERS TO TAKE OWNERSHIP OF FUTURE CRITICAL SKILLS

Senior business or functional leaders who have most to gain in the long term by developing future capabilities can be given responsibility for championing particular skillsets and coordinating talent strategies for that skill on behalf of the organisation. For example, NatWest Group Chief HR Officer, Helen Cook, sponsors an organisation-wide reskilling programme focusing on relevant skill areas for the future.
LEVERAGE SHORT-TERM ASSIGNMENTS TO FACILITATE LEARNING NEW SKILLS

Large projects can be broken down into smaller tasks. Individuals can be released for one or two days per week to learn new skills. Internal job boards and talent marketplaces can be used to advertise these assignments. It doesn’t need to be limited to opportunities inside the organisation. Some companies also offer job swaps and exchange programmes with other employers, or with partners in their supply chain. Procter & Gamble and Google have created an employee exchange programme to learn from each other around innovation and developing digital talent.

FOSTER A DEVELOPMENTAL CULTURE

It’s essential that the organisation climate and leadership behaviours support development. The measure is not what leaders say, but whether they back up words with meaningful actions. Hoarding of talent is common (60% of our survey participants say this is a barrier to successful career development). Unless there’s a strong culture of development with an expectation that managers facilitate internal mobility and support their teams in making developmental moves, managers may be reluctant to release their best performers to enable their development.

"We talk about employability. Everyone is responsible for their own employability, which means they have to take ownership for their skills and competencies development. This we support with strong commitment from leaders and wide development opportunities offered by the company.”

SARI EK-PETROFF, HR BUSINESS PARTNER, LEADERSHIP AND TALENT DEVELOPMENT & CULTURE, VTT

In summary, in moving towards a skills-centric view, companies need to do a better job of articulating the business strategy and direction of travel and setting out the core capabilities needed to get there. Leaders must take responsibility for providing context and clarity about how the business is evolving and strong signals about the skills that will be most important in the future. HR needs to be thinking not only about what skills are required in the future, but also how to get those messages across to the workforce and join up the dots between business and workforce strategy, learning, deployment and career development so people can act on those messages.

CASE NOTES: ABN AMRO

The Dutch bank is on a multi-year journey to implement an agile operating model across the business. As part of the agile transformation, the Netherlands business developed a new skills-focused job model, which consolidated 3,500 job descriptions into 37 profiles centred around core skillsets. As a result of mapping the skills of individuals to the new profiles, the bank has developed a much better view of the skills base of the company. This is also making it easier to compare the skills profiles of different parts of the business, and is increasing opportunities for flexible resourcing.

The bank also undertook an analysis of historical career progression and job adjacencies, which provided detailed information about the typical careers paths that people take. This data was used during the pandemic to support the rapid temporary redeployment of 300 people from other parts of the bank into the commercial loans business to support a significantly increased workload. The HR analytics team was able to identify employees who had obtained relevant experience at some point in their career, even if they were no longer working on commercial loans, and who could be approached to provide short-term support. It meant significant cost savings as short-term resource needs could be met without resorting to hiring temporary staff, and also significantly sped up the process of filling those positions. According to Suzanne van Niekerk-de Veld, Director Business HR Netherlands: “It proved just how valuable it can be to have high-quality skills information about the workforce.”
Unilever's agenda for building a future-fit workforce is based on three public commitments:

- To reskill or upskill all employees to have a future-fit skill set by 2025
- To pioneer new employment models to provide all its employees with flexible employment models by 2030 (see section 7 for more detail)
- To help equip young people with essential skills to prepare them for job opportunities by 2030 (see section 7 for more detail)

These commitments were announced by CEO Alan Jope in 2020 and the company will report on them in its annual report and accounts.

According to Paddy Hull, VP Future of Work, the programme is underpinned by a shift in mindset. “We are making a shift from a scarcity mindset to an abundance mindset. Reskilling and upskilling can be quite a scary prospect for some, but we are encouraging people to think in terms of their purpose and what unique contribution they can make. When we do this it’s easier for them to see the opportunities available to them.”

Key to making this mindset shift is the company’s programme of purpose workshops, which is being rolled out across all employees. The workshops help employees make sense of their personal purpose and work out how they can connect that to the company’s purpose and bring it to life at work. One of the outputs of the purpose workshops is each individual develops a Future-fit plan. The plan involves identifying skills the employee has acquired through their career, and comparing them with future-fit role plans created from the company’s strategic workforce planning process. The plans highlight areas of fit, and define the gaps between where the individual is today and where they would need to develop to be fit for these future roles. For the company, the plans provide useful data on current and future skills to inform talent review and performance discussions, as well as assisting in workforce planning and deciding on investments in learning and development. It also supports upskilling and reskilling by helping identify role overlaps and adjacencies.

Employees use the skills review tool in Degreed and its skills taxonomy to assess their skills. The skills review involves answering a series of questions about the skills the individual has. The tool analyses the responses to infer their skill level. The individual’s manager endorses the completed skills review.

RESKILLING

Unilever’s approach to reskilling seeks to prepare people for key future roles by bringing together learning and job experiences. It recognises that providing learning on its own is not sufficient; people need on-the-job experience to build and demonstrate the skills they’re learning. “We’re trying to be surgical about the critical skills we’ll need for the future and create development pathways that combine flex experiences, online learning and job opportunities,” said Hull. The supporting infrastructure has two key elements: the Degreed learning platform which serves up relevant learning content and the FLEX talent marketplace which connects people to open assignments, allowing them to put their skills into practice. The two systems are integrated so an employee who is learning a new skill can find an open assignment that might offer the opportunity to put the learning into practice. Analytics show where demand is greatest and allows the company to fine-tune its learning offer in response.

FLEX – which runs on the Gloat platform – uses AI to match people to short-term assignments and project experiences. It’s currently being used specifically to help people experience roles and projects and build skills, without having to change their core role. Project and hiring managers can post projects and gigs. Employees can create a profile, list their aspirations and indicate areas of expertise in order to receive recommended opportunities. It has been rolled out to 60,000 employees across more than 100 countries. Assignments last three to six months on average and are generally part-time, involving only a proportion of the employee’s working week. According to CEO Alan Jope’s shareholder update in February of this year, it has allowed 500,000 work hours to be repositioned towards more than 3,000 business critical projects. FLEX was also key to the company’s response to Covid-19, as it enabled people to be redeployed at speed as their roles changed, sometimes overnight.

Even for a company such as Unilever, with a culture of developing from within, getting managers to use FLEX hasn’t always been easy. Paddy Hull said the roll-out plan focused at the outset on those parts of the business which were already bought into the concept. “We went where the energy was,” he said. “We pioneered in R&D because we knew they would be up for this, and it reflects how they share people across projects already.” The company uses success stories to influence other managers as the programme has rolled out. There is also an ongoing dialogue with managers about how being a future-fit manager means engaging with new ways of sourcing and deploying resources to achieve business objectives.

The introduction of FLEX is indicative of a shift away from a more directive approach to career development towards a more adult-adult relationship – putting the infrastructure in people’s hands to create their own careers by flowing to places in the organisation where they can realise their individual purpose.

A next step for the FLEX platform is to connect strategic workforce planning and skills development, which will nudge people towards developing future-fit skills that will both be good for their own development and for the company.
RESKILLING AND UPSKILLING

As we outline in section 1, the talent crunch that many organisations are already experiencing is likely to deepen due to the ageing and shrinking workforce, competition for critical skills in fields such as data science and digital, and the impact of technology and automation on the nature of jobs. Employers are looking to build greater flexibility into their workforces and are having to become more creative about developing ways to access the talent needed to deliver business goals. It is not always easy or cost effective to hire in external talent, particularly for in-demand skills.

One of the biggest challenges for organisations will be to work out how to help employees navigate the major shifts in work. A key strategy for developing a future-fit workforce will be to develop programmes for reskilling and upskilling existing workers. Reskilling and upskilling are becoming increasingly important in enabling businesses to develop future-ready talent and to meet goals around transitioning the workforce in a socially responsible manner. We find that companies are increasingly recognising their social obligation to reskill and future-proof employees. Mercer’s Global Talent Trends confirms this finding: workforce reskilling is ranked a first or second investment priority for HR in most countries.

There is much hyperbole around this topic. The World Economic Forum’s (WEF) 2018 estimate that 50% of workers globally would need to be reskilled within five years appears wide of the mark. Nevertheless, the pandemic appears to have accelerated plans for upskilling and reskilling. WEF’s 2020 Future of Jobs report stated that, on average, employers expect to offer reskilling and upskilling to just over 70% of their employees by 2025. McKinsey research found that 58% of companies said closing workforce skills gaps had become a higher priority since the start of the pandemic, and 69% of organisations were doing more skills building than before the pandemic. Reskilling and upskilling are likely to feature strongly in companies’ plans for the future of work.

In this section we outline the findings of our research around how organisations are preparing to reskill and upskill their workforces, and the lessons learned so far.

DEFINITIONS: RESKILLING AND UPSKILLING

For the purposes of this research, we draw a distinction between reskilling and upskilling:

- **Reskilling** is about supporting workers to learn new skills to transition to a new or different role. The outcome is readiness to succeed in a new position.
- **Upskilling** focuses on supporting workers to acquire new skills to stay relevant in an existing role. The outcome is higher effectiveness or productivity in an existing role.
While reskilling and upskilling both involve learning and practising new skills, reskilling is generally more complex. Typically, it involves redeploying people into new roles, and will often include some form of assessment or recruitment process. Upskilling tends to focus on supporting cohorts of people develop new skills through learning and development interventions.

**KEY DRIVERS FOR UPSKILLING AND RESKILLING**

- The pace of change in organisations means that employers have to move ever faster to keep the skills profile of the workforce up-to-date and remain competitive. Our research found that the main reason organisations are investing in reskilling is to develop capabilities they need to sustain their business over the long term. Changing business models mean companies have to develop new capabilities at pace. See the Ricoh case study on page 46.

- Skills are becoming obsolete faster: Research by IBM’s Institute for Business Value estimates that skills generally have a half-life of five years, with the half-life of technical skills at two- and-a-half years.

- The impact of automation and technological progress is changing the shape of jobs, reducing time spent on manual tasks and requiring employees to develop new skills. The World Economic Forum predicts that the human share of labour hours will go down from 71% to 58% by 2025, resulting in a significant need for reskilling. This need is likely to be felt most acutely in operationally intensive sectors such as manufacturing, transportation, retail and operations, because the predictable and repetitive nature of many tasks makes them suitable for digitisation or automation.

- For many organisations, the business case for offsetting some or all restructuring costs by reskilling workers whose roles are becoming redundant is strong, although cost is not necessarily the only driver. Bev Cunningham, Senior Vice President Human Resources, convinced the Ricoh management team to invest in a reskilling programme by demonstrating that the cost would be significantly less than the cost of a restructuring and redundancy programme for the employees who were likely to be affected by business changes. The programme paid for itself by avoiding restructuring costs. In addition, the company was able to save on recruitment and onboarding costs and increase the speed of filling difficult-to-source vacancies in the company’s digital businesses.

- Reskilling supports the trend towards a greater focus on sustainability and the growing awareness among employers of the need to take account of the social impact of their operations. Many employers feel a strong sense of responsibility to avoid job losses as much as possible, or to mitigate the impact and help displaced workers find new opportunities where redundancies are inevitable. In 2019, Zurich Insurance Company included a commitment to work sustainability as one of three commitments in the company’s sustainability strategy. Work sustainability is defined as “supporting our employees and customers navigating the impact of the changing nature of work.” See the Unilever case study on page 34 for another example of translating sustainability goals into commitments around the future of work.

- The benefits of reskilling include retaining tried and tested employees rather than taking a risk on hiring someone external. “If we can transition people from one part of the business to another who we know are a good cultural fit for the organisation, who are committed to the business and embedded within our region, that’s really important for us, particularly as a lot of the future skills gaps we’re looking to fill tend to be London-centric,” said Neil Morrison, Group HR Director, Severn Trent Water.

- Positive impact on employer brand, employee engagement and corporate culture. PwC’s 2020 CEO survey found that 41% of respondents reported their upskilling programmes had been ‘very effective’ in creating a stronger corporate culture and engaging employees. Many companies offer reskilling because their employees value working for an organisation that gives them the opportunity to improve their skills and long-term employability. Similarly, a commitment to internal development can boost the external employer brand. One professional services firm found that advertising their data science upskilling programme on job listings resulted in a 9% increase in applications.

Our survey asked what was the principal reason for organisations’ investments in reskilling programmes. Nearly two-thirds (64%) said the principal reason was developing new capabilities. Just over a fifth (21%) were driven by concerns about the availability of critical talent in the external market. While 8% were primarily cost driven and 7% cited concerns about social responsibility as the primary driver. See Figure 13 below.

---

**FIGURE 13**  
What is the principal reason for investing in reskilling programmes?

- Capability driven – the need to develop new organisational capabilities or adopt new technology  
  - 64%  
- Talent driven – concerns about the availability of talent in the external market or employer branding  
  - 21%  
- Cost driven – reducing or avoiding restructuring costs  
  - 8%  
- Purpose/socially driven – our role as a responsible employer is to support internal redeployment  
  - 7%

Source: CRF Future-Fit Member Survey 2021
While reskilling is a hot topic, many organisations are still in the early stages. Our survey found that less than half (42%) of respondents currently have reskilling programmes underway and a further 20% have plans to roll out reskilling programmes in the near future. PwC’s 2020 CEO survey found that fewer than one in five (18%) global leaders believe their organisation has made ‘significant progress’ in establishing an upskilling programme and one in ten of the largest companies in the sample had made no progress at all.

Our research found that the major focus of reskilling efforts is on technical skills in specific roles or job families (cited by 77% of respondents). The second most significant focus area for reskilling was on leadership skills, cited by 58% of respondents. Only 5% of respondents were reskilling people to prepare them for roles external to the organisation (see section 7 for a discussion of how some organisations are doing this).

Respondents highlighted the following current areas of focus for their reskilling activities:

- Digital roles
- Data scientists and analysts
- Customer facing technical roles such as technical engineering, sales and operations. Many respondents are looking to multi-skill these roles or upskill them to work in agile delivery teams.
- Roles affected by the pandemic, such as in hospitality.
- Preparing people for technology transition, such as the transition to green energy or upgrading from copper to fibre in the telecoms industry.
- Repurposing employees in administrative or data processing roles or others involving repetitive tasks.
Our survey found that there is a high degree of uncertainty about the extent of the impact of reskilling. While a quarter (25%) of respondents said that between a quarter and a half of their workforce would be affected, a further quarter said they didn’t know what the impact would be. The majority (64%) consider that less than half of the workforce will be impacted. Only 6% considered reskilling would impact more than three-quarters of their employee population. See Figure 16 below. This is significantly lower than the World Economic Forum’s estimate that 70% of jobs will be affected by reskilling over the next five years.

Unsurprisingly, our survey found a higher proportion of employers are investing in upskilling programmes. However, given the high levels of change going on in organisations which would make a case for upskilling, we were somewhat surprised that just over half (55%) of organisations currently have upskilling initiatives underway. A further 25% are planning to roll out upskilling programmes in the near future. See Figure 17 opposite.

Our survey found that upskilling efforts are focused on developing both technical and human-centric skills:

- Technical skills adjacencies
- Digital literacy and skills building in areas such as digital skills, data science, AI and machine learning
- Preparing people to work with Agile management methodologies, Scrum etc.
- New customer-facing capabilities such as solutions selling
- Leadership and management skills, such as building capability to lead virtual and hybrid teams
- Change management capability
- Human-centric skills such as critical thinking, creativity, collaboration and empathy.
Our survey asked what impact reskilling efforts were likely to have on the size of the workforce. Reflecting that the main reason for reskilling and upskilling is capability development, just under half of organisations (43%) expected little or no impact on the overall size of their workforce. Just under a third (32%) anticipated some reduction in the size of the workforce. See Figure 18 below.

**FIGURE 18**

What impact do you anticipate your plans for upskilling and reskilling to have on the overall size of your workforce?

<table>
<thead>
<tr>
<th>Impact</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase significantly</td>
<td>4%</td>
</tr>
<tr>
<td>Increase somewhat</td>
<td>17%</td>
</tr>
<tr>
<td>Stay more or less the same</td>
<td>43%</td>
</tr>
<tr>
<td>Decrease somewhat</td>
<td>26%</td>
</tr>
<tr>
<td>Decrease significantly</td>
<td>6%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: CRF Future-Fit Member Survey 2021

In our research, we interviewed organisations which are already experienced in implementing reskilling programmes. Here, we set out the typical steps organisations take and share practical insights and lessons learned.

**FIGURE 19**

CRF Reskilling Process

1. Set priorities and objectives
2. Develop the business case
3. Assess and match candidates for reskilling
4. Integrate learning and development in the flow of work
5. Evaluate impact

RESKILLING

6.2 PRACTICAL CONSIDERATIONS FOR RESKILLING
**SET PRIORITIES AND OBJECTIVES**

The first stage is to identify opportunities for reskilling and upskilling and to prioritise the biggest gaps between current and desired future state. The strategic workforce plan and aggregate skills data discussed in previous sections will determine priorities for reskilling and upskilling. It’s essential that reskilling programmes are driven from the business strategy and technical roadmap, so they deliver skills that are critical to the organisation’s future success.

It’s also essential to define and prioritise the objectives for initiatives up-front. This might include specific targets around which jobs are to be targeted to fill with existing talent and how many. According to Anand Chopra-McGowan of skills provider General Assembly: “This clarity [around objectives] is critical. It should inform every aspect of the programme’s design – the curriculum, the branding, how participants are selected, what activities they are expected to do as a result of the programme, and how and when those activities are measured.” Investment here can help get stakeholders to buy into the plan. “I made sure the fiercest critic of the reskilling programme was on the steering committee,” said one interviewee. “That way I could make sure they were involved and bought into every aspect of the programme.”

**DEVELOP THE BUSINESS CASE**

Many HR initiatives struggle to demonstrate a compelling business case or positive ROI because many of the benefits are intangible or it can be difficult to demonstrate a causal link between a particular action and a specific business outcome. Creating an accurate, data-based business case for reskilling is not an easy task, as many of the benefits to individuals, companies, governments and society at large are difficult to capture in a quantitative model. However, many of the companies we interviewed report that they are able to demonstrate a positive business case for reskilling based on comparing the costs of restructuring and making people redundant versus the costs of reskilling.

At Unilever the business case for reskilling rests on three elements:

- The positive cashflow effect of reduced restructuring costs
- Lower external recruitment costs through redeployment
- Realising the benefits of business change quicker

The first two can be readily quantified. The third feels intuitively positive, but is extremely difficult to quantify. The impact of Unilever’s investment in reskilling and redeployment means that future of work metrics are now routinely included alongside financial metrics when developing the business case for a change initiative. The discipline of accounting for restructuring costs has become part of the business planning process, and the CEO and CFO refuse to sign off business cases unless they cover the future of work angle, with targets for retraining, redeployment, and organising work differently, alongside projections of the numbers and costs of redundancies.

As well as the financial impact, there are other intangible benefits to consider in constructing the business case, including:

- The productivity impact of redeploying existing employees and avoiding external hires
- Increased loyalty and motivation, a positive impact on the employer brand, and increased labour market flexibility

The World Economic Forum estimates the cost of reskilling to be US$24,800 per worker, including the cost of training and reduced productivity while an employee is learning a new role. Similarly, research by General Assembly found companies could save on average US$136,000 per person if they reskill and redeploy employees rather than laying off and rehiring.

**ASSESS AND MATCH CANDIDATES FOR RESKILLING**

Reskilling is not appropriate for everyone. Therefore, it’s important before embarking on significant investment in skills-building to make sure candidates for reskilling have the capacity and motivation to learn a new role. Organisations that invest in robust assessment up front report better outcomes in terms of people succeeding in new positions.

Many reskilling initiatives include a form of assessment that measures capacity for, and willingness to, learn new skills and/or a measure of current skills against target. Companies are using psychometric instruments, structured interviews and skills assessments to assess people’s capacity for reskilling, match people to positions, determine individual training needs and develop tailored learning pathways, and to measure the impact of upskilling and reskilling initiatives. For example, BP encourages people to demonstrate their commitment to reskilling by asking them to complete certain learning pathways on Coursera and passing the assessments before they are eligible to apply for reskilling opportunities.

- **Selection.** Ricoh’s SCALA programme, which is reskilling technical specialists from the legacy office equipment business as digital specialists, selects participants based on psychometrics and other assessment tools that measure attributes that predict success in digital roles. See the case study on page 46.

- **Try-before-you-buy.** Job trials and simulations help reduce the reliance on qualifications and experience for selection, and open the field for a more diverse range of candidates. Initiatives such as ABN AMRO’s ‘Smart Jobs’, which allow people to experience a new position on a temporary basis before committing to a full-time move, and Unilever’s FLEX talent marketplace offer people the opportunity to experience short-term assignments or part-time projects so they can build skills and experience a new role before committing to a permanent move.
• **Uncovering hidden strengths.** Assessment is also an opportunity to uncover talents individuals may have developed at previous organisations but which lie hidden in their current roles. At Severn Trent Water, trained HR specialists take each reskilling candidate through a structured career interview designed to uncover their motivations and drivers as well as assessing their experience and covering practical issues such as their ability to work shifts or relocate. Candidates are then matched to opportunities in the business. In one example, a scheduler, who had previously worked as a primary teacher, secured a new role managing the company’s schools outreach programmes.

• **Developing personalised learning plans.** Some organisations use assessments to identify learning needs at the start of the programme so learning can be tailored to the needs of the individual.

Another consideration is what degree of match between current and future role is needed for reskilling to be feasible. One interviewee commented: “It would be great if we could reskill field workers with twenty years’ experience to be cyber security specialists, but the hard commercial reality is they are a different breed of people and, while reskilling would not be impossible, it would be more cost effective to hire externally.”

Our research suggests there needs to be a sufficiently large skills overlap to make the transition feasible. It needs to be a good enough but not perfect match. Neil Morrison, Group HR Director at Severn Trent Water, said: “There was a degree of scepticism at the outset about whether we could train people, whether the gap would be too great, that it might be easier to start over and hire from outside, whether we might be dumbing down.” Morrison’s approach was to look for a minimum 50% match, with the remaining skills gaps being filled through support and on-the-job development.

Another challenge for HR is to help managers craft vacancies in ways which might make them more suitable for reskilling. “You have to really get into the specifics of what’s an absolute prerequisite on day one and what can be in place by the end of the first year, for example, and what is and isn’t trainable,” said Morrison.

How the skills overlap is measured is also important. This is where looking at the underlying skills rather than focusing on job titles can help.

“You have to be flexible and get away from rigid thinking about roles or job families,” said Bev Cunningham, Senior Vice President Human Resources, Ricoh. “It’s about saying ‘you might not be a perfect match right now, but with the right support you can move into a new position as soon as possible.’”

Similarly, Kingfisher’s data science reskilling programme takes people with relevant skillsets from other teams including customer insight and finance, and trains them as data scientists. “What’s interesting is the capability of data scientists isn’t really new; it’s just a different perspective on skills that already are present in the business,” said Vishal Thanki, HR Director – Technology. “The fundamental skill set is actually more common than you might think.”

As we discuss in section 5, emerging AI-driven skills matching tools can be used to make a systematic assessment of the gap between current and desired skills. Using AI for skills matching can broaden the range of roles available to people looking to reskill. For example, research by the World Economic Forum (WEF) found that when people are asked to complete a skills profile manually, on average they identify 11 skills. Using AI can significantly increase this average to 34, opening up new pathways the individual would not otherwise have considered. Sometimes the transitions are unexpected: for example the WEF pilot found an IT manager in retail had a 50% match for the skills required to be a product manager. “[This] shows upskilling is as much about training as it is about helping people spot opportunities,” the report concluded.

Another factor in choosing target roles for reskilling is how much ‘runway’ those roles have in the organisation. They need to be required over a medium-term horizon to justify the investment. “It’s only worth investing in reskilling people for jobs that are likely to last three-to-five years,” said Suzanne van Niekerk-de Veld, Director Business HR Netherlands, ABN AMRO. “Otherwise the business case falls away.” Roles where skills are required only in the short-term, or for a limited timescale such as delivery of a specific project, are also not well suited to reskilling. “Being future-fit is about having the right capability at the right moment, said Vishal Thanki. “Where speed is of the essence we need a flexible constellation of managed providers, contractors, offshore partners, and apprentices as well as colleagues. We need a smart combination of multiple talent strategies.”

Some organisations specifically advertise reskilling roles and label them as such in their internal job postings. These roles might also have special conditions such as who is eligible to apply, or include a structured learning programme.

We also found some of the more sophisticated organisations, particularly those with large multi-year restructuring programmes, have set up internal mobility hubs to manage reskilling efforts across the organisation (see Case Notes on the following page).
“To get people ready for the future of work, we need to see many more internal moves.”

ANABEL FALL, GROUP HEAD OF PEOPLE INNOVATION AND TRANSFORMATION, ZURICH INSURANCE COMPANY

Research into reskilling pilots by WEF found that it took around six months for people to be reskilled into roles in a different function. It takes a combination of formal training, experience and support. Successful reskilling programmes are designed around the principles of adult learning. They combine learning modalities such as formal structured learning either online or in-person, self-directed learning, practice including individual work experience and group projects, mentoring and support from experts and peers.

The development of the mobility hub reflects the bank’s systemic approach to preparing its workforce for the future. “What drove us down the route of creating the mobility hub was our drive to become a purpose-led organisation,” said Elaine Vaile, Group Head, Leadership & Talent. “The question we asked ourselves is, ‘how could we take the commercial actions needed to restructure the business while doing the right thing by our people?’ The mobility hub became a wrapper for preparing the future workforce in a purpose-led way.” The hub has a matching team which helps individuals find alternative roles within the bank. This can include looking for opportunities to redeploy employees into roles currently being fulfilled by contingent workers. The resourcing team also helps people gain on-the-job experience to test out options before taking a permanent position.

Candidates go through a due diligence process including psychometric tests to assess their learning capability and motivation to reskill and, for specific reskilling programmes such as in software engineering, to establish whether individuals have the baseline technical capability required. “We use similar technical assessments to those we use for graduate recruitment,” explained Craig Neill, Head of Talent Acquisition. “Before completing the assessments, we give people background reading and some pre-work to prepare.” Candidates receive feedback and careers advice regardless of the outcome of the assessments. This supports the bank’s systemic approach to setting employees up for the next stage of their career, whether that’s within the bank or not.

“At the centre of a skill-shaping effort should be a talent-transition hub and a corporate academy that oversee the delivery of reskilling programmes, allocate employees to learning journeys, and provide reskilled staff to the parts of the business that need them most.”

MCKINSEY & COMPANY, NOVEMBER 2020
Our survey results suggest that organisations have much work to do to prepare their learning and development strategies and infrastructure to support reskilling. 56% of respondents expect their L&D strategy to change significantly over the next three years in response to the need for reskilling, and 34% expect their L&D strategy to change somewhat. See Figure 20.

This change in emphasis is not necessarily reflected in additional L&D investment, and learning functions will be expected to do more with the resources available to them. A third (33%) of respondents expect their L&D budget to remain more or less the same, 36% expect some increase and only 5% expect a significant increase. Very few expect their L&D budget to be reduced, despite the many cost pressures faced by organisations. See Figure 21.

However, where we can expect to see significant change over the coming three years is in the technology that underpins L&D. 44% expect their learning technology to change significantly and 32% to change somewhat. Only 8% of respondents expect little or no change. See Figure 22 opposite.

**FIGURE 20**

To what extent is your strategy for L&D likely to change over the next three years in response to the need for reskilling or upskilling in your organisation?

- **3%** Change completely
- **56%** Change significantly
- **34%** Change somewhat
- **4%** Little or no change
- **3%** Don’t know

Source: CRF Future-Fit Member Survey 2021

**FIGURE 21**

What change do you anticipate in your L&D budget over the next three years?

- **5%** Significant increase
- **36%** Some increase
- **34%** Remain more or less the same
- **12%** Some decrease
- **1%** Significant decrease
- **12%** Don’t know

**FIGURE 22**

To what degree do you expect the technology that supports your L&D strategy to change over the next three years?

- **11%** Change completely
- **44%** Change significantly
- **32%** Change somewhat
- **12%** Some decrease
- **8%** Little or no change
- **1%** Significant decrease
- **12%** Don’t know

Source: CRF Future-Fit Member Survey 2021
It’s important to have a process for measuring the impact of reskilling initiatives and to track performance against objectives. This should be designed up-front as part of the overall programme design – not as an afterthought when the processes are already up and running. Evaluation should be a continuous feedback process which allows for course-correction and reprioritisation as business objectives evolve. Regular reporting of results to key stakeholders can help with their ongoing engagement with the programme.

Both qualitative and quantitative criteria should be included. For example:

- Tracking the results achieved against the business case
- Were the results achieved in line with objectives?
- Feedback from key stakeholders about the outcomes relative to cost and effort
- Impact on employee engagement and employer brand. For example, some companies tag participants in skills building programmes to assess the impact of their participation on performance and engagement scores.

CRITICAL SUCCESS FACTORS AND BARRIERS

- One of the critical success factors that determines the success of reskilling initiatives is the culture of learning in the organisation. It’s important to invest not only in helping individuals build technical skills, but also to develop a continuous learning mindset which will underpin their development in the longer term.
- Also key is to invest in senior management buy-in and encourage leaders to role-model the programme’s objectives. “You need to have the CEO and the HRD in complete alignment on this, if you’re going to overcome management scepticism,” said Severn Trent’s Neil Morrison. It’s important to communicate success and share stories to convince doubters and build momentum.
- Communications with the workforce are also essential. This includes communicating the strategic direction of the business and providing clarity on skills that will be needed.
- It’s important to communicate how strategic commitments translate into specific skills that the organisation will value highly in the future,” said Clare Moncrieff, Leader, People Direction, Nokia. For example, IBM uses the outputs of its workforce plan to identify ‘strategic’ skills which are essential to executing business strategies in areas such as cloud, artificial intelligence and design thinking. IBM’s learning system has a virtual assistant that ‘nudges’ people towards developing these in-demand skills. It alerts individuals to potential skills adjacencies and serves up supporting information such as the career steps taken by others to reach that position, relevant learning and open job experiences which would enable them to build those skills. What IBM’s system does well is to integrate career advice, learning and job opportunities and align them with the company’s business strategy and workforce plan. Some organisations also run targeted communications campaigns around specific skills or offer incentives such as vouchers to people who undertake certain development programmes.
- Start small, test and learn. Interviewees report that beginning with a limited pilot programme allowed them to experiment, learn from experience and iterate based on what they learned. For example, when one company was designing a more flexible contract to support its efforts to upskill staff and create a more flexible workforce, it tested different elements of the new contract in different parts of the country to gather information on the impact on colleagues and business measures before proceeding. It’s also helpful to start in parts of the business where there is enthusiasm about experimenting with reskilling. Unilever’s Paddy Hull said: “We tend to go where the energy is. We started in R&D because they’re used to sharing people across projects and we thought they would be open to experimenting.”
- A challenge many organisations face is that while evidence suggests that a majority of the workforce – and young people in particular – are open to reskilling, sometimes long-standing employees in particular prefer to accept a redundancy package. In some organisations this is quite deeply ingrained in the culture. “People expect to take a package after 25 years,” was one comment.
- As well as internal reskilling, employers need to consider what actions to take to prepare employees for jobs outside the organisation. This is discussed further in the next section.
- Another consideration many organisations face is how to handle discrepancies between pay rates for current and future roles. Often target roles for reskilling offer pay rates below an employee’s current package. Some companies are red-circling people who are too
expensive for a period of time while their earnings catch up. “It’s a lot more cost effective than paying restructuring costs,” said Ricoh’s Bev Cunningham. Others are simply offering the pay rate for the new position and leaving it up to individuals to choose whether the package is acceptable to them. Kingfisher’s Vishal Thanki said: “In our Data Scientists transition programme, we offer the pay rate for the role regardless of previous salary. However, we do find people are often prepared to accept a lower starting salary as they can see how their pay is likely to progress.”

- Another issue that HR leaders need to take into account is a potential conflict between objectives for reskilling and goals for increasing the diversity of the workforce. One interviewee commented: “It’s not as simple as just focusing on reskilling, because if we only focus on developing people through skill adjacencies we are at risk of missing our targets for diversity and inclusion.” This is particularly challenging for organisations looking to increase the diversity of their workforce through recruiting external talent. This is a tension that HR functions will need to keep in balance as they set objectives for reskilling.

BT is several years into a major transformation of the infrastructure that supports its telecoms business. Learning & Development Specialist, Martin Spence, said: “We’re in a once-in-a-generation shift when it comes to the technology that underpins delivery of our services. Developments in the technology world, particularly cloud computing, are now becoming the way we provide more traditional telecoms services.” This means that BT is now competing against myriad other employers to attract people with the cloud and software engineering skills it requires. In order to address this need, and provide opportunities for people whose roles will change or disappear as a result of this technology shift, the company has run a number of different reskilling campaigns over the last few years, targeting skillsets such as cloud computing, data analysis, and reskilling contact centre employees to work in digital marketing and content design.

BT’s experience shows the importance of taking a joined-up approach to reskilling that’s based on the principles of how adults learn new skills. BT’s reskilling programmes bring together assessment, learning resources, accreditation, support through coaching, mentoring and communities of practice and real-life job experience to prepare people to transition to new roles.

For example, the company’s reskilling programme for cloud computing brings together a mix of learning approaches. There is a self-paced structured learning pathway that combines content across a range of sources. An up-front skills assessment allows participants to assess their current knowledge and personalise their learning journey. A community of practice hosts discussions about learning content where people can share and deepen their knowledge. Each participant has a mentor to support them through the reskilling programme. There’s also project work so candidates can apply their learning. On completion of the learning content, participants take an assessment which, if successful, leads to a certification issued by one of BT’s cloud suppliers, AWS.

To support its reskilling programmes, BT is investing in updating its learning infrastructure. This means launching a new learning academy, replacing the learning management system, introducing new learning experience platforms, and investing in new digital content such as Coursera and LinkedIn Learning.

The new learning systems also include an assessment of learning agility which the company is encouraging people to complete to support efforts in creating a culture of learning. Sarah Bytheway, Projects and Programmes Reskilling Lead, said: “Reskilling involves learning new technical skills but more importantly you have to be able to adapt as you learn and experiment. How you respond to failure is really important. The tools help people assess their learning agility and prepare them for how they might react to the pace of learning needed for reskilling. We’re looking to help people understand how they can set themselves up for success and develop a growth mindset.”
Over the last decade imaging and electronics company Ricoh has been reinventing its business model as it moves away from its traditional printer and copier market to being a digital services business. This business shift has led to a significant need for reskilling, both in terms of new technologies and working practices such as Agile and building capability in solutions selling. Engineers are having to not only learn new technical skills, but also learn how to work differently with customers and colleagues. The company is implementing a two-year plan to support this transition, which includes acquiring smaller digital businesses to bring in new skills and substantial reskilling and upskilling programmes. Reskilling was particularly important due to the high number of digital vacancies and the difficulty of bringing in external talent. “The digital workforce is so fast moving, we can never get the talent in quick enough,” said Bev Cunningham, Senior Vice President Human Resources. Reskilling also supports Ricoh’s philosophy of providing fulfilment through work.

The elements of Ricoh’s reskilling and upskilling programme include:

- A flagship reskilling programme – SCALA. This involves retraining top technical specialists from the legacy businesses to prepare them for digital roles. Employees who complete the programme are awarded a certificate of digital literacy. Candidates are selected through an assessment process including psychometric assessments which measure attributes that predict success in digital roles. Of the 4,000 employees who were eligible for the programme, 700 applied and 250 were selected. They are completing the programme in two cohorts – the first cohort has recently moved into new permanent positions. SCALA consists of three modules: a digital literacy foundation programme which aims to get all candidates to the same level of digital proficiency; a technical module with five workstreams which leads to certification in high priority technical skills such as cyber security; and temporary work placements across the group for three to six months to build experience. Candidates also receive career support to help them plot a new career path, develop their CV and gain interview practice with a recruiter. Candidates are released from their existing role for the days they spend training. Businesses can apply for a recharge from a central training fund to cover the costs of their people participating in the programme. Communities of Practice also support the objectives of SCALA. Each participant joins the relevant community which they can access to deepen their technical skills and collaborate with others to solve problems. On completion, candidates are placed in permanent roles, although sometimes businesses hire people before they have completed their certifications as demand for their skills is so high.

- A second programme – Maiden – supports upskilling and cross-skilling for 2000 of the company’s engineers. For example, the company won a major contract to install and maintain audio-visual facilities for a large global company. Maiden helped engineers develop the additional AV skills required to service this contract, and is also supporting people to develop cross-team collaboration which is at the heart of new working practices being developed in Ricoh.

- The programmes are supported by an internal marketing campaign to educate the workforce about the digital services journey the company is going on. “A foundational element of the programme was to develop and share a narrative about the business direction. We needed the business to be talking about the journey we’re on so we could get our people talking about it too,” said Cunningham. The narrative focuses on the growth opportunities arising from the business transformation and new jobs emerging in the digital space. HR developed a detailed communication plan including regular slots with the board, town halls, and social media to generate interest and excitement about the future. HR also meets regularly with the line managers of SCALA participants to keep them on board.

- Having a well-developed workforce plan was another critical success factor. “It was important to keep skills forecasts up-to-date and move people across as soon as demand arose,” said Cunningham. “We also used information about vacancies in our digital businesses to update the curriculum in real time to meet the upcoming demands of the business.”

- The business case was based on comparing the cost of the reskilling and upskilling programmes against the potential restructuring costs of making those people redundant from the business. “We are also saving recruitment and onboarding costs associated with filling the 100 vacancies we have open in our digital businesses at any point in time,” said Cunningham.
The CRF model for building a future-fit workforce in section 2 contrasts two approaches. A Focused approach prioritises specific jobs or employee groups at risk of disruption and targets them with actions such as reskilling, redeployment or job redesign. In contrast, a Systemic approach aims to create a self-sustaining system that puts the tools and motivation for continuous learning and development in the hands of employees, underpinned by a culture of ongoing development. Systemic can also mean engaging the organisation’s broader ecosystem of partners, suppliers and other stakeholders to develop joint solutions to shared challenges.

This section outlines some of the key features of a systemic approach to building a future-fit workforce.

7.0
A SYSTEMIC VIEW OF BUILDING A FUTURE-FIT WORKFORCE

“It’s about having a renewable mindset when it comes to the workforce – viewing your employees as renewable, not replaceable.”

BURAK KOYUNCU, MANAGING DIRECTOR, WORKFORCE SOLUTIONS, LHH
7.1 LIVELIHOODS NOT JOBS

One feature of a self-sustaining system is to give people the means to manage their own career, even if that means building a livelihood outside the organisation. We increasingly hear the term ‘outskilling’ used to describe efforts to retrain employees with the skills they need to be competitive in the job market.

Outplacement is a service which has long been used by employers to help redundant employees transition to new jobs. However, traditional outplacement is not geared up for the reskilling demands we envisage over the coming years.

• It is often the preserve of managerial and professional employees, not the cohorts of front-line employees who are most at risk of technological change.

• It tends to be about helping people find jobs that are similar to what they have done in the past. Burak Koyuncu, Managing Director, Workforce Solutions at LHH, cites LHH’s Renew research which found that 80% of outplacement candidates are looking for a similar job to the one they left, and only 8% are open to a complete change in career direction.

• The cost can make it difficult to deploy at scale.

A more systemic approach to supporting people through redundancy would be to focus on helping build livelihoods, not just find a job. Some examples of this include:

• Training people for specific in-demand jobs outside the organisation. For example, in Sweden a consortium of private companies and public sector organisations came together at the start of the pandemic to quickly retrain SAS airline cabin crew as assistant nurses. 1,100 cabin crew with previous basic medical training and relevant experience were offered a training programme to transition into roles in the healthcare sector. The project was subsequently expanded to include staff who had been laid off from the hospitality and restaurant sectors. See the Case Notes on the next page for information about how Severn Trent Water helps former employees retrain as plumbers.

• Creating external talent platforms that link together employers. Some organisations are in the initial stages of exploring how to join together their internal talent marketplaces to mobilise employees across multiple organisations or to share employees. This has potential to remove some of the friction involved in leaving one employer and joining another, and allows more dynamic talent flows across companies. Loaning and borrowing talent can be an effective way of giving people developmental experiences while retaining them in the organisation over the long term. For example, during the pandemic, LHH developed its Employment Bridge, a technology platform which enabled companies to share talent by taking surplus workers from one company and finding them temporary employment at another. The idea was to build a secure and orderly pathway between companies that needed to lay off workers temporarily and connect them to employers that urgently needed to hire. An initial pilot, which LHH developed together with Modis, an IT staffing solutions provider, resulted in 6,000 employees across two large European companies ‘crossing the bridge’. Similarly, Eightfold AI’s Career Exchange helps recruiters and job seekers find each other through AI-based skills matching. While there are potential contractual barriers to be overcome to enable talent sharing between employers, this is something we can expect to see more in the future.

• Developing entrepreneurs. Some employers occupy such a dominant position in their local community that closing a facility would be devastating. They are therefore taking steps to create sustainable alternative means of employment in local communities. One solution is to develop local entrepreneurs through actions such as providing microfinancing or partnering with local education institutions to teach business management skills. In another example, Unilever repurposed a detergents factory in Italy as a processing facility for plastic recycling, which both maintained employment in the local area and contributed towards the company’s sustainability goals.

• Use technology to make outplacement services more widely available at lower cost and to support reskilling. For example, LHH’s Ezra digital coaching platform opens up coaching to a wider audience in a cost-effective way. LHH has also partnered with digital skills training specialist General Assembly to provide access to their online digital skills programmes as part of their outplacement package. Burak Koyuncu said: “Outplacement has always been about helping people explore their options and linking them to additional people or resources to support them achieve their career goals. In the last few years we have seen a noticeable increase in people looking to improve their digital skill set and they want to have access to those skill development programmes digitally as well; so, we have integrated a number of digital solutions to our outplacement programmes to close this gap.”

• Accessing previously untapped sources of talent, such as older workers, females returning to the workforce after children, or underprivileged communities. For example, Kingfisher partners with Digital Gurus to train young people from economically underprivileged areas as data scientists. One of Unilever’s three public commitments around the future of work is to equip 10 million young people with vocational skills to prepare for job opportunities by 2030. “We feel the responsibility to develop a future-fit workforce extends beyond our own walls,” said Paddy Hull. “We need to help equip the next generation.” Unilever is doing this by providing opportunities for training and work shadowing both within the company and with its suppliers and distributors. It focuses on skills in areas where there is high attrition such as sales, or vocational skills such as hairdressing. Pilots are running in markets including South Africa, Pakistan and Brazil. The programme benefits young people who are better prepared for work as a result, and the company which has talent pools ready to tap into.
At Severn Trent Water changing societal expectations are influencing the approach to building a future-fit workforce. “As a society we are becoming less accepting of behaviours that may have been commonplace decades ago,” said Neil Morrison, Group HR Director. “Expectations around responsible business practices are much higher, whether that’s maintaining the quality of river and sea water or helping people whose roles are becoming redundant to find meaningful alternative work either inside or outside the organisation. What it means is that we have to operate in a different way, and we have to rethink the psychological contract.”

The company has recently invested £10m in a purpose-built training centre, designed to simulate the physical conditions engineers have to work in such as confined spaces and heights, and is using virtual reality to recreate actual work locations. It will support preparations for the future of work in multiple ways:

- Upskilling to support investment in new technologies such as advanced leak prediction and detection technology.
- Reskilling existing employees to move into new roles internally, particularly for roles that are hard to recruit externally. See section 6 for more detail.
- Supporting people who are leaving the organisation to find productive and meaningful work when they are made redundant. According to Morrison, this means applying circular economy concepts to employment. “We employ people in our local communities. If we then need fewer people, we want to train them to be economically productive as part of our supply chain. It’s about creating a virtuous circle rather than simply relying on the state to take care of them.”

An example of training people for roles outside the organisation is the company’s investment in training plumbers. “People who have worked in the water sector for a long time often prefer to stay in our sector,” said Morrison. “Our aim is to train them in skills that are both beneficial to the wider community and to the ecosystem of work that we do.” By training plumbers who then work in the local community, the company is not only helping people learn skills, it also benefits the company’s operations. “We help them understand how to do work in customers’ homes in a way that avoids problems in the water system down the line. While it won’t change the system overnight, by training 10 or 20 plumbers a year, over time we will start to see improvements across the wider system.”

The company is essentially offering a highly tailored form of outplacement, focused on specific skills, which is partly funded by the apprenticeship levy.

CASE NOTES: SEVERN TRENT WATER

As organisations face ever greater uncertainty in their businesses, they will need to develop the capability to flex their workforce to meet fluctuations in demand for workers. Our research explored two main ways in which companies are looking to achieve this flexibility: building greater flexibility into their employment contracts, and engaging contingent workers through the ‘gig’ economy.

FLEXIBLE EMPLOYMENT CONTRACTS

Two trends we note are:

- Growing interest among employers to have more flexible arrangements with permanent employees, allowing for flexibility in working hours and location and better matching between the employer’s resource needs and the employee’s circumstances.
- An emerging ‘Share-Rent-Borrow’ model where companies look to share employees or other resources (such as investment in skills development) among a trusted network. For example, the NHS is building an employer alliance to develop digital skills which involves both co-investing in digital skills development and creating mechanisms for sharing people across employers.

Organisations experimenting with ways of building workforce adaptability report that one of the enablers is to have more flexible employment contracts. Employees on flexible contracts might only work for some parts of the year or work on short term projects. They may alternate between time at work and time in education or training; or combine part-time working with consultancy work.
ENGAGING THE CONTINGENT WORKFORCE

Another opportunity for building in flexibility to the workforce is to make more strategic use of the contingent workforce, for example through accessing digital talent platforms. It’s important that strategic workforce planning includes considering when and for what purposes to access the ‘gig’ economy.

However, predictions that the pandemic will lead to a significant increase in freelance working need to be treated with caution. The ‘gig’ economy is one of the most over-hyped employment stories of the last decade. Depending on their point of view, commentators either promise “a brave new world of free and autonomous workers” or else warn of “the rise of a precariat, beholden to their employers but with no protection or legal rights”. The numbers don’t bear out the stories of a flood of workers becoming freelancers. Some countries, such as the UK and the Netherlands, have seen significant rises in the rate of self-employment since the financial crisis. However, the OECD’s Economic Outlook, published in May 2021, found that across the OECD countries the rate of self-employment was about the same in 2019 as it was in 1995. In the USA, probably the country where the term ‘Gig Economy’ was invented, the proportion is around 7% and has barely moved since 2005. Similarly, the OECD’s 2019 Future of Work report also found that the proportion of people in ‘non-standard’ work (defined as those not working under full-time employee conditions) has only slightly increased since 1995.

There is little reason to believe this is about to change. While it is true that the increase in the use of technology since the pandemic has made it easier to work remotely, a lot of the self-employed were doing so already. If anything, the embrace of remote working by employers as a norm, rather than a one off, has reduced the attractiveness of self-employment. If you can achieve that flexibility while still being paid a regular salary, why go freelance? If there is to be a long-term labour shortage, those employers that insist on hiring workers under self-employed terms may find people leaving for better options elsewhere.

Our survey suggests there is little appetite for a radical increase in the use of contingent workers. None of the 114 respondents expect their dependence on ‘gig’ workers to significantly increase over the next three years. Just under half (45%) said it would increase somewhat. See Figure 23 on the following page.

Managing gig workers tends to be done tactically in most organisations, for example through the procurement department. For those organisations that do intend to increase their use of ‘gig’ workers, HR will need to get involved in sourcing and selection decisions and to make sure gig workers have clear performance goals, effective communication systems and the right amount of onboarding, training and support to keep them productive.

CASE NOTES: UNILEVER

Unilever has set a goal for 2030 of pioneering new models to provide employees with flexible employment options. The U-Work model gives employees the freedom and flexibility associated with contract roles with the security and benefits typically linked to permanent roles. “We recognised that employment options are binary these days,” said Paddy Hull. “You’re either in the gig economy and you have lots of flexibility and no security or you’re in full time employment with lots of security but no flexibility. We wanted to develop an employment model that gives both the security of being a Unilever employee while having flexibility around what projects people work on.”

U-Work employees receive a monthly retainer and benefits whether or not they are working on an assignment, and are paid for assignments when they do work. The arrangement is particularly suited to individuals who want to carve out time for their families or reduce working hours as they get older – defining career moments that often lead to experienced and valuable talent leaving organisations. U-Work also allows people to travel or study without losing their jobs. It is currently live in ten countries, including the UK, Malaysia, Argentina, South Africa and the Philippines, and will be rolled out to other geographies where local laws allow.

Although this arrangement benefits both employees and line managers who, gain access to trusted employees on a flexible basis, Hull does not expect this to become the predominant model of employment anytime soon. “We expect between two and five percent of people to sign up, so some 7,500 people,” he said.
To what degree do you expect your dependence on ‘gig’ workers (e.g. contractors, agency workers, consultants, freelancers and others not directly employed by the company) to change over the next three years?

- **0%** Significantly increase
- **45%** Increase somewhat
- **24%** Remain the same
- **13%** Decrease somewhat
- **2%** Significantly decrease
- **16%** Don’t know

Source: CRF Future-Fit Member Survey 2021

### 7.3 CHANGING THE WAY WE MANAGE CHANGE

Throughout this report we discuss the ways in which the profile of the workforce is changing. Employees’ expectations about how they wish to be engaged in designing and implementing policies that impact on their working lives are also evolving. Increasingly, employees expect to be involved, not ‘done to’, and this will impact how organisations manage change.

Changing the way we change has a number of implications for the way change initiatives are designed and rolled out.

- **Involving employees much earlier in the change process.** Traditionally employees are not involved in developing ideas – they are only engaged after an announcement has been made. Using the wisdom of crowds to involve employees in designing solutions can increase buy-in and speed up the implementation of change. It can take longer to get to an answer, but the change is more likely to stick in the long-term and deliver the desired outcome. Companies are increasingly using crowdsourcing platforms and social media to source ideas and test and refine solutions. IBM has used company-wide hackathons to develop various elements of its people processes, including introducing a digital coach for employees and redesigning the performance management system.

The change management philosophy driving IKEA’s Future of Work programme aims to activate a movement to support change in the business. “This means not just delivering top-down initiatives but also engaging people’s natural motivation and curiosity to harness bottom-up action and energy to develop ownership across the organisation,” said Rebecka Sjölander, Future of Work Manager. The Future of Work team uses crowdsourcing as an essential element of its methodology for managing change. “Everyone in the company needs to be part of creating the future and our work is to stimulate and activate individuals to take ownership,” she said. The idea is to move away from centrally developing a solution...
that’s pushed out into the business towards using the crowd to generate solutions that will gain traction and stick. For example, the team has run a series of creative workshops to gather ideas on how to foster a lifelong learning mindset, each involving people from different countries and functions. Participants are encouraged to act as change champions in their teams, creating a ripple effect within their part of the business.

- **Providing much greater transparency of strategic direction and what it means for skills and careers.** We need to move towards having an ongoing dialogue with the workforce about the future direction of the business, what it means for skills, careers and jobs, and how individuals can invest in their development to keep up to date. Not simply announcing restructuring programmes once the decision has been made. This dialogue also needs to signpost opportunities to people to reskill for jobs outside the organisation (discussed above), giving them as much runway as possible to prepare for what’s ahead.

Our survey shows that communications around the future of work is an area where organisations need to make significant improvements. Less than a quarter (24%) of respondents communicate to their workforce in broad terms how they expect the skills profile to change over the medium-to-long term. Just under a third (31%) do not do this today but are planning to in the future. Almost half (42%) do not currently engage in any communication with the workforce about future skills. See Figure 24.

- **Building networks of employee representatives and change champions.** Several companies we interviewed with strong union representation reported that involving trade unions early and fully in discussions about the future of work was critical. Shop stewards and other representatives are often influential opinion formers. Similarly, many organisations are building networks of change ambassadors or champions who act as a lightning rod for feeding back sentiment in the workforce and testing and promoting ideas.

- **Developing an embedded change process.** Introducing a common methodology for executing change can be an effective way of achieving consistent standards, building deep capability across the organisation, and getting everyone skilled to a minimum level in managing change. In many organisations, the introduction of agile management as a way of delivering projects has served this purpose. Brambles, the logistics company, is undergoing a digital transformation and has rolled out a common framework that’s applied to all change programmes across the organisation. Alongside implementing the framework, the company is investing in building change capability through recruiting change experts externally, rolling out change management upskilling programmes, developing communities of practice, and providing coaching support to change teams. According to Vikki Osborne, Transformation Office Capabilities Lead, this is also contributing to a mindset shift about the value of collaboration: “The numbers of people involved in the ideation phase and in discussing the implications of the change has increased significantly. The balance of informing versus consulting people is shifting towards greater involvement.”

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**FIGURE 24**

Do you communicate to the workforce in broad terms how you expect the skills profile of the workforce to change over the medium-to-long term (3-5 years plus)?

- 24% Yes
- 42% No
- 31% No – but we plan to
- 3% Don’t know

Source: CRF Future-Fit Member Survey 2021

- **Use experiments to test out multiple ideas and learn from experience.** Running multiple small-scale experiments allows more people to get involved in defining solutions and ironing out problems, reducing the risk of initiatives failing when they are scaled up.

- **Identifying and engaging key stakeholders.** Change initiatives depend on the support of leaders as well as employees who are affected by the change. Leaders create and can destroy the trust that’s essential to successful change. Their behaviour – in particular their commitment to their own development – determines whether a strong learning culture can flourish.
Taking a systemic approach will increasingly require organisations to become skilled in developing partnerships with key stakeholders in their ecosystem, including with governments, regulators, customers, suppliers, education providers and community groups. Leadership behaviours such as collaboration and building trust will be essential. It will also be important to develop shared standards in areas such as skills recognition and accreditation and employment contracts to support talent sharing across employers.
The economic, social, environmental, geopolitical and business context outlined in this report indicates that the 2020s is likely to be a pivotal decade, perhaps involving the most significant change many of us will have experienced in our working lives. The combined effect will be disruptive for companies, governments and individuals and will require us to challenge many of the assumptions we have held sacred for the last half-century concerning economic growth, the political balance of power, jobs and employment.

Companies are likely to face a paradox of skills shortages in some parts of the business while simultaneously dealing with people whose skills are no longer required, all in a context of increasing expectations on employers to behave in a sustainable and socially responsible manner. The themes of this research go to the heart of HR’s future agenda: how do we develop an integrated approach to building a future-fit workforce that supports the organisation’s strategy while meeting its social obligations?

Employers in many advanced economies are not ready to deal with skills shortages, especially in those countries where it has been easy to recruit well-educated and highly skilled immigrants. In some companies, the instinctive response to a skills gap is to go out and find somebody to fill it. But although it might seem convenient, a ‘buy not build’ strategy is likely to be unsustainable if the overall supply of labour is falling.
BUILDING A FUTURE-FIT WORKFORCE: RESKILLING AND RETHINKING WORK

Plans for building a future-fit workforce need to start with the business strategy and workforce plan. HR will need to be flexible and develop capability around risk management and scenario and contingency planning. There is a huge amount of work to be done. However, most companies are reacting to changes as they occur rather than taking a long-term approach or being more strategic in their thinking.

Responding to the challenges outlined in this report requires multiple mindset shifts for HR: from jobs to tasks, from roles to skills, and from going-it-alone to collaborating with partners across the ecosystem. HR will need creativity, business acumen and strategic influence.

We will need to improve the quality of communications with the workforce, keeping people informed on the strategic direction of the business and what it means for jobs and skills. It will be important to involve employees much earlier in the change process than we traditionally have done, making sure people have the information they need to prepare for the future and making sure those most affected by changes are able to influence the outcomes.

The challenge for learning functions in particular is enormous. We need to move away from providing ‘interesting’ content and programmes that add little value to business outcomes. We must better integrate the talent and learning agendas so people can experience enriching jobs that provide opportunities to develop their skills and integrate learning into the flow of work.

**RECOMMENDATIONS**

Drive priorities around reskilling and upskilling from the business strategy. Regardless of whether your approach is Focused or Systemic (as set out in section 2), it’s important to direct investment in learning, reskilling and redeployment towards those skills which are most strategically important for the future of the organisation.

There needs to be joined-up thinking between business and workforce strategy, organisation and job design, investments in technology, talent acquisition, learning and internal deployment. Consider adopting a common language or framework around skills to help all parts of the organisation system focus on critical future skills.

Consider how to incorporate targets for reskilling and redeployment in the business planning process, and how to engage key stakeholders such as finance in changing mindsets around the costs and benefits of reskilling vs redundancies.

Invest in building processes and capabilities for strategic workforce planning. Workforce planning is one of the key building blocks to prepare the workforce for the future. Consider to what degree your workforce plan includes identifying opportunities and setting targets for reskilling.

Communicate the business’ strategic priorities and workforce plan widely to the workforce. It’s important to enter into an ongoing dialogue with the workforce about the future direction of the business and what it means for skills, careers and jobs and how individuals can prepare themselves, rather than simply informing people when irreversible decisions have been made that affect their future employment.

Be more creative in resourcing. One of the major challenges of the 2020s will be skill shortages in key areas. In many organisations, there is a ‘buy not build’ culture. An instinctive reaction to the discovery of a capability gap is to call a recruitment agency and find someone to fill it. Alternatives to dealing with skills shortages include finding sources of hitherto underutilised labour. To develop a more flexible workforce it will be essential to reduce barriers to employment wherever possible.
Take a total workforce approach by considering not only direct employees but also contingent workers and opportunities for automation, job redesign and improving productivity. Focus not just on the jobs but on the work that needs to be done and the skills that need to be developed. This opens up options in terms of automation, outsourcing or including contingent workers in the plan. Include job and work design in the analysis.

Create a culture of skills development. Moving from a buy to a build approach to resourcing will require organisations to do much more to nurture the talent they already have. The main thing is to stimulate employees’ curiosity and enthusiasm to learn. Potential actions include explicitly carving out a certain proportion of employees’ time to focus on learning new things. Consider how to track and reward people who put new learning into practice. The behaviour of leaders in role modelling their own learning and supporting internal talent development and mobility is critical to creating and sustaining the right culture. In one company, managers receive a bonus whenever one of their direct reports gains an internal promotion or transfer. Whilst this encourages managers to develop their people for their next role, it also sends a strong message about the company’s values.

Do more with the skills you already have. HR tends to focus more on talent development and not enough on deployment and internal mobility as a way of building relevant experience and building skills. Job rotation, work shadowing, secondments, and greater autonomy and self-organisation have all been shown to improve skill utilisation and the transfer of knowledge and good practice between workers and divisions within companies. Managers are critical to this process. It is their understanding of the people in their teams, their creativity in deploying them and their willingness to let go of key talent to support their development that enables them to fully utilise their skills.

To grow their skill base, employers will need to think more systematically about how employees at all levels are provided with development opportunities to practice and hone new skills. Training is only one component of skills development. Developmental roles are just as important for enabling employees to apply their skills practically. Consider how to signpost employees towards experiences that will help them build future-critical skills. How can you make it easier for people to access these experiences? In what ways might you increase the visibility of opportunities?

Key to creating development opportunities is the quality of career development support and advice. If we are expecting employees to reskill mid-career, we need to do a much better job of providing career advice at this critical stage. Invest in career planning tools and resources that are readily accessible to employees.

Invest in improving the quality of management. Companies tend to rely on managers to support their teams’ career development and yet many managers are not skilled in giving career advice. Consider reviewing the criteria for appointing people into management and leadership positions – do you assess whether they are capable or motivated to support the development of their staff? Train line managers to have good career conversations, and measure the impact through employee surveys and the impact on internal promotions and job moves. Evaluate leaders’ performance around talent development and recognise and reward the best talent developers.

Develop more flexible career and employment models. How can we create greater flexibility over the course of a career, perhaps through offering sabbaticals so people can take paid time off to develop new skills or return to education? Education needs to shift from being something that happens at the start of a career to something that employees return to throughout their career to support their development.

Build partnerships with stakeholders outside the organisation. Consider forming alliances to tackle shared challenges and create networks for sharing talent across organisational boundaries and to jointly invest in critical skills. This can include other employers, suppliers and partners in the supply chain such as employment agencies, government, education providers and local communities. One of the reasons Unilever made its workforce sustainability commitments public was to engage external partners in conversations about how to tackle questions it hadn’t yet been able to answer.

Invest in HR capability. In particular, HR needs to upskill itself in workforce planning, job and work design.


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