A Roadmap to Close the Future Skills Gap for Long-Term Success

As more firms digitize their businesses, leaders must understand the new skills needed to support future plans. Here are five steps to ensure your firm is on the right path.

Organizations that identify and build future skills into their workforce now are more likely to realize success in their broader talent strategy and avoid unnecessary risk in the future. And as more firms digitize their business, many of the emerging skills require a combination of hard technical skills and softer organizational skills. Put together, these are key attributes for working in a more resilient and agile environment.

Once you understand how future skills relate to your business model, you can start developing a plan for reskilling and upskilling employees, as well as hiring new talent. This article shares Aon's five-step roadmap for closing the future skills gap, including key measures your firm can take when it comes to reskilling and upskilling talent.

1. Take Advantage of Data Benchmarking

First and foremost, it's important to understand the current prevalence of future critical skills within your organization and how their prevalence stacks up against peers. Build a data baseline to truly evaluate any existing gaps and formulate a holistic reskilling strategy to fill these areas. You should attain data on the following:

- Future skills prevalence

- Workforce mix

- Automation risk

- Future skills pay gap

In partnership with our clients, we developed a Future Skills Framework that allows us to work together to develop consistent definitions and reporting standards. The framework helps firms understand the existing shape of its future skills profile and the optimal direction for the road ahead. We infuse our data along with an organization's internal data to identify the prevalence of future skills at the firm, measure the gap between the current and desired future state and how best to close it. We can also look at internal data to compare it to custom benchmarks and develop a score to assess the shape of the firm's future skills based on a particular role. This

process is easily replicated for various jobs. While seeing the gaps is interesting for any organization, the real value comes from interpreting the data and exploring the opportunities and implications.

2. Define Future Requirements

Assess, define and structure future skills requirements through a capability model for the entire organization and different business lines on the basis of your business strategy. This enables a clear direction on reskilling. In many cases, organizations already have many employees that possess the type of future skills they need to be successful. These skills include behavioral competencies just as much as the harder technology skills. Employers need to identify and harness these future skills for the way people will work (e.g. agile and cross-functional teams, remote work) and type of work (e.g. digital transformation, reaching new customers).

Take, for example, a global bank we recently partnered with to improve its digital journey through reskilling and upskilling talent. Our framework showed that the firm was significantly behind fintech and technology companies when it came to its future skills set – a huge obstacle when competing for this talent. Redeploying employees from obsolete roles could be difficult, given the relatively low current future skill score. We calculated mobility scores for the bank's current job roles. It looked at both the specificity of skills and the generally more transferable behavioral skills to determine which of the current roles have incumbents with a skills profile that could be deployed elsewhere in the firm into more future-focused roles.

Based on the analysis, our recommendations were clear and well received by leaders who were eager to implement changes backed by data analysis:

- Align the workforce structure to reflect investment in a digital banking model

- Address the future skills gap through development and career support to help redeploy talent in the future

- Explore rewards strategy for technology roles in line with the market to reduce any future skills pay gap

Work like this will lay the foundation for a resilient and agile workforce and create a compelling employee experience for current and prospective talent. It is also a virtuous cycle. Reskilling and upskilling help close the future skills gap while improving a firm's reputation for prospective employees and boosts retention for high-impact talent.

3. Strategize Your Total Rewards

The first step of data benchmarking reveals any pay gaps. Our process looks not only at current market rates, but rewards based on the role's future skills profile. A rewards strategy should be developed to ensure high-potential employees are valued for their future skills, not only present-day contributions. Such an approach can inform rewards strategy and ensure that organizations recognize and properly value job roles with future skills.

If there is a pay gap, this indicates that the organization may be undervaluing (or overvaluing) a certain skill and is vulnerable to turnover based on the higher premium competitors are placing on the skill. This typically occurs when a firm overemphasizes current output without placing commensurate value on the future skills the talent has that are critical to the organization's growth.

There are multiple ways to reward future skills in the market. One way to think about it is through rewarding skills in the short, medium and long terms through a combination of reskilling and organic growth.

It should also be noted that many in-demand, future skills are primarily technically focused and tend to be male dominated. Therefore, when addressing future skills and how they relate to your pay strategy, it's critical to also factor in the impact this might have on your diverse workforce mix and pay equity. Firms should be focused on making coding and technical skills accessible to all and building out a strong pipeline of diverse talent. This process can be supported by resources like the Future Jobs Finder tool we recently developed in partnership with Vodafone.

4. Focus on Reskilling Process Design

Reskilling and upskilling are two key strategies that can be used to mitigate a future skills gap. Upskilling involves progressing through a career ladder within the same job family. Reskilling is broader. It involves moving away from what the employee is familiar with in their role, making the proximity between old and new skills irrelevant. Out of the two, upskilling is often the preferred strategy due to its relative simplicity and greater chance of success.

There are various ways to tackle your reskilling design process, including an organizational strategy perspective or targeted interventions that enable the path for a more holistic approach that fosters an internal talent marketplace and skill-based workforce planning. One way to do this is to identify and redesign focus roles and provide targeted matching. Aon has partnered with clients on this in the past, our work ultimately resulting in a report highlighting the top three matches between the employee's own interest and those identified as a future skill. To read the full case study, please click here. Other methods include implementing targeted rewards interventions and aligning learning and development offerings.

Even though firms should plan for some level of external hiring, when possible, reskilling and upskilling your talent is preferable. This is because it typically will save costs in the long run and create more value for an organization.

5. Measure Your Progress

Measure your firm's progress by analyzing ongoing data to ensure you stay informed and adapt to talent and workforce changes. To track improvement, continuous benchmarking analysis is needed based on defined KPIs. Here are some quick tips to help hold you accountable and ensure progress evaluation becomes a part of your regular routine:

- Create a data gathering concept across all HR systems and data sources used

- Structure all available data against your capability framework, which looks at future skills as a holistic exercise — tied to both the business strategy and skills and competencies together

- Display in interactive dashboard to inform workforce strategy and provide a high-level view of where to focus efforts

Next Steps

Whether looking for solutions for the whole organization or just a part of the business that requires immediate action, following this roadmap will take you one step closer to identifying and closing any gaps – a critical component for successfully navigating today's rapidly evolving business environment.

To learn more, download our recently published white paper, *Closing the Future Skills Gap to Drive Business Success.* If you have questions about this topic and want to speak with one of our experts, please write to rewards-solutions@aon.com.

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