Managing Skills Gaps
Within Your Organization:
A Framework for Action

by Dr. David DeLong

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Would You Like To:

- Reduce the chances that skill shortages will seriously impact your organization's performance?

- Collaborate more effectively with others in your firm on critical talent issues

- Think more creatively about solutions for costly skills gaps

- Make better decisions about talent in an increasingly competitive environment?

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My Premise

Every leader can **boost** their company's **performance** by taking **six steps** to **reduce** the impact of skills gaps.

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Agenda

- **Where Do You Fit in This Story?**

- **Six Critical Success Factors For Building a Skilled Workforce in a Changing Talent Environment**

- ***What Will You Do Differently?***

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Characteristics of Conference Participants

- Range of Industries – life sciences, health care providers, energy, construction, insurance

- Roles – compliance, quality, training, professional development, IT, HR

- Size – global vs. regional

- Compliance focus varies: corp-level vs. factory floor

- Training & talent mgt systems – mature vs. new

- Different products

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Themes I Heard From You!
How do we:

- Deal with different talent management challenges:
  (1) lack TMgt infrastructure processes or culture to support it
  (2) functional challenges – depts inadequate TM processes
  (3) personal talent challenges – lack career path

- Consider Context? Diversified global vs small co. Address talent in Enterprise vs functional group?

- Deal with no one-size-fits-all. Functions have different needs from LMS & training.

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More Themes I Heard From You!
How do we:

- **Link our learning & devel strategy directly to building talent needed to drive performance? Vs. Seeing TM as improving capabilities of systems administrators**

- **Address compliance & quality issues to bring new products to market faster in foreign markets?**

- **Continue to improve business performance in a highly regulated environment?**

- **How to develop more uniform talent in learning systems admin group?**

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Exercise:
Making Sense of Talent Challenges

- Question: **What does successful "talent management" mean to you?**

- How are your answers similar or different to others?

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Discussion
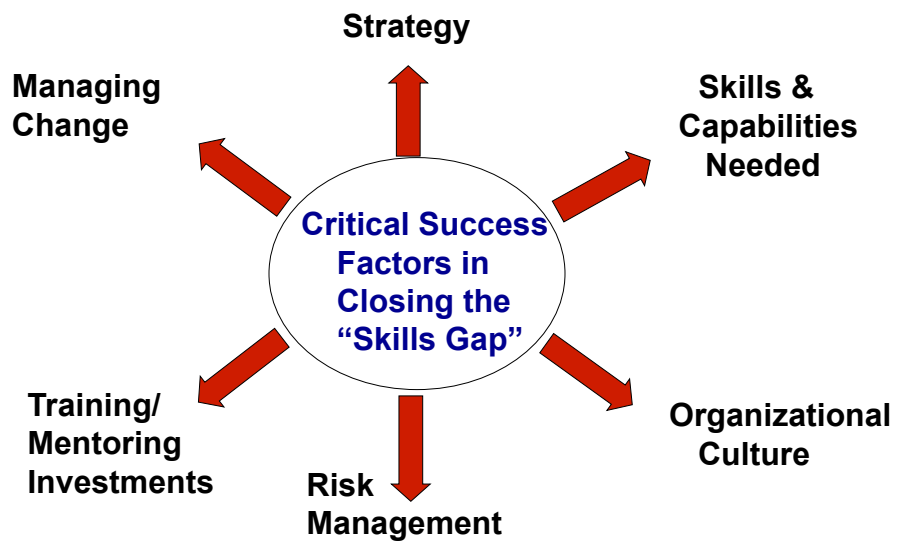
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Defining "Successful" Talent Management

Strategy

Managing Change

Skills & Capabilities Needed

Critical Success Factors in Closing the "Skills Gap"

Training/ Mentoring Investments
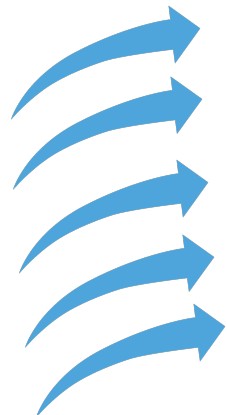
Risk Management

Organizational Culture

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## Respect Strategic Context of Skills Gaps

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Macro Trends Change
Strategic Importance of Workforce

- Aging demographics
- Work more technical, complex
- Recruiting/hiring process
- Changing values
- Competitors investing

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Percentage Change in U.S. Labor Force Participation by Age: Projected 2012-22

Age	Percentage Change
16-24	-13.3
25-34	9.9
35-44	6.3
45-54	-9.9
55-64	14.6
65+	74.4
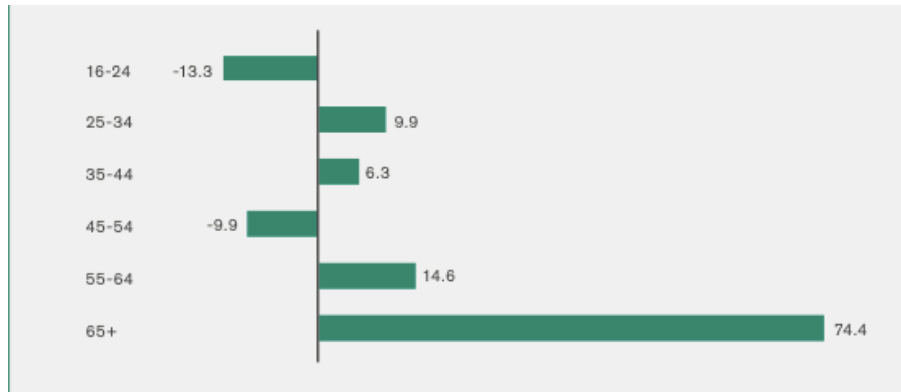
In the United States, the percentage of workers 55+ is expected to increase by 29% between 2012 and 2022, whereas the percentage of workers ages 25-54 will grow by only 2 percent. The forecasted percentage of growth for workers age 65+ is much higher (74%) than for any other age category.

Source: Horrigan, M.W. (2014, June). Labor force participation: Trends and projections, a focus on older workers.

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Industries Struggling to Find *Qualified* Workers

- Trucking
- Health Care
- Logistics
- Tool & Die
- Public utilities
- Religious workers
- Rail transportation
- Construction

- Financial services
- State & federal govt
- Sign industry
- Funeral industry
- Rural states – Maine
- Boiler manufacturers
- Hydraulics industry
- Manufacturing distribution
- Accounting

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There Isn't ONE Talent Mgt, Workforce Development, or Skills Gap Problem!

- Recruiting To Rural Sites
- Unwanted Turnover
- Lack Global Mgt Orientation
- Growing Com College Progs
- Technical Sales Skills Gap
- Shortage Wealth Mgt Advisors
- Shortage of Engineers
- Improving College Grad Rate
- Retaining Gen-Ys
- Higher Skilled Entry Level Jobs
- Aging Nursing Workforce
- Aging Machine Operators
- Recruiting Hospitality Workers
- Accel Leadership Devel
- Lack of Career Paths

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Albert Einstein Said:

"The problems that exist in the world today cannot be solved by the level of thinking that created them."

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If Your Learning & Development Strategy Is Ideally Effective…

6 Keys to Closing
Skills Gaps That
Can Kill Your
Performance

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#1: Focus on How
Technology Is Changing
Critical Workplace Skills

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Technology *Dramatically* Transforming Employment

- **Advances in automation, robotics, big data, improved analytics transform or eliminate many jobs**

"There's never been a better time to be a worker with special skills or the right education, because these people can use technology to create and capture value. However, there's never been a worse time to be a worker with only 'ordinary' skills and abilities to offer, because computers, robots, and other digital technologies are acquiring these skills and abilities at an extraordinary rate."

--Brynjolfsson, E., and McAfee, A. **The Second Machine Age**, 2014

Source: "Racing With & Against the Machine," MacCrory et al., ICIS, Auckland 2014

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Technology *Dramatically* Changing Employment (Cont.)

- **Digital technologies improve rapidly but orgs & skills don't keep pace.**

- **For first time in history productivity/economic growth are disconnected from job growth.**

- **Now in _a race between education & technology_ so worker skills can stay economically viable.**

- **80% of U.S. population had net *decrease* in wealth in last 30 years.**

- **Some experts say 50% of jobs in 10 years don't exist yet!**

Source: "Race Against the Machine," Brynjolfsson & McAfee, 2011
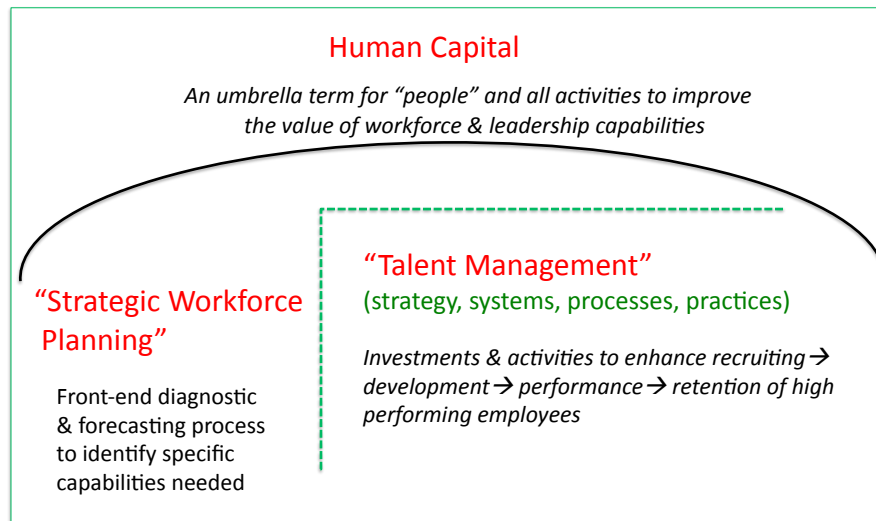
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Technology Advances: Implications for Your Industry's Talent Pool?

- How are technology advances effecting skill shortages in your business?

- Anticipate skills needed for new jobs & evolving roles; plan transitions for those with obsolete skills

- Where can technology fill in skills gaps?

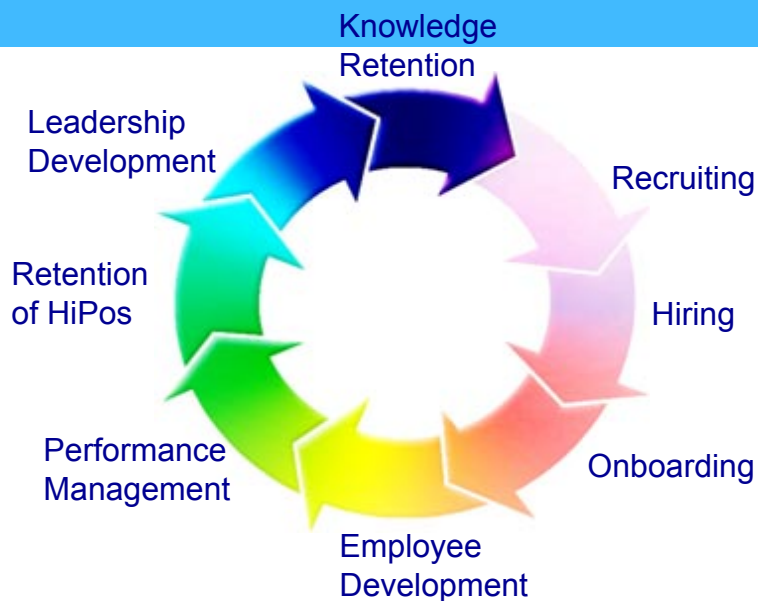- Is your state's education system adapting? Collaboration opportunities?

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#2: Watch Your Language!

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Step #1: Define "Talent Management" For Your Organization

Human Capital

An umbrella term for "people" and all activities to improve the value of workforce & leadership capabilities

"Strategic Workforce Planning"

Front-end diagnostic & forecasting process to identify specific capabilities needed

"Talent Management"
(strategy, systems, processes, practices)

Investments & activities to enhance recruiting→ development→ performance→ retention of high performing employees

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Talent Management "Lifecycle"

Knowledge Retention

Leadership Development

Retention of HiPos

Performance Management

Employee Development

Onboarding

Hiring

Recruiting

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11/3/16

7 Talent Problems:
That Can Kill Performance

- Bad Hires

- Unproductive New Hires – Poor Onboarding

- Inadequate Employee Development

- Unwanted Turnover

- Poor Performance Management

- Lack of Leadership Development

- Loss of Critical Knowledge

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Diagnosing Gaps:
Talent Problems vs. Performance

	How Important is This Problem to Our Organization Today? *1-No Problem, 7 Critical to Success*	How Well Are We Doing On Addressing This Threat? *1-Very Poorly 7-Well Under Control*
1. Bad Hires		
2. Unproductive New Hires--Poor Onboarding		
3. Inadequate Employee Development		
4. Unwanted Turnover		
5. Poor Performance Management		
6. Inadequate Leadership Development		
7. Loss of Critical Knowledge		

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Exercise

1. How would you evaluate seriousness of these
   7 problem areas in your organization?
   (On a scale of 1- <u>no</u> problem to 7-<u>very serious</u> problem)

2. Compare & discuss results with rest of your team.
   What are the similarities & differences?

3. Identify top 3 areas where the most work is needed?

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#3: Clarify the
Strategic "Big Picture"

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How "Knowing" Strategy Can Undermine Performance

- Memorizing Strategy Does No Good

- Midwest Healthcare System…From 30 page Strategy Document: "*Strategic objective #2: Develop and retain the best leaders.*"

- One Midwest Healthcare Tactic: "*Reinforce training and provide tools to strengthen leadership skills.*"

- It's "Strategic Context" – The Big Picture – That Counts!

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Key to Alignment: Providing Strategic Context – "The Big Picture"

- What is our unit's mission or purpose?

- How do we fit in the larger organization's mission?

- Who are our customers or mkt segments in priority order?

- Who are our competitors & why, in priority order?

- What are our specific products today & which ones need to change to implement our strategy?

- How is our success measured? How might that change?

- Where are we in the product or service cycle?

- How does the work flow?

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How To Use "Big Picture" Questions

- Answer questions *in writing*

- Discuss answers with trusted colleagues & potential leaders

- Meet with your executive team to discuss & clarify their answers

- Make sure key staff can answer questions

- Evaluate talent development investments – how do they support strategic big picture?

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#4: Prioritize Talent-Related Risks

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Clarify Specific Capabilities at Risk & Prioritize Focus

- You're not going to retain everyone!

- How do you set your priorities now?

- Not all high-potentials are created equal

- Some can be replaced more easily or you have more depth in role

- Who is most critical to sustaining future performance?

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Identifying Capabilities at Risk With Knowledge Silo Matrix (KSM)

- Losing wrong people creates serious quality & performance risks

- *Knowledge Solo Matrix*: structured capabilities assessment tool to evaluate talent risks

- Makes current skill base explicit, identifies emerging skills gaps & retention risks

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Characteristics of
Knowledge Silo Matrix (KSM)

- Silos: specific knowledge domains: tools, processes…

- Rows identify each employee's level of knowledge by domain

- *KSM identifies where knowledge transfer & retention initiatives most needed*

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Knowledge Silo Matrix

Team 1

Silos are areas of expertise such as:
- Tools
- Platforms
- Products
- Customers
- Processes
- Regulations
- History
- Physical Locs.
- Job Functions

Key	
Can do the work	(green)
Chosen to mentor	(purple)
Actively Learning	(yellow)
Not using this skill	(white)
Risk	(red)

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11/3/16

KSM Allows Management to Ask:

- Demographic profile of each employee who is expert/ mentor level?

- How many emps needed in each silo in 2-5 yrs & how many do we have now?

- Cost of training in silo X over time vs. in time crunch?

- Enables frank discussion of acceptable vs. unacceptable risks of turnover & succession planning

- Email me: david@DavidDeLongAssociates.com for copy of spreadsheet

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#5: Explore Redesigning Jobs
To Fit Available Skill Mix, Talent
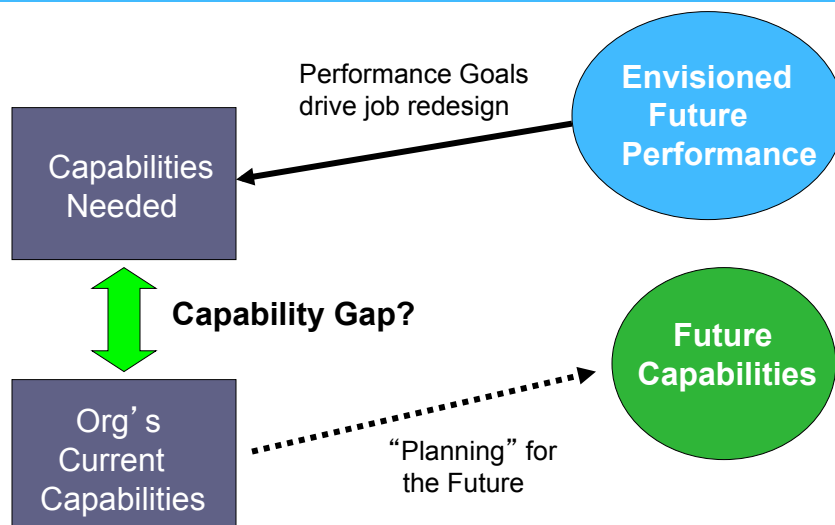
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Living With Skills Gaps: Rethinking Job Design

- Explore new sources of talent, *e.g. Pentagon opens combat roles to women*

- Flexible work options are essential for older, younger employees

- Redesign roles to fit available talent, *e.g. AltaMed restructures patient-facing jobs for less skilled CMAs*

- Create & sustain urgency around new job designs

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Workforce Redesign Investments Defined By Future Goals

Performance Goals drive job redesign

Envisioned Future Performance

Capabilities Needed

Capability Gap?

Future Capabilities

Org's Current Capabilities

"Planning" for the Future

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#6: Increase Retention & Development of Millennials

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Key to Retaining Millennials: Clarify *Team* & *Individual* Purpose

- What does my department, group or team do that's vital to the company?

- If <u>we</u> weren't here, what <u>would</u> happen?

- If <u>we</u> weren't here, what <u>wouldn't</u> happen?

- *How does my job fit into larger whole? This job exists to…*

- *My job is to make sure that: …*

- *If I wasn't here, this is what <u>wouldn't</u> happen:…*

Adapted from "Millennials and Management", Caraher, 2015

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Invert Traditional Pyramid So Employees Understand How Work Fits
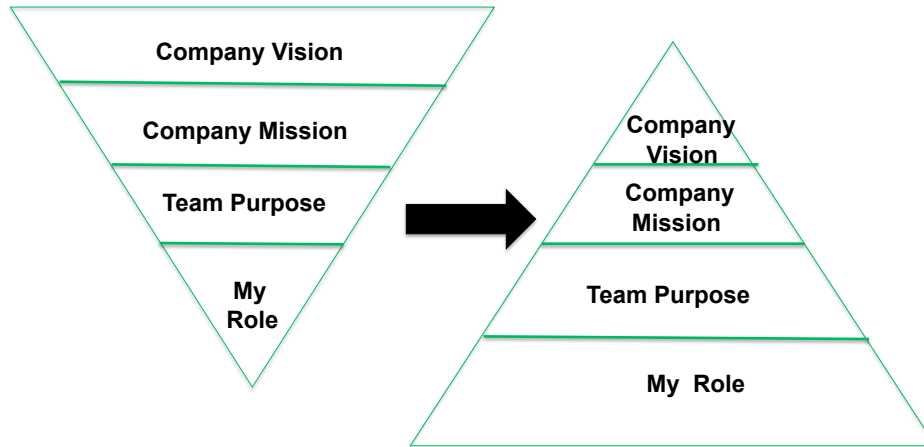
Source: "Millennials and Management", Caraher, 2015

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How You Can Use These Questions

- Answer questions *in writing* for specific employee's role

- Have employees answer the questions for their job

- Meet to discuss & clarify any gaps in answers

- Identify significant gaps that require added training or allow you to predict tenure more accurately

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Another Key to Retaining Millennials: *Maximize Learning Opportunities*

- Cross-train for variety

- Wisconsin mftr uses 3 x 3 approach: each employee trains for 3 job skills/functions; 3 emps could step in job

- Each role has documented levels of proficiency

- Mgt publishes progress, who is proficient in what, creates *competition*

- Reduces monotony, chance to develop new skills, & discover if they like other roles

- *"I learn more. I'm more valuable. And I get paid more!"*

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Lessons From The Leading Edge: Managing Millennials Successfully

- Given demographics, firms have *no choice* but to work effectively with next generation

- Oldest Millennials will be 40 in 5 years! Recognize segments of new generation: >2001, >2008, today

- *"Even if you crack the code of managing M's, that doesn't mean the problem goes away. Even if you're doing it well, it's still hard!"*

- *"Some M's just don't appreciate the special care, mentoring & opportunities being provided. Some spend more time shopping for their next <u>car</u> than choosing their next job. Still, you have to stay true to your care and feeding plan."*
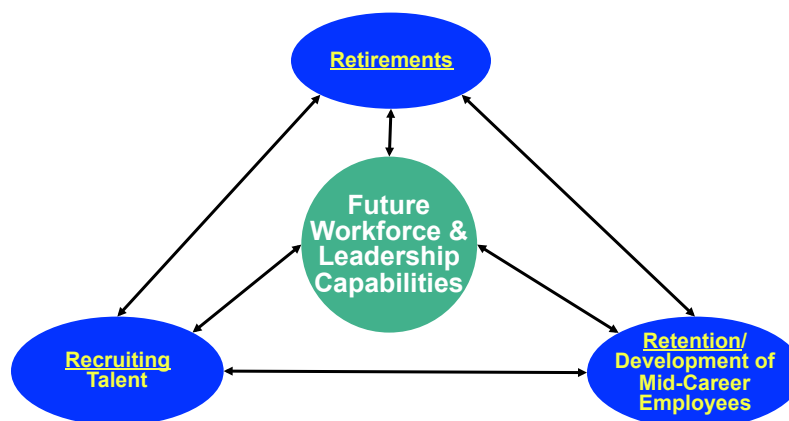
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Are You Acting As If:

- Technology isn't going to dramatically change your company & the way you support customers.

- Everybody has same understanding of what "talent management" means

- Understanding the strategic "big picture" isn't critical

- All your talent risks are created equal

- You'll be able to work through talent shortages without job redesign

- If you do nothing the "Millennial problem" will go away

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Integrating the 3Rs

Retirements

Future Workforce & Leadership Capabilities

Recruiting Talent

Retention/ Development of Mid-Career Employees

Is Your Organization Pursuing an *Integrated* Approach to Developing Tomorrow's Workforce?

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Your Challenge: *Improve Performance With Talent Management Solutions*

- Respect **impact of new technologies** on jobs

- **Watch your language** – define "talent management" for your organization!

- Continually clarify **strategic "big picture"**

- **Prioritize** talent-related **risks**

- **Redesign jobs** to accommodate talent supply

- **Create a Millennial-friendly culture & clarify purpose** to increase **employee retention**

- Create & **sustain urgency** to address skills gaps

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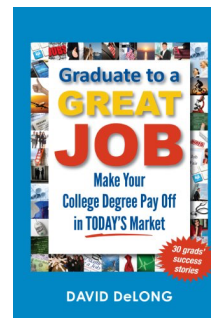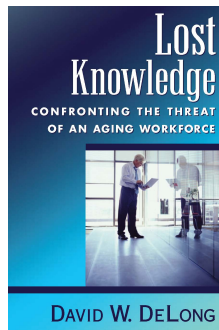
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