

Becoming a Dynamic Organization with Josh Bersin and Kathi Enderes

Noelle Bloomfield:

We have a set of incredible programming available on demand, and we're so excited to host the group here today. This session is definitely a special one. It will be available on demand after the fact. So gear up and make sure you're ready to share the recording with your friends. We are here today to talk about dynamic organizations, and I'm joined by two really celebrated guests here. We have Josh Bersin, who is the CEO of The Josh Bersin Company, author of the book, *Irresistible*, and renowned Global Industry Analyst, and we have Kathi Enderes, who is a senior vice president at The Josh Berson Company and also a renowned analyst of the global talent market.

And these two have been working on some incredible research with The Josh Bersin Company team, analyzing hundreds of companies to see what's really driving impact across the global talent market. And the Josh Carson Company has just released a new report called *The Definitive Guide to Building a Dynamic Organization*. And they are here today to share some of the insights and findings from this really powerful research with us in today's exclusive session. So buckle up, drop your questions in the chat as you go. And with that, I will turn it over to Josh and Kathi. Thank you so much.

Josh Bersin:

So the research that we're going to talk about is something that's been going on for about a year or longer. And the original thesis of this was, well, let me take you through the agenda first of all. Next slide please. Let's just skip ahead. What we're going to take you to through is a story of can I have the next slide, please?

So we've been through roughly 15 years of economic growth. It's almost 2024, and the GDP in most countries is still growing. We've had a slowdown in Europe, a slowdown in China, but it's

been a rather strange and maybe unique economic period. And I'm not sure we've been through a cycle this long. We had a pandemic in the middle of it. Obviously, there was a lot of disruption during the pandemic, but if you can look at the stock market, it's more or less recovered. And so we're now in a world of high inflation, reduced over time, interest rates, a lot of hiring. There were layoffs of course during the pandemic, but mostly rehired with dramatically low unemployment rate. In fact, let's go to the next chart. Looking at the unemployment rate. Can we go to the next slide?

If you go back in time economically, most economists and I studied economics. A lot of you probably did believe that the unemployment rate is a cyclical, in a sense, a tuning knob that the feds use around the world to adjust the economy for inflation. And there's been many, many books written on the relationship between inflation and unemployment. And the general accepted belief is that when unemployment goes down, inflation goes up. And one of the only ways to get inflation to go down is to create unemployment. Well, that's not working anymore. And the unemployment rate in Germany is 3%. In the UK it's around 4%. And the United States is 3.8, 3.7. These are 55 to 60-year low unemployment rates. And so we've entered a new world. We've entered a world of not only disruption, which I'll talk about in a minute, but a shortage of talent.

And so we went out and we've heard from you guys and many, many HR people that there's an increased focus on obviously re-skilling and internal skilling and education and development of people for various new jobs and technologies, but also in internal mobility talent, marketplaces like gloat. And primarily the motivation for that is to fill these jobs when they're hard to hire. Okay, so we've got this second thing going on is the transformation of the business cycles, the business segments themselves. Let's go to the next chart. So if you look at CEO level research that's come out in the last, this is only the last three or four months, CEOs are basically saying, yes, we might have a recession at some point in the future, although I'm not sure anybody's quite projecting that at the moment. We obviously have two major wars in the United States, in the world rather, that are affecting a lot of companies in many, many ways.

But the disruption, the rate of disruption in the rate of change is accelerated. 40% of the CEOs in the last PWC survey, and this is 2000 CEOs believe that the company they're in today won't exist as it does today in 10 years, which isn't that long. And 60, more than almost two-thirds of

them believe that their job as a CEO is more, should be more focused on transformation and change and less on execution. So these are significant issues. Why are they saying this? If we go to the next chart, I'll show you what's been happening is coming out of the internet era and the digital age where we started to digitize everything originally, of course we digitized websites and e-commerce and now we've digitized virtually everything in companies including the products and services themselves. Is that the industries that we traditional think of as segments or sectors are merging, retail is getting into healthcare.

Healthcare is getting into data and analytics and other forms of self-care and information banking has obviously been trying to get into FinTech and crypto insurance and different kinds of consumer offerings to compete with technology companies who are getting into banking. By the way, retailers are getting into banking. So the banks have to compete now with Walmart or Amazon for your money or Apple for your money. Telecommunications companies long ago gave up on telecommunications and got into media. So teleco and media companies have merged having a very tough time dealing with those two. You look at Disney, you look at T, you look at Comcast, they've all had challenges. The automobile industry is trying to electrify itself. So it's getting into the software industry, which means they have to get into batteries, which means they have to get into mining, which means they have to get into energy.

Oh, by the way, the energy companies are getting into it too. And just to make the world even more confusing. Yesterday I read that in Guyana both, I don't know if you guys saw this, Chevron and Exxon discovered the largest oil field ever discovered in the world with something like a hundred years of oil. So maybe we're not going to go electrification as fast as we thought. So anyway, all of these companies are going through these adjacent businesses and what they're finding when we talk to them about it is as soon as they move into a new business area, there are new jobs, there are new roles, there are new value propositions, new skills that are needed. And that is creating this sense of, gee, whatever we are today, we won't be that in the future. And meanwhile, while that's going on, let's go to the next chart. Kathy, the workforce is under an absolutely unprecedented level of stress. Now, I've been an analyst for about 25 years and I've done lots of work, as has Kathy on employee engagement, wellbeing, mental health, physical health. I wrote a big piece called the Overwhelmed employee back in 2015 or 16 back when internet based activities were getting on everybody's nerves.

But it's worse than it's ever been. If you look at the data from Gallup, you look at the data from most of the big survey companies, the level of unhappiness or disruption or dissatisfaction or stress is at an all-time high. And employees now have vast amounts of power because the unemployment rate is so low, because there are so many jobs, it's pretty easy for employees to either quietly quit or quit or just look for another part-time job. And so here we are in companies dealing with an unprecedented amount of change driven by industry or technology, a very competitive labor market and a workforce that's kind of telling us what they want. And if you go to the next chart, it's become worse. So just in the last couple of months in the United States, and this is true in other parts of the world, there are strikes in almost every industry.

Now, one of the reasons there are strikes in the United States is because the Biden administration has very deliberately placed union lawyers in almost every agency of the government. I won't get into that. There's a lot of politics going on under the covers. But the big issue is that because of this particular what we call post-industrial era, we're dealing with a labor market that is not only very scarce in hiring and difficult hire, but oftentimes willing to or able to speak up in a form they never could before. And this is going to get worse. Let's go to the next chart. This has been something that's been bothering me for at least three or four years. If you look at the World Bank's estimate of employment population, population of employed workers, country by country, by country, they have curves. And the curves go up over time. Most of them are either peaking or have peaked and will peak over the next 10 years.

In other words, the number of workers is going to decline. It has declined in Japan, it is declining in the UK, it has declined and it is declining in Germany. And obviously immigration isn't working out so well. The United States, it hasn't declined yet, but that's because of the fertility rate. And we can have a lot of debates as to why this is true. But basically because people are living longer, they're postponing getting married, they're postponing having children, they're having fewer children at least at this point. And so the only countries that really are growing are Southeast Asia and in Africa, and those are underdeveloped countries. So here we are trying to run our companies with a workforce that's going to get harder and harder and higher. So what do we do about it? Let's go to the next chart. So we wrote a pretty interesting piece of research called the Post-Industrial Economy, which is really a companion to the piece that Kathy's going to talk about.

And we basically explain that what's been going on for the last a hundred or so years is we've moved to different models of business. The reason businesses exist is to bring collections of people together to deliver products and services more efficiently. I mean, the whole idea of a firm or a company is that if we get a group of people together, we can get more done per person than if we did it individually. And that used to be driven by industrial machines, factories, steam engines, electric engines, the automobile industry, the refining industry, the distribution industry, the railroads and so forth. And when we built those companies in the industrial age, we built them as a hierarchy. And the reason the hierarchy was created was because there was functional specialization. We said, let's have a sales group, let's have a manufacturing group, let's have an engineering group, let's have an IT group, let's have an HR group, let's have a group that works on supply chain and so forth.

And those functional areas, we built job models and reward systems and career paths within those functional groups. And actually most people built their whole career in one functional group. Certainly when I got out of college in the seventies, that was the way it worked. And then along came the internet along came computers and all of that started to change. And when the first, I'll show you the data on this in a minute, the first computers were invented. We realized that the information about our company was just as important as the products and services and the nuts and bolts. And we started to move faster and we started to build information services. If those of you remember how big IBM was at the time, this was before the internet. And then there was a war for skills for information workers. And we realized that in the industrial age where talent was abundant in the information age, talent was scarce.

So along comes the internet and all of a sudden, not only do we get information instantaneously, but now people can apply for jobs online and they can move between companies at a very high rate of speed. So in the industrial age when we used to stay at the same company for our whole career, now we're in a world where people change jobs every three or four years and when they leave a job, they take all the IP of that company with them. So now the disruption's happening even faster. So here we are in this new age, which we call the intelligence age, where we've got businesses that are changing very, very fast. The value proposition of a company today is how quickly you can respond and how close you can get to your customers at a scalable, in a scalable way, and a shortage of talent.

And that leads us to AI. So if you go to the next chart, what AI is going to do is it's going to create a company of what I call super workers, people that have access to information and assimilation and analytics that they never did before. And you know this, if you use chatGPT or Bard, I mean you can ask it questions about financial information or any kind of information you want, and it will bring together disparate sources of information, analyze it, give you results at order, many orders of magnitude, rate of speed faster. The question is how do we organize our companies to facilitate this? And that's what Kathy's going to talk to you about in a minute. It requires a rethinking of how we run our companies and our organizations. Now, this isn't a radical thing. This isn't like you're going to wake up one day and everything's going to be completely different.

But this is happening very, very fast. And one of the things, I'll just give you one more chart and turn it over to Kathy. One of the things that you find, let's go to the next chart, is that in a company that is using technology and AI, everything gets connected right now. Those functional silos, those functional job hierarchies that were created during the industrial age for good reason by the way, there was a good reason for that, are now a problem. They're getting broken down. And in HR, our job is the same. We can't just assume that the way recruiters recruit is going to work for every part of the company when in some parts of the company, maybe we don't want to recruit. Maybe we want to re-skill or maybe we want to retrain or redeploy or redesign the jobs. But in other parts of the company, we want to recruit, but we want to recruit from the parts of the company that aren't growing.

And that's a new domain. And we call this systemic hr and we're not going to talk a lot about that today. But one of the artifacts of this dynamic organization that Kathy's going to tell you about is applying it to HR. And it turns out when we looked at HR and we looked at what was going on in HR, most of the things that were holding up HR departments from adapting fast enough to all of these new things that were going on in the workforce had to do with interconnections, interconnections between the different domains of HR. So that's what this is all about. So lemme turn it over to Kathy who led this research and she's going to take you through what this new sort of concept is all about. And then the six best practices that we discussed in the research. Kathy, over to you.

Kathi Enderes:

Thank you Josh. And wow, so fantastic to talk about the post-industrial era and why we are now in a new era and new economy of, and a new kind of intelligent age. So what we discovered when we started, we started actually not looking at organizational practices per se. What we thought originally when we set out to do this research about a year ago together with gloat, we set out to study talent, mobility, career pathways, career development, skilling solutions, because we assumed when you have all of this, the company can adapt better and faster to all this change that's happening with them. And while that's true, something bigger was actually happening too. So we discovered this is a new way of running your company and we call this dynamic organization. And so what is a dynamic organization? A dynamic organization is one that's built for change that doesn't just manage change as a one-off thing that listens to what's happening outside of in your company and inside of your company, and then anticipates what's happening and then adapting and transforming very quickly.

It's this concept of continuous transformation, not once and done transformation. So used to be enough that you said something is happening in the business, we are going to gear up for this big transformation. Maybe we have a new market that we have to go to, maybe we have a new customer requirement that we have to go to, maybe like the internet or online services have to come, right? So we geared up for this transformation, we got all through it, and then we're like now we can go back to operating how we've always operated. Now that's not true anymore because as Josh told you, all that change is happening so quickly that companies have to be built for innovating at the frontline, innovating, getting it signals from your frontline employees, what your customers need, what's happening in the market, and then aligning your people and the skills that you have in the company strategically to where they need it most.

So if you are an automotive company, for example, as Josh mentioned, and you need to go in electric vehicles, you got to think about completely differently. What skills do you need? What roles do you need? Where do you need to align people? Because most people have been working on the combustion engine, but electric vehicles are really computers on wheels, not combustion engine cars basically. And that's happening in every industry, in every organization. And with the labor shortage and with the birth rate going down and with the skilled shortages that you all feel everywhere, we have to think about the organization itself

completely differently. So that's what this dynamic organization is all about. What do these dynamic organizations do? And we got all of this from a very big study. We had almost 800 companies that responded to 97 organizational practices that we had, and then we cut it every other way and we saw what outcomes these companies also accomplish.

And what we first saw is that these dynamic organizations look for completely different outcomes than the static organizations, these industrial organizations. So let's see, drop questions on the chat. Please do, please do. So the static organizations, they think about cost efficiency, execution orientation, but as Josh said too, deals actually want to have more transformation, not more execution excellence. They need to grow through satisfying your customers well. So innovating at the frontline, putting innovation at the center of what the organization does, not innovating on the edges, executing just flawlessly because the world is no longer stable. And from a people outcomes perspective, they're not just looking at the dynamic organizations, don't just look at scalable HR operations like HR efficiency, cost efficiency, employee management satisfaction, but helping solve business problems in a new way, thinking about inclusion and the culture of trust and psychological safety and helping people be more productive.

So productivity is also a big part of all of this and how you approach productivity. We realized that dynamic organizations think about and approach productivity in a completely different way too. And by the way, we have the outcomes to show. So when you are in a dynamic organization, you are three times more likely to accomplish your media financial targets, which is actually a lot if you think about it. This is 300%, it's not just 103%, it's 300% more likely to exceed your financial targets. Also three times more likely to delight your customers. So they don't just engage and retain people. And I weigh these people. Outcomes that we see here are also extraordinarily high, and I'll show you the data around that in a minute. So there are orders of magnitudes higher than any other studies that we have done. And the reason for that is that these dynamic organizations take everything that we are doing in HR and in the business itself and putting it together in a different way.

And that's what we showed with this heat map that we have here where we see all the things that we studied in the dynamic organizations. So it is about how you do recruiting, of course, how you do mobility, how you skill people, what careers you build for people, how people work in project and teams and projects in the teams, and how you think about enabling team

leaders, not just functional hierarchical managers. How you reward and recognize for all of these things, working on the right things, building the right skills, mobility and what culture and what leadership practices you have as well. And then of course, do you have a strategic focus on enabling mobility, enabling people to work on new careers and skill-based movement of people to the right projects and what technologies you have as well. So while all of these kind of little things, we call them dimension, these little buckets matter, some of them matter a lot more.

You see where it's highlighted most in the darkest color is culture and leadership is really, really important. Enabling not just hierarchical leaders, but also team leaders. And then a lot on skilling, upskilling skill-based mobility, re-skilling and what technologies you use and how strategic and prioritized. All of this is really matter a lot too, and I'll show you a little bit more on how companies are actually accomplishing that. But it was a really big wake-up call when we looked at what practices really matter. And this is the practices we studied. Again, we studied 97 practices. So these are just the top 15 that show what really matters to all the outcomes that we have. So it could be the people outcomes, it could be the business outcomes like financial performance and customer satisfaction. It could also be the innovation outcomes or productivity of people. We see a lot of management practices enabling managers, rotating people around the company, making sure that people, leaders and managers build skills in many different areas, not just in one area because what it allows them to do is then lead the company into this new world.

So management development, and we just actually published a massive study on leadership development yesterday, which kind of relates to this too, where we dive a lot deeper on what leadership behaviors to build and how you build them through coaching and development and rotations of leaders. A lot of areas that also show up here is culture. And every company that we talk with when we ask them about what it takes to become a skill-based organization, I know a lot of you work on skill-based organizations, how you accomplish talent mobility, how you accomplish great talent marketplaces like the ones that CLOs is providing. Culture comes up a lot. Culture leadership practices really come up a lot as well. So you see a lot of those kind of things. Rethinking work mobility as well and rewarding and recognizing this too because if you don't put the reward systems on top to align with becoming a dynamic organization, if we reward more stability and more hierarchical managers won't let their people go.

Managers won't let people develop into different careers, work on different projects for somebody else, that whole manager hoarding that we hear a lot of times also will come up a lot. So this is kind of what we learned in a nutshell about what matters in the dynamic organization. So let me just go a little bit deeper and tell you what the journey is generally that organizations go to when they try to become a dynamic organization. Yeah, I see a great question actually that comes to that. How quickly do you feel it typically takes to move to a dynamic organization or shifts are not typically quick and feels like with the external impact mobilizing such a fundamental shift is a big elephant to eat. What did your research tell you? Absolutely. Like Amanda, this is a great question and yes, absolutely this has been our experience too.

And when we interviewed some of the companies that actually on the line as well that are on the journey and have maybe made the switch to moving to a dynamic organization, it's not something that you, as Josh said, you just wake up and say, now we're a dynamic organization. It includes, as we showed in this heat map and also these 15 practices. It includes many things, it includes a cultural perspective, it includes leadership behaviors and management practices. It includes of course rewarding and recognizing people for taking risks, a psychologically safe environment, all of that. So this is not something that you can just do in a SW or something like that when you, and I'll show you the maturity model maybe I think, can I make comment for a

Josh Bersin:

There's a question that came in on agile. So the word agile has been thrown around for about 10 years and unfortunately it's taken on a life of its own. We had hierarchies, we've had all sorts of things. What does research is showing you is it's more than agile. Agile is a set of methodologies for usually product design and solution design that do create a dynamic organization, but this is bigger than that. This is really an organizational level strategy to allow the organization to adapt without waiting for management to tell people what to do. There was a question that came in a little bit earlier about how do you evolve quickly when the company is dynamic using the definition that we've come up with. The company is able to develop new products and services and offerings and respond without waiting for management to tell people what to do. And so a lot of the Kathy's talking about rewards,

mobility, skills, culture, they're about empowerment and people can't be empowered if they're not well-skilled. And if we don't have what we call an accountability matrix, which gets into org design. So it's not just agile. Anyway, Kathy, sorry to interrupt.

Kathi Enderes:

No, that's perfect because I totally agree with you because agile sometimes it's used in many different ways. Usually it's agile software development or something like that. So yeah, really good question. So I also saw a great answer, Amanda, in the chat as well. This is a year over year change actually to your question about how long it's taken. It takes years, right? It takes years. If you are like in this, and I'll show you the maturity model in a minute. If you are in this level one where you really have this very static organization, very hierarchical and very rigid job codes, no skill-based kind of development, then it's going to take you years because it's a culture change, it's a mindset shift. It's not just throwing a tool at it. Although technology can certainly help accelerate that journey as well. But if you just throw a tool like a talent marketplace is great, and we have a lot of companies on here actually. So

Josh Bersin:

I don't want you guys to think this is going to take you 10 years. I think if you think about the pandemic, every company became dynamic in a week. I talked to pharmaceutical companies before the pandemic that told me things like, well, if we want to do blah, blah, blah, we have to go through the committees and we have to go through the councils and we have to get everybody to approve. And the committees meet once a month and the next committee meeting isn't for three months. So we can't even start that project for at least three months. But if you notice during the pandemic, everything started the next day. So I do think that your company can become more dynamic more quickly than you think if you go through some of these things and raise them to the issue of leadership. And by the way, buying a talent marketplace, like what GLO does is one of the ways to create dynamism quickly. So I don't want you to think you have to wait 10 years.

Kathi Enderes:

Absolutely. No, I totally agree. Totally agree. But as we also say, let me just show you this,

most companies actually say, this is a great segway on this question. Most companies say they're moving towards becoming a dynamic organization slowly, but as Josh said, we shouldn't let a good crisis go to waste. The pandemic was a primary example, a great example of we couldn't take this slowly because we had to do it overnight. And I think these crisis become more urgent now in the post-industrial area too, because when you have a skills gap or a talent gap or you need to pivot the business completely to a different industry, you can't afford to do this slowly, right? You've got to do this really quickly. And speed is really important as if you remember the definition of the dynamic organization, we said it's transforming at speed and scale, but speed is not here for most companies and most companies by the way, are not there at all.

So the companies, this is our maturity model, and we can talk about this for an entire hour. And we have actually last week I talked with a group of learning leaders on this and we had a really rich discussion on where their organizations are at. But the way this goes is level one companies are least successful. Level four companies are the most successful level one companies are those companies that are really stuck in their industrial age. They have a rigid hierarchy, they have very clearly and rigidly defined job codes, job families, job functions, hierarchical structures, really no mobility. So whenever the company needs to grow in an area, they just say, well, we need to hire a bunch of people. And then when we have to downscale another area of the business, we need to lay a bunch of people off. They don't really support people to move into new careers.

Of course, no project-based work or team-based work mostly because everything is organized around this industrial high served as well as Josh said early on, but it's not really the way to go anymore. And 40% of companies are in this area. So if you feel this is you, you're not alone. It's almost half of the companies are in this area, in this level of maturity and they have the least good outcomes as well. I'll show you in a minute too. But then you'll say, well, something is happening in the business. Maybe you have a talent problem. Maybe I have a business issue where you need to transform the company. And so you maybe become this is what we call the reactive organization. So you get data in on what's happening outside and then you react. This is already better than just being this totally static organization. You still have a very traditional hierarchy and hierarchical structure, but maybe you'll support a little bit of talent mobility and hiring from, and maybe you have hiring goals, internal hiring goals or something like that.

And then it's a huge shift because then you come into the post-industrial area and level three, which we call the collaborative organization. Then you wake up to it and say, well, this is great that we hire just also from within, but what about the jobs that are changing? What about all this work that we have to do that we never knew about, that we don't have the skills to do? Maybe we have to collaborate across the organization in project teams and support team leader, support team-based work, support people to also try out some new things, basically build a career outside of their functional area and move them into this what we call the collaborative organization. And only 17% of companies are there, and then a step higher where we say, this is the dynamic organization that's really balancing productivity and innovation and the people outcomes and the business outcomes.

And they're really dynamic in their business model, in their operating system, in their work structures. They're really skill-based and know you always want to be skill-based organization. We call this a skill-based meritocracy because the meritocracy for us is one where the best idea wins regardless of where it comes from. And what that means is that you have to have a psychologically safe culture because people need to be able to speak up even if they're not at the top of the pyramid, even if the junior person, maybe they just started out of college and they have a great idea or they have some great skills. Cross generation mentoring or reverse mentoring also is a lot of times in there and they use technology also and in a completely different way. So I'll talk about that a little bit more in a minute. But it's almost impossible to be a really dynamic organization without having the right technology that really doesn't go by the static jobs, but by the skills that people have and align people to the right work that you need at the moment's time, basically where the company needs you most. So 7% of companies are there, but the great outcomes that we just showed you, all these multipliers apply to these dynamic organizations, these skill-based merit. So I'll stop there and see if we have any questions on the maturity model.

Josh Bersin:

There's a good question, yeah, about hybrid, about some of this. Some parts of the organization are static and some parts of that dynamic, and that's true. What you find with, for example, talent marketplaces is usually where the dynamic part starts is within one function. So the IT department creates more agile work and starts moving people around from project

to project. Maybe the HR department does it or maybe the marketing department does it, and then that part of the organization can respond more quickly. But that only takes you so far because as the organization moves in different directions, those groups get smaller or bigger, and now it's across the whole organization. I mean, a lot of the examples of gloat customers, for example, Seagate and others, when they open up the work model to cross-domain work and jobs are posted internally before they're posted externally, the company saves that huge amounts of money because people can work on projects internally that would've been outsourced or perhaps done in a slightly more ineffective way externally.

So you've got to think about it as not just within a function but across a function. But you're absolutely right. By the way, the reason that we came up with this level four, and we call it a skills-based meritocracy, is that in order to become dynamic in the way that we kind of conceptually understand, you have to be willing to move people around who've never done a job before and respect the fact that they might have the skills, but they might be young, they might not appear to have the skills, they may not have worked in this domain before. If you don't have a skills meritocracy of some kind, you end up with these silos of people saying, well, you've never worked in marketing. We can't possibly have you work on this project. We need somebody who's done it before. And that's very traditional thinking that's very common in companies. So that's part of the reason we kind of decided to name it that.

Kathi Enderes:

Yeah, it's a great point. I see another great question in there that I want to address too. It's a long question, but basically it's about do we have to have dynamic resourcing or is it possible to have dynamic resourcing across all job groups or are there certain job groups and certain job functions that need to be more still stay within their job function? And yes, of course, in many industries it's not possible to have every single role be project-based and work on different projects. For example, if you think about healthcare, you don't want somebody to try out as a surgeon just because they think they want to try to be a surgeon. And you don't want the surgeon necessarily to work on something else because you really need them to do the surgeon work or the nurse. You need them to do the ER shifts because you can't afford to have them not go there.

That's the same for manufacturing companies maybe that have highly specialized roles. So the roles themselves though can still become more skill-based and the staffing can be become more skill-based. For example, in healthcare, Mercy Health is one that instituted based on skills, staffing, internal gig work, staffing of the nurses themselves, where people can say, well, I only want to work a five hour per week shift this week because I have so much else going on. And then they staff them based on their skills basically on where they're qualified, of course. So don't think about just the project based work. Doesn't have to be across every single job, but giving people flexibility and empowering people to basically make their own schedules or something like that also matters.

Josh Bersin:

There's another one you guys just came up, Kathy from Amanda about hr. She made a very good point that I skipped over in the beginning. The HR function itself is a perfect example of a static organization. And if you read our systemic HR research, which is coming out later, this, you'll see that we got to apply this within hr, and it's actually very easy to move people around inside of HR and work on cross- functional projects. My personal experience at a lot of companies is you actually can move people around a lot easier than you think if you have the right mentality, if you really do believe that people can learn new things. But there's all sorts of cultural things in the way, and that's really what has really come out in this research.

Kathi Enderes:

Yeah, it's so interesting because even now we see that companies are trying to recruit people with five years of generative AI skills. Well, it hasn't been even here, right? So experienced because we always say we need somebody who has done it before. Well, for some of the new things, nobody has done it before and that's okay. And that's the same for HR as well. If you're thinking about the newest challenges, whether that's mental wellbeing, that's not a lot of experts usually that have a lot like 10, 15 years of skills in it. So you got to take a little bit of a risk too and help people just develop the skills because they might have adjacent skills too that,

Josh Bersin:



Kathy, why don't we go to an example. Do you have the four R model in here? I want to talk about that.

Kathi Enderes:

Yes, I do. I do. Okay, lemme just go through that really quickly. Okay. This is interesting too. Here's a lot of actually companies that do this well, and I know we have some companies that are on the call here. I think the main point of companies that are doing this well is they can come from every industry, they can come from every geography, they can come from any kind of organizational size as well. So it's not just tech companies that are working in this area. And we have lots.

Josh Bersin:

In fact, one of the disciplines or strategies that makes a company more agile is telling employees that if you want to get promoted, you need to have cross-divisional experience. This happened at Microsoft. So about a year ago at Microsoft, I forgot the guy's name who runs talent there, it just slipped my mind, but went out to

Kathi Enderes:

Joe Whittinghill.

Josh Bersin:

Joe Whittinghill went out to the management team at Microsoft and said, going forward, if you want to get promoted, don't ask your boss for a promotion to a senior position. You're not going to get it until you've rotated around into another business unit or business area in Microsoft because we want our leaders to understand all of Microsoft, not just one domain. That's a big deal for some companies to do that, but that creates a sense of shared culture. People get to know each other. These companies like Schneider, most of the companies in this chart here do a lot of rotation of senior leaders as you saw in the chart that Kathy showed you and others. And that creates a sense of dynamism and skills meritocracy simply because of that. So there's one thing you can do right there that opens it up. You can create a talent marketplace which opens it up. There's some things you can do to sort of inject change into the organization to help this facilitate this process.

Kathi Enderes:

Yeah, I see another great question or comment here that also can help inject that change, which is removing the minimum tenure requirements. So you got to have to be in one year in a role also removing degree requirements. A lot of times, a lot of companies are going to remove the requirements for people to have a degree. Even in healthcare where you see this should be really important that people have degrees, they're rethinking what degrees you really need because they have such a great shortage. So I think all of these are kind of ways of injecting this. I want to go to a couple of additional charts. I know we have so many charts here, but I want to go to this chart, the four R framework. So I know Josh, we wanted to talk about that. So the key point about this four R framework that we came up with is, and we call it the four us because there's four us.

So it's about how you to solve any challenge or skills challenge. And the natural inclination for most companies and especially for static companies is, well, we need some people here. We got to recruit, right? And of course you always have to recreate could, but when you have the labor pools running dry, right, when the labor shortage is getting bigger, when you don't have the right skill, just recruiting just won't get you there. And we did a big study on the healthcare industry, which they saw that's happening in the nursing population of course, where they said, well, there's just not enough nurses to recruit from because not enough people graduate from nursing school. Not many people leave the nursing profession. So even recruit every single nurse in the US or in your country, basically, you still won't get enough. So healthcare companies are actually great about, many of them are great about doing this for our model where we say all of these pieces have to interconnect, yes, recruiting is one solution to grow your company or to fill a skills gap or a talent gap, but not the only one because at the same time, you also have to think about how you retain people.

So how do you create a better employee experience maybe for healthcare, for nurses, they need childcare options. Maybe they need more pay equity, maybe they need a better employee experience, more flexibility on scheduling any of those kinds of things. How can you retain the people that you already have in the company? And then also at the same time, how can you re-skill people? How can you find people that have adjacent skills, that have related skills to build and develop them into these hard to fill roles or these hard to fill skills in healthcare, for example, they re-skill receptionist into first line nursing roles. And you might

think they don't have a lot in common with nurses, but really they have a lot in common with nurses because while they might not have the medical skills, they have the patient empathy skills working with stressed out people basically that come into the hospitals.

They know how to communicate with physicians and with other nurses and all of that. So they have already a lot of maybe the power skills that you might think. So don't just think about the technical skills when you think about skills adjacencies and moving people into these. And talent marketplaces of course also big factor in that a lot into re-skilling when you think about giving people projects or opportunities to work on to build their skills. So the re-skilling is really critically important and then redesigning work at the same time as well. And Telemarket places help you with that a lot too, because there you can break up the work into projects, into teams, into opportunities, new employment models, team-based kind of opportunities. All of those factor into this as well. And what we saw in this study, and actually also in the healthcare study and other studies too, is recruiting is usually the least impactful, the least important thing to fill your company's talent gaps just because the talent pools are so constrained and it's going to get worse and worse.

So this is really a way of rethinking your organization with skills at the center in a way to do all of these things. And it requires you also operate HR in a different way. So this is kind of a really big theme here, talent acquisition. We also saw in this study too, it's the least impactful thing actually in terms of moving your company in the right direction, making impact on all kind of people outcomes and business outcomes as well. Many companies have done this well. And by the way, when you use, for example, a talent marketplace, it also helps you with retention. Schneider Electric for example, I don't know if we have anybody on, but they actually started a talent marketplace just because they saw so many people were turning over and a lot of people said, I think a third of their people, or maybe even more said, it's for lack of career opportunities. So when you have more career opportunities, when you re-skill people, it's also easier to retain people and it's easier to recruit people when you have more flexible jobs and more opportunities as well. So all of these for us really go hand in hand. And I see Michelle is with Schneider Electric, so I hope I said this well, you are one of the pioneers of course, of the talent marketplace, and as I understand, we have a great case study in that too. It was really retention kind of opportunity.

Okay, sounds good. So let's keep going. Skill-based meritocracy. There's another big concept I wanted to show you because I know everybody's talking about becoming skill dates. So here's really the big shift that we see in the talent model. So it used to be in the industrial age where we had enough workers, you aligned people to jobs, and then basically the jobs were the things that you had to fill. And you said, well, if some person doesn't work out, we fill the job with another person. And the job was really, the unit of measurement and jobs were very rigidly defined. And then a lot of companies, that's still the case. Each job, it's very detailed in that definitions. You have the functional orientations of all these jobs and then you align them to the work. And you have traditional, usually then also a traditional HCM system where you store all the jobs and what people align to the jobs.

But in the post-industrial age where you don't have enough skills, where you don't have enough workers, you got to really align everything around the person and what skills they have and then align that to the work. So breaking up the notion of the job and really aligning people to these projects, to the teams that solve business problems and allowing every person, every worker to bring in the skills that they uniquely have to shape the work that they do. So bringing in their unique way of approaching your job because every person now is a knowledge worker. No job is kind of the same. And how somebody approaches the job with your specific skills that you have built outside of your job maybe. And we all have skills that we probably don't use so much in our jobs right now. I know Josh has an engineering degree and I have a PhD in mathematics.

Am I being a mathematician right now? Probably not, right? But am I applying maybe some of the skills, some of the logical thinking or they structured thinking? Yes, probably right? And it doesn't mean that everybody else that has my kind of job needs to be a PhD in mathematics. So this is really a big deal and requires us to rethink everything. Of course, recruiting from hiring to development to how people build careers to workforce planning and pay as well and development opportunities. But most companies are really not very far along and becoming skill-based. And you see all of these statistics here. Most companies, only one in five use skills insights for hiring, and it goes down from there as well. You see only 6% actually use skills insights for three D action, and that's where really the biggest bang for your buck comes out as well.

Novartis is a great example. They are shaping everything around a skill based organization where they are getting insights from the talent marketplace because the talent marketplace is actually a really powerful thing to not just have it as an employer and manager system where people can find career opportunities and jobs and work opportunities and all of that. But then it really also gives you a lot of insights on the skills that you have as an organization and the skills that you might and compare that to the skills that you might need and allows you to align the people that you have and the skills that you have to where you really want to go strategically and show people what skills are strategically important for your company in the future so people don't develop into an area where they have kind of data and job or something like that. So I know we have only a few more minutes left. Should we go to another question? Did we see some good questions come up? Kathy,

Josh Bersin:

Why don't you go to, why don't you show the talent marketplace slide? I think we gloat just for a minute, and I want to make a quick comment you guys, since we're a little short on time. So the reason this research is interesting is it is sort of a boil the ocean type of study where we talk about a lot of things that are related, and I think what you have to do as an HR person or as a business person is absorb these concepts and figure out where your company could perhaps change the easiest and the most effectively. The reason the talent marketplace is such an interesting way to do this is because what it does is it unlocks latent demand for skills and mobility that already exists. What you find in these kinds of systems, and by the way, all this system really is a place to post jobs and opportunities so people can apply for them internally, is that there's a lot of pent up demand for employees to work on things to contribute, to share their ideas, to share their expertise with other parts of the company, but they're blocked by the silo, they're blocked by their manager, they're blocked by not knowing who's doing what.

And so the reason we did this research with Gloat was that what we found is that the companies that had implemented talent marketplaces were in fact dynamic. Now, there were a lot of other things going on besides this, but I want to encourage you to take a look at this as a way to drive change. One of the clients of Gloat, MetLife, had this interesting conversation with their workforce where the CHRO said to the workforce, I don't remember what the setting was. If I

gave you a system that allows you to do work for other parts of the company, how much time would you make available to do projects in other part of the company? And the answer was, none. I don't have any time for that. I'm too busy doing the job I'm doing. And she said, well, okay, let me change the way I position that.

Let's suppose we have a system that allows you to develop your career, that will enhance your technical and personal skills that will enhance your reputation, contribute to MetLife's growth as an organization, and probably get you into a high-level position over time. How much time would you put into that as a developmental process? Oh, maybe five to eight hours a week. So in other words, people are sort of hoping they're going to get opportunities to work on new things, but they haven't been given the visibility or the freedom to do it. So I just want to highlight that what Gloat does is one way of injecting this dynamic culture into an organization and it works very, very well, and that's what these companies stories are about,

Kathi Enderes:

And it works really well because it's based, it's not just an HR project. This is not just something that the HR pushes. Every company that we talked with say, this is sponsored by the business. The business wanted to do this. They needed to solve a business problem, they needed to have new skills, new development opportunities, more transformation as we talked about, and that's why it's successful. If it's just something that's yet another HR system, it won't be successful. But if leaders embrace it too, if leaders say, this is really something that we have to do, MasterCard, for example, and I know Heather MasterCard,

Josh Bersin:

We're going to have to stop.

Kathi Enderes:

Yeah, okay. This started with the CEO as well, so I think this is summing it all up. This is really a C-suite opportunity as well. It's not just an HR initiative to become a dynamic organization. These talent marketplaces really can help you, I think.

Josh Bersin:

Okay, thanks everybody. Let's go to the final slide, Kathy. We're going to have to take off is there's a lot of things to learn here. I think if you contact us or contact Gloat. We can get you more information on the research and we're going to continuing down this path. The systemic HR research that's coming out in December is going to help you understand how to apply this to HR, and so thank you all for coming. Kathy, thank you for all the hard work you've done on this and the amazing amount of material we have. I think that's the end of the session,

Noelle Bloomfield:

That's it. Thank you. Thank you, Josh. Thank you, Kathy, for this session and thank you everyone for attending. We will follow up an email with the recording and with invitation to a LinkedIn group per the conversation in the chat. And everybody have a great rest of your day, wherever you are.

Kathi Enderes:

Thanks everyone. Thank you so much.

