



A Buyer's Guide to

SKILLS INTELLIGENCE



How visionary companies transform into
skills-based organizations

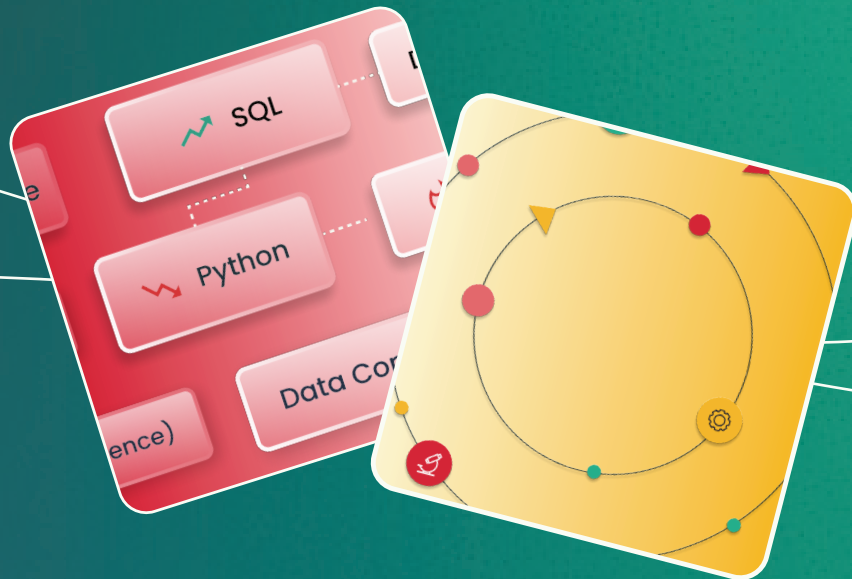


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Introduction

Skill shortages have reached crisis levels. [Two-thirds of executives](#) acknowledge they don't have the skills needed to execute and by 2030, global talent shortages may result in about [8.5 trillion](#) in unrealized annual revenues.

As leaders race to acquire in-demand skills, they must also navigate talent landscape challenges that have never been seen before. While each industry was once a stable and predictable group of businesses with similar operating models, these lines are now crossed. Today, every company is a technology company. From healthcare organizations that want to deliver online consultations to oil enterprises that are under pressure to get into new sources of energy, market convergence is changing businesses' skill and talent needs.

At the same time, the pace of digital innovation is accelerating. Advances in AI, robotics, and other emerging technologies are happening in shorter cycles, changing the nature of the jobs that need to be done and the skills required to do them. The half-life of skills is also shrinking, meaning that information is becoming outdated more quickly than it ever was before—from about [5 years](#) to just 36 months.

In an effort to overcome ever-widening knowledge gaps, savvy leaders are looking to skills-based strategies. Compared to companies with job-centric operating models, skills-based organizations are [98% more likely](#) to retain top performers and [52% more likely to innovate](#). However, while [98% of leaders](#) are eager to move towards becoming a skills-based organization, only a handful of companies have the strategies and infrastructure needed to successfully execute skills-based strategies at scale.

As profound talent landscape changes turn skills transformations into a business imperative, a new generation of technology known as skill intelligence tools promises to help executives embrace skills-centric approaches. From gaining market intelligence on what new skills and jobs are cropping up to harmonizing internal data to create a single source of truth to generating job architectures, these systems have the capabilities companies need to bring their skills-based visions to life.

While all skills intelligence tools are powered by AI, not every system is created equally. As the market for skills intelligence tools grows more crowded and complex, we're introducing this guide to help break down the factors leaders should weigh as they make their decisions and explore the roles these systems play in supporting a successful skills journey.

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A widening skills gap exacerbates unemployment and results in trillions of unrealized revenue for organizations of all sizes. A society that can match the skills they lack with the skills workers have is more likely to achieve success.

Al Gore

Former Vice President of the United States of America



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The skills-based organization, explained

What is a skills-based organization?

Skill-based organizations are a relatively new organizational form that places skills and human capabilities at the heart of talent strategies, creating a new operating model for work and workforces. The skills-based organization changes how work is organized, from emphasizing jobs to breaking down traditional roles into projects, gigs, and tasks based on the competencies they require.

This enables skills-based organizations to achieve greater agility because they can pivot and reallocate quickly to respond to changes in real-time. Beyond this greater agility, skills-based organizations use skill data to stay ahead of future trends, prioritize emerging talent needs, and make decisions that will drive business growth. Skills-based organizations recognize that reshuffling valuable skills combinations, evolving employee interests and ambitions, and changes in business needs must be taken into account when designing organizational strategies.

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We've talked about agile for many years now, but agile has always been hamstrung by the fact that you have work being done in jobs so you have that continuous friction of deploying skills to work that is always there.

Ravin Jesuthasan

Senior Partner at Mercer



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What are the benefits of becoming a skills-based organization?

While skills-based strategies are a relatively new concept, there are many proven benefits associated with embracing a skills-centric operating model:

Greater agility

Skills-based organizations recognize that as consumer expectations evolve and technology advances, employees will need to hone new skills to ensure the business can meet shifting demands. By aligning workers to projects and tasks based on their competencies—rather than their job titles—skills-based organizations are better equipped to pivot and react to challenges in record time. Overall, companies that use skill insights to drive strategic actions are [5 X more likely](#) to adapt well to change.

Better productivity

When work is unboxed from jobs, it empowers employees to put their skills to use across their entire company, rather than working solely within their departments. Skills-based organizations unlock their workforce's full potential because everyone is encouraged to contribute to projects, regardless of which team owns it. As a result, organizations that harness skills insights to drive strategic actions are [5 X more likely](#) to accomplish high levels of productivity when compared to their job-dominant counterparts.

Enhanced financial performance

Unlike their static competitors, skills-based organizations are continuously redeploying talent as priorities change and new challenges emerge. This dynamic talent management approach ensures that the employees who are the most qualified to perform a specific task or role are consistently given the opportunity to execute it, regardless of their job description or level of seniority. By continuously aligning talent to opportunities based on skills and capacity, skills-based organizations [double their chances](#) of meeting or exceeding financial targets.

Promote diversity and inclusion

Taking a skills-based approach to talent management often removes many of the barriers that have traditionally held employees from underrepresented groups back. When hiring managers get recommendations for who to staff on a project based on their skills—not the names on their resumes or where they went to school—leaders can feel confident that they’re empowering workers from all walks of life to grow within their company.

Organizations using skills insights to drive strategic actions are:

2x

More likely to meet or exceed financial targets

5x

More likely to adapt well to change

2x

More likely to accomplish high levels of productivity

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With a niche industry like ours, skills needs are changing every three months, every six months, and it's not necessarily easy to go out and buy those skills then. So we had to look at an internal talent first approach, which we could scale at speed, because the understanding of the organization and understanding of the culture and customers is crucial.



Divkiran Kathuria

Global Director of Talent at Seagate

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What challenges are leaders most likely to encounter during a skills transformation?

There are several obstacles that organizations may face as they strive to move away from job-centric operating models and embrace skills strategies. These challenges include:

Lack of visibility

Many employers don't have a full picture of the capabilities within their organizations. [Mercer](#) found that 2 in 5 HR leaders don't know what skills they have in their workforce. Why are so many leaders still in the dark? For a long time, skills tracking has been primarily manual, making it cumbersome and virtually impossible to keep up to date. It's only in recent years that AI-powered tools have begun to enable simple and personalized skill-building experiences at scale, without herculean human efforts.

A resistance to change

Moving from a job-centric operating model to skills-based strategies is a culture shift in any organization and it will take employees and leaders time to adjust. It requires a deliberate journey rather than launching a one-off project. There is a mindset shift leaders have to make to move away from rigid and predictable job hierarchies and instead embrace a new model that puts work and the employee at the center, identifies skills needed to do the work, and systematically works across all HR domains to match work to skills.

Lack of one single source of truth

Skills information is typically siloed into a few different HR systems so leaders can't get all of the skills insights they're looking for in one place. They need a tool that can harmonize all of this skills information and create one single source of truth that showcases the skills within their workforce without having to navigate multiple systems.

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How do we help the business be more productive? How do we help the business identify new skills? How do we help leaders get better at thinking 'I've got this outcome, this is the work I need to get done and here are the skills I need to do that. And I'm going to use the marketplace to source those skills.

Watson Stewart

Global Head of Talent at Standard Chartered Bank



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The skills hub powers the skills-based organization at its heart. We need that technology, we need that data. How can we make decisions about skills without the data? We need that technology so that we stay on the same page and work in harmony together.

Sue Cantrell

Vice President of Products,
Workforce Strategies at Deloitte

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Uncovering the technology that brings skills-based visions to life

As Cantrell explains, technology is a key part of the equation when it comes to transforming into a skills-based organization. Since both workforce capabilities and business needs are ever-evolving, companies must have a system that dynamically understands how skill requirements are changing in real time, and tracks how employee skills are evolving to provide an adequate understanding of supply and demand. This means looking beyond skill taxonomies to develop meaningful skill frameworks, or understandings of how skills map to jobs, inventories of employee skills beyond those associated with their jobs today, and insights on skill needs and priorities across the company. Having a unified list of skills is one thing, but understanding how they map to jobs, talent, and needs is another completely.

Most leaders know that choosing the right technology will make or break transformation initiatives, but selecting the skills intelligence tool that best aligns with business priorities is rarely a straightforward process.

Generally, stakeholders weigh a handful of options that may on the surface fulfill their requirements but ultimately fail to transform strategic workforce planning the way skills intelligence tools can. Some leaders might opt to work with a consultant to map skills to roles to ensure skills needs are personalized to their organization. However, this work is intensive and time-consuming because the relationships between skills and jobs within the company must be manually validated.

Others might turn to their human capital management system (HCM), a known system of record for job data. These platforms often prescribe their skills language as a common language, which limits your ability to harmonize skill data from other platforms like a learning or recruiting platform to get a unified view of skills across the organization. It's also important to note that these platforms were built as transactional databases, designed around job-based models. Consequently, while they have a view of employee profiles in the system and any job requirements, their matching quality is lower and there is less granular intelligence on how skills are evolving over time and in the market. These solutions typically require more manual updates on job descriptions and requirements to drive up-to-date results.

Talent acquisition leaders may think that the platforms they use to surface candidates across the job market can work for skills intelligence. Many of these platforms are introducing ontologies and intelligence systems based on their recruiting data. While these systems are effective for sourcing use cases, there's no harmonization or normalization of skills across the HRIT stack, which can make it difficult to activate skills data across workflows.

Separately, other systems like LXPs and LMS solutions may maintain skill data associated with learning, this data is not integrated or harmonized with other systems, and not designed as an intelligence tool to maintain market data and understanding.

There are a set of skills intelligence vendors out there that provide large data sources off the shelf. Although these systems are relatively easy to procure and require little change management support, they may lack nuance on what skills and jobs mean within a specific organization, and often must be integrated with other tools to become actionable. They do provide robust intelligence on market data and trends; however,

without a sophisticated interface to manage, explore, and map skills, it can be challenging to maximize the full benefit of the data and deliver results at scale. Integrations are essential to derive value from these options.

Ultimately, full-stack skill systems are the most sophisticated and proven option for actionable and impactful intelligence. A full stack skills solution is differentiated in that it's designed to harmonize and normalize skills across various systems, serve as the interface and command center to manage skills, and facilitate action based on skill insights.

These systems are typically built on deep-learning AI and machine-learning capabilities, maintaining a sophisticated and ever-evolving data layer. This data is augmented with purpose-built infrastructure, to view, manage, map, and inventory skills, even beyond those captured in your system and employee profiles today. These systems can integrate with LinkedIn profiles, resumes, and any project-based work economies to augment and infer job and employee skills. Full-stack systems leverage algorithms designed to understand the context of roles and skills in your company for granular skill insight. And finally, these tools are connected to an employee experience platform to ensure skill changes can be acted upon across the organization.

Certain specialist skills intelligence vendors provide a skills ontology, coupled with capabilities to manage skills, act on insights, and connect them to critical HR workflows. According to recent [research](#) from The Josh Bersin Company, there are several noteworthy advantages in going beyond a skill taxonomy and instead using skill insights to drive strategic actions. Companies that take the latter approach are 4 times more impactful to business outcomes (hitting financial targets, delighting customers) and 2 times more impactful to people outcomes (maximizing productivity, improving engagement and retention).

Full Stack Skills OS, Integrated & Harmonized; A central hub for skills



When paired with an action platform or a mobility application like a talent marketplace, the two systems come together to create a continuous loop of insight to action. The talent marketplace facilitates talent and career mobility so that organizations can deploy talent where it's needed most, based on the strategic workforce planning insights that a full-stack skills system generates.

What challenges are leaders most likely to encounter during a skills transformation?

As AI-powered skills intelligence tools gain traction, leaders must consider what role new AI innovations like Large Language Learning Models (LLMs) should play in these systems. LLMs are the equivalent of a huge brainstorm; they're trained on all of the data available on the internet. It's only very recently that technological advancements have made it possible to train and use LLMs.

Leaders must keep in mind that LLMs are trained on human data, not the truth, so mitigating bias must be a top priority. ChatGPT, for example, was trained on CVs and cover letters from the internet, so it saw a lot of employees emphasize their people skills—regardless of how well-honed these competencies actually are. As a result, its models may deduct points for CVs that don't mention people skills, even if employees have these capabilities.

While some skills intelligence tools rely solely on LLMs, the best solutions use these outputs but put them through a pipeline of other in-house models and a lot of internal logic to create a comprehensive taxonomy. Ideally, LLMs should be treated as another tool in our skills intelligence toolbox and something to be used with a grain of salt.

Rather than outputting the raw LLM data to customers, top-performing skills intelligence tools put these outputs through a process of cleanup, approval, and evaluation. LLMs are trained on so much data and have a lot of knowledge about the workforce so it can be helpful to use them, but vendors shouldn't over-rely on them because they can be biased.



How to choose the skills intelligence tool that's right for you

After leaders get familiar with the various types of skills intelligence tools on the market, they must choose the solution that will best be able to support their organization's transformation. To make an informed choice that will meet their organization's technology, change management, and ethical AI requirements, leaders should ask the following questions:

Technological considerations

Not all vendors have experience implementing AI-powered skills intelligence tools at the enterprise level. There is also a great deal of variance between different offerings; for example, a full-stack skills system that uses LLMs and in-house models will create an ontology that is much more personalized to your organization than what you'd get from a skills vendor or LXP.

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We're moving beyond the legacy of competency frameworks and moving more into understanding skills of the workforce. What's really fascinating about the skills conversation is that it is breaking down silos and touching many different parts of HR. It's about really understanding your job, your career, and where you are going to go next.

David Green

Executive Director at Insight222



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That's why it's so important to ask any vendors you're considering about their experience working with enterprise customers, as well as digging into the details of how their tools work.

Here are some questions to get the conversation started:

- How long does it take to roll out your skills intelligence solution?
- Do other enterprise customers use your skills intelligence tool? What kinds of results have they achieved?
- Are skills harmonized and normalized across the tech stack?
- How does the platform handle multiple representations or terms for the same skill?
- Is there flexibility in skill and job terminology? Can we use our own definitions?
- Are skill insights tailored for our industry?
- How are skill and job architectures generated? How are updates made, and what manual input is required?
- What is the user experience like?
- Does your skills intelligence tool integrate with my broader tech ecosystem?
- How can skill data be integrated into our existing workstreams
- Can we see information on the data source for each skill?
- Is your skills ontology self-evolving?
- As job and skill requirements change, how are those changes deployed across our organization?

Change management considerations

To embrace skills-based strategies, businesses don't just need innovative technology—they must also embrace new mindsets when it comes to allocating work and making talent management decisions. Consequently, leaders shouldn't shy away from asking potential vendors about their experience helping enterprises navigate the change management process that accompanies the shift to becoming a skills-based organization. Some questions to discuss include:

- What does a partnership with your company look like?
- Are there proven resources for change management?
- Do you have a customer community with others using this technology? What types of activities does the community include?
- What kind of change and enablement services do you provide?
- Is there an action platform or a mobility layer that can be connected to your skills intelligence tool?
- How can we take action on the skills intelligence provided?

Ethical AI considerations

Ethical AI is more than a buzzword; it's a necessity to ensure your organization is responsibly using technological innovations to mitigate biases and empower employees from all walks of life to pursue their career ambitions. When it comes to skills intelligence tools, leaders must ensure the systems they're considering don't rely solely on LLM outputs and instead use multiple models and internal logic to create a comprehensive skills ontology. If you want to find out how committed a prospective vendor is to ethical AI usage, ask these questions:

- What proprietary data does your platform include?
- How do you ensure that AI is being used ethically?
- Are there any certifications you have to accredit your ethical use?
- Does your skills intelligence tool rely on outputs from LLMs?
Are other models used?
- Does this system enhance human decision-making or replace it?
- How do you ensure your AI treats people and groups fairly?

Skills strategies in action: best practices from today's skills leaders

While **90% of companies** are experimenting with skills-based strategies, just **6% of organizations** are using skill insights to drive strategic actions. From a greater likelihood of reaching financial targets to improved customer satisfaction, this elite group of top-performing companies benefits from an array of positive outcomes thanks to their skills-based approach. Since there are several lessons leaders can learn from their success, we're spotlighting some of the winning strategies these organizations use to bring their skills vision to scale.

Standard Chartered Bank: Connecting talent to purpose-driven skills opportunities

To get ahead in the new world of work, Standard Chartered sought to break down silos, gain complete visibility into employees' skills, and empower people to upskill and reskill for the future of banking. As Chief Human Resources Officer Tanuj Kapilashrami explains, "Over the next three to five years, almost 14,000 jobs we have today are not going to be needed. At the same time, we're going to need another 9,000 jobs which are jobs that just don't exist today, and we call them sunrise jobs".

Rather than relying on external talent for these sunrise jobs, the leading financial services institution sought to inventory employees internally that may have relevant skill sets to move into these emerging positions. To drive this enterprise-wide talent reallocation, Standard Chartered Bank used skills intelligence to support its journey to becoming a skills-based organization.

"To hire into the sunrise job externally was X times more expensive than deploying somebody internally, and if we are not going to deconstruct these jobs to start thinking about skills and reskilling and upskilling people into those skills, we are going to be cutting a very, very big check over the next three to five years,"

Kapilashrami says. “We then ran very directed proofs of concept, where we looked at skills adjacencies between sunset jobs and sunrise jobs; so, what are the jobs that are going to go away; what are the skills that help them get reskilled into some of these sunrise jobs?”.

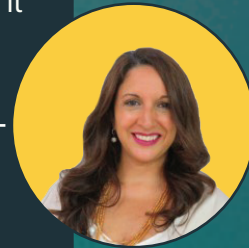
Following this skills initiative, Standard Chartered Bank is now using their talent marketplace to upskill and redeploy teams. The company has unlocked tens of thousands of work hours in productivity through project work and employee satisfaction with career opportunities saw the highest increase in the company’s history.

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Today, we can’t solve a problem with one business function alone. We need to start thinking a lot more horizontally. So our responsibility as HR is to take the business on that journey. Having a talent marketplace allows us to do a lot of things with the data we produce. If we make a case that we don’t need to be hiring all of these people because we have a lot of people we can quickly upskill in order to get the job done, it changes the conversation.

Nina Santana Sweeney

Global Transformation Head
at Standard Chartered Bank



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Novartis: Setting the stage for skills-based workforce planning

Driven by a purpose to reimagine medicine to improve and extend people's lives and guided by its vision to become the most valued and trusted pharmaceutical company, Novartis's life-saving treatments have positively impacted 269 million patients. To equip their workforce with the skills needed to stay at the forefront of the next wave of medical innovations, leaders at the organization recognized the need to transition to skills-based models of operating and planning.

The organization faced some key challenges: they had 33,000 job codes for 105,000 employees, a rapidly changing pharmaceutical market where legacy models were increasingly ineffective, and a need to understand fast-emerging trends like omnichannel customer engagement and digitization tools. To gain a complete picture of their workforce capabilities and emerging learning and development priorities, Novartis harnessed Gloat's Skills Foundation to harmonize data across disparate systems, in turn enabling the organization to create a unified job architecture.

In describing how Gloat's Skills Foundation equips leaders with complete visibility into workforce capabilities and skill needs, Rene Gessenich, former Head of Strategic Workforce Planning says, "We can get the top skills against any job in our job architecture and have that updated. Then, we do workforce planning where we go into much more detail and see what the roles are, how they're changing, and what roles we need." By taking a skills-based approach to strategic workforce planning, Novartis can ensure its people are building the capabilities needed to adapt to a market that is rapidly changing and leaders can gain in-depth insight into the skills employees possess and how these competencies relate to their colleagues' expertise.

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We're exploring...how we can use skills to gain a deeper understanding of our organization. Instead of functional clusters, there would be workforce and capability clusters, viewing people in terms of the skills they possess. We now have the data and capacity to utilize it in such a manner, and it's a really powerful approach.

Markus Graf

Vice President,
Global Head of Talent at Novartis



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HSBC: Harnessing skills intelligence for future-fit upskilling and reskilling

With more than 40 million customers relying on their financial services, HSBC wanted to ensure its workforce had the capabilities needed to thrive in the new world of work. Leaders sought to develop a future-fit upskilling strategy that would break down silos, unlock potential, and fuel meaningful career development.

By leveraging skills intelligence, the organization has created a launching pad to prepare for the next chapter of work and upskill and reskill talent pools into areas of critical need. Leaders harness skills intelligence insights to ensure their upskilling and reskilling strategies align with existing knowledge gaps and future skill needs, and then use the platform to upskill employees accordingly with new projects and experiential learning opportunities. All of the engagement data from their talent marketplace provides foundational skills intelligence to inform strategic workforce planning.



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The idea that we now know with greater certainty, what skills sit where and what aims people have gives us a much stronger platform to think about increasing our internal mobility, which in turn retains our global corporate knowledge and builds employee engagement as they start to understand that more and more of their goals and ambitions can be realized within HSBC.

Hamish Nisbet

Former Group Head of Resourcing at HSBC

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Conclusion: a call to action

After decades of breaking down work into jobs, skills-based strategies are emerging as the new organizational model designed to overcome today's accelerated pace of change. While many companies are vying to become skills-based organizations, these transformations are rarely simple. Leaders and employees must be empowered to shift their ways of thinking about work from role-based to skills-centric and expand their horizons to participate in projects across their organization.

In addition to navigating these challenging change management aspects, companies will also need a single source of truth for workforce skills that enables them to bridge knowledge gaps and deploy talent to opportunities based on their capabilities and capacity. Rather than relying on legacy technologies designed for job-dominant operating models, executives must embrace AI-powered skills intelligence tools that shed light on emerging skill shortages and manage the supply and demand of workforce capabilities in real-time.

Although there are many different types of skills tools to consider, ultimately only full-stack skills systems can fully power skills-based organizations. These tools pull from multiple sources and harmonize data to equip leaders with key insights for strategic workforce planning decisions. Full-stack skills systems can also pair with an action platform like a talent marketplace to create a continuous loop of insights to action. With this type of system in place, companies will be well on their way to becoming a skills-based organization and reaping the benefits these businesses achieve.

To accelerate your skills transformation, ask for a demo. We have a lot of smart people who would love to showcase how Gloat's Skills Foundation can help your organization gain the insights you need to make strategic workforce planning decisions.

Next steps

Think a skills intelligence tool is just what your company needs? Gloat can help assess your organizational readiness and maturity with proven frameworks.

Reach out to us if you'd like to learn more.

[Talk to an expert](#)

