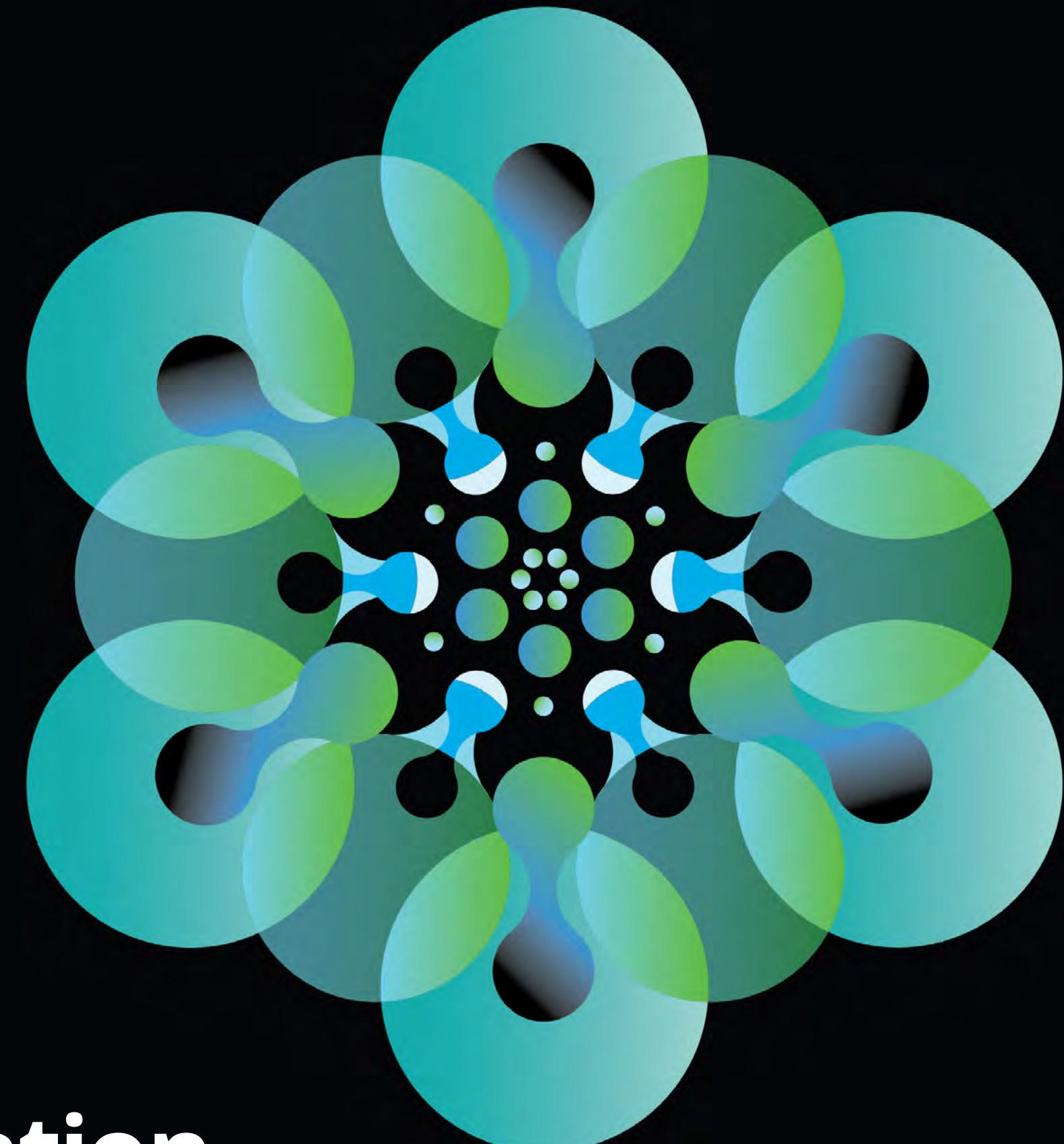# Deloitte.

Building tomorrow's skills-based organization

Jobs aren't working anymore

By Sue Cantrell, Michael Griffiths, Robin Jones, and Julie Hiipakka
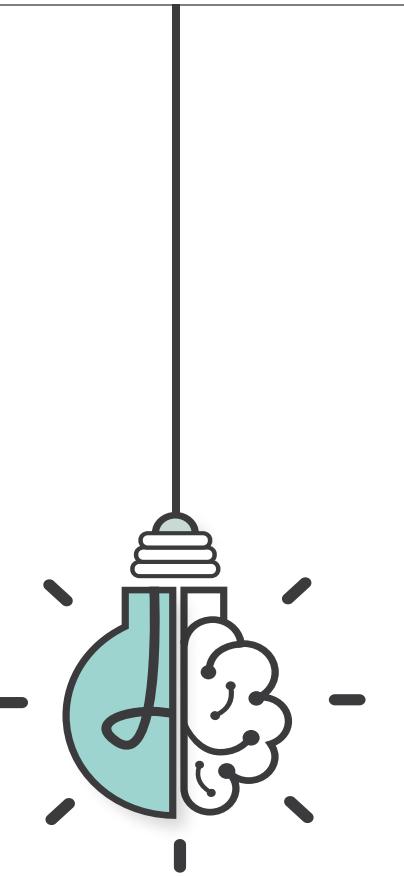
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Foreword

Foreword

Organizations traditionally have been structured around jobs—from managerial hierarchies to HR practices—for so long it's daunting to consider new models.

With workplace agility and flexibility growing in importance, and with innovation and creativity increasing in value, leaders are seeking fresh ways of working—and restless employees are becoming more open than ever to major changes.

The key is uncoupling work from formal job descriptions, and uncoupling workers from being viewed as job holders. This allows organizations to tap the full range of workers' capabilities to achieve desired outcomes and solve problems,[1] and base people decisions on skills more than

jobs—from hiring to rewards, workforce planning, and more. We call this new operating model for work and the workforce "the skills-based organization," where skills, rather than jobs, are used as the basis for decision making about work and the workforce.

In the skills-based organization of today and tomorrow, skills can mean technical abilities (or hard skills), human capabilities (such as emotional intelligence), or potential (including latent qualities, abilities, or adjacent skills that may be developed and lead to future success). Indeed, we see the word coming to encapsulate what makes workers unique individuals with an array of skills, interests, passions, motivations, work or cultural styles, location preferences and needs, and more.

To explore how leaders are thinking about a shift from traditional jobs to skills-based work, we conducted both quantitative and qualitative research with workers, executives, and HR leaders across industries and around the world. We learned that people are open to new ways of work--and, more importantly, organizations are already moving in that direction.
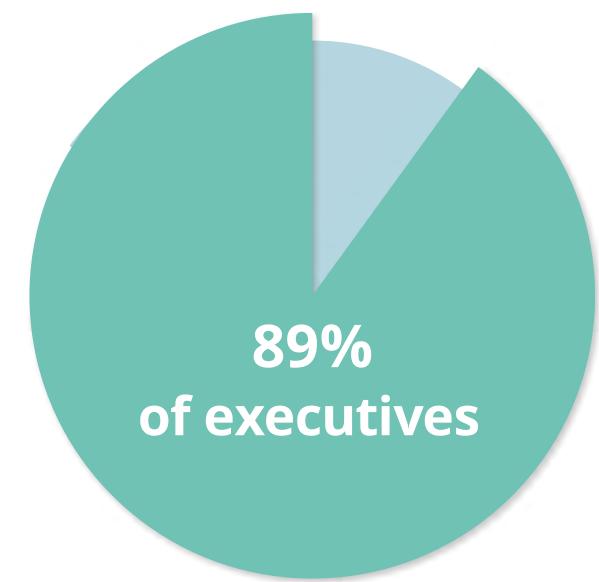
02
Key takeaways

Key takeaways

- The Great Resignation, the rising relevance of DEI issues, and an emphasis on agility are changing work within organizations. Business and HR leaders are evolving work and workforce practices to focus more on skills in response, but only 1 in 5 are making significant changes.

- Organizations using skills-based practices outperform their peers that are not using skills-based practices.

- Workers, HR and business leaders agree work is more fluid and want to support, develop, and engage workers based on their individual needs, talents, skills, and preferences.

- 8 out of 10 workers, HR and business leaders agree that jobs are no longer the best way to organize work. Both fractionalizing work (breaking it down into projects or tasks) and broadening work (focusing work around solving problems or achieving outcomes, can create value for workers and organizations.

- Skills-based development and skills-based hiring are most widely cited by organizations as where they're doing the most to shift now. Roughly 7 out of 10 workers say skills-based development and hiring would improve their experience at work. HR leaders say they're investing most in skills-based learning and skills based hiring.

- Skills-based cross-company talent exchanges are less likely to be seen as improving worker experience, and fewer than half of organizations are taking steps toward establishing them.

- Workers are willing to share their skills data (79%) to help their organizations make decisions such as matching them to work. Another 14% are willing but only if the data is used responsibly, and they earn benefits in return.

- The future of skills-based organizations will include extending beyond skills to include other data, such as preferences, motivations, and more, as well as making worker data portable across organizations. More workers than HR or business leaders want employee skills data to be portable beyond organizational boundaries.

- There are tangible, practical things organizations can do right now to start on their journey to realizing value:

  o Use skills to transform a workforce practice that has the biggest pain point

  o Start with using skills to transform workforce practices that have the clearest connection with skills

  o Get you own skills house in order

Our research

Our findings are based on a global survey of 1,021 workers and 225 business and HR executives in 10 countries across a range of industries, conducted in spring and summer of 2022. We also conducted secondary research and interviewed nearly a dozen executives and thought leaders.[2]

Based on our surveys:

89%
of executives

say skills are becoming important for the way organizations are defining work, deploying talent, managing careers, and valuing employees

98%
of business executives

say they **plan on moving more toward** becoming a skills-based organization

90%
of organizations

are **actively experimenting** with skills-based approaches now

But.... Fewer than 1 in 5 are adopting skills-based approaches to a significant extent across the organization, and in a clear and repeatable way

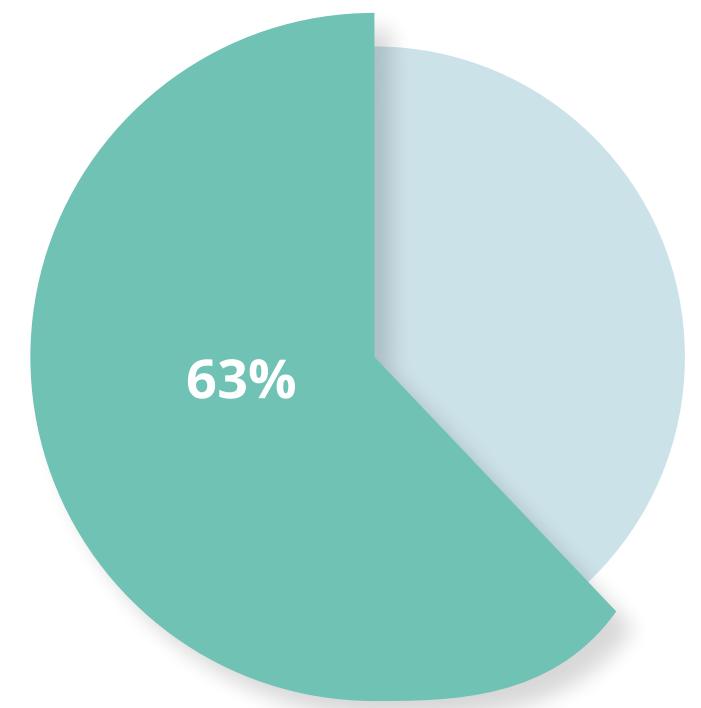**36%** of executives **and** **59%**

of workers agree with the statement: **"My organization values degrees and job experience over demonstrated skills and potential"**
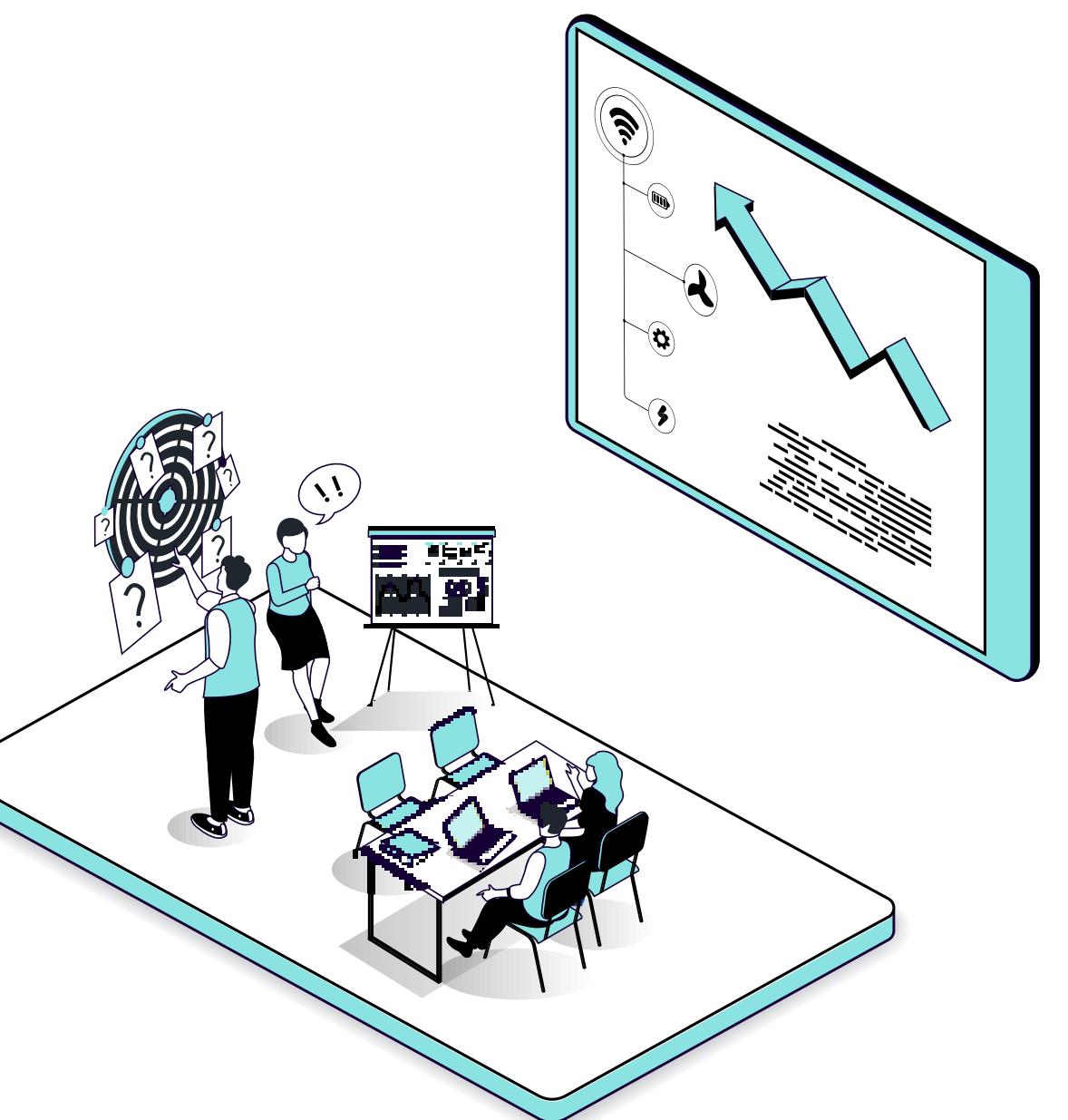
03
Skills-based organizations outperform their peers

Early skills-based pioneers are seeing the impact, achieving greater results than those with jobs-based practices.

63%

Skills-based organizations make an impact:

Organizations that embed a skills-based approach* are 63% more likely to achieve results** than those that have not adopted skills-based practices.

*Skills-based organizations ratio reflects the combined weighted ratios of the HR executive survey item "Our organization's business and HR executives are aligned on the importance of skills in making decisions about work," and the worker survey items "My employer treats workers as whole, unique individuals who can each offer unique contributions and a portfolio of skills to the organization," "My organization supports me in pursuing opportunities to create value through activities that are outside of the direct scope of my job," and "My organization makes it easy to apply my skills where they are most needed."

** Results are defined as 11 business and workforce outcomes: meeting or exceeding financial targets; anticipating change and responding effectively and efficiently; innovating; achieving high levels of customer satisfaction; positively impacting society and communities served; improving processes to maximize efficiency; being a great place to grow and develop; placing talent effectively; providing workers with a positive workforce experience; providing an inclusive environment; and retaining high performers.

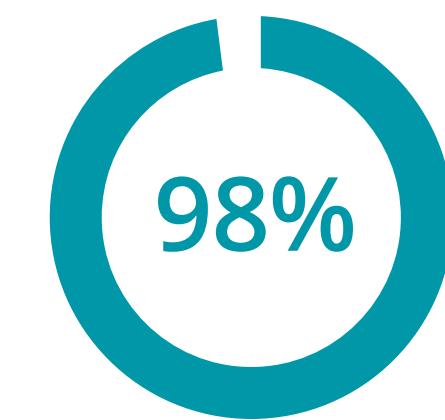*Source:* Deloitte analysis of Deloitte Skills-based Organization Survey, May–June 2022.

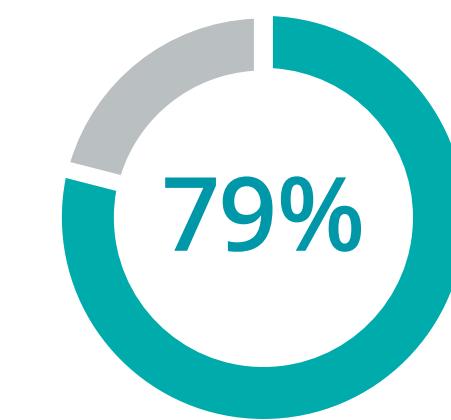# Skills-based organizations are...
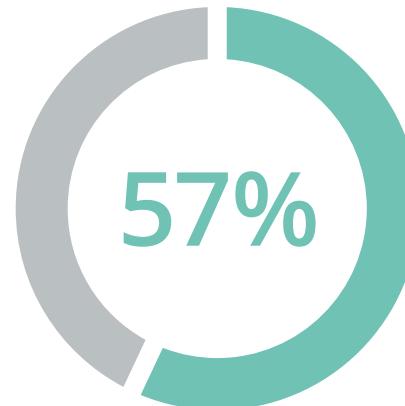
107%

more likely to **place talent effectively**
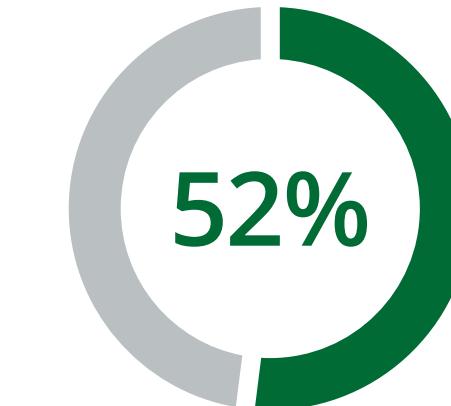
98%

more likely to **retain high-performers**

98%

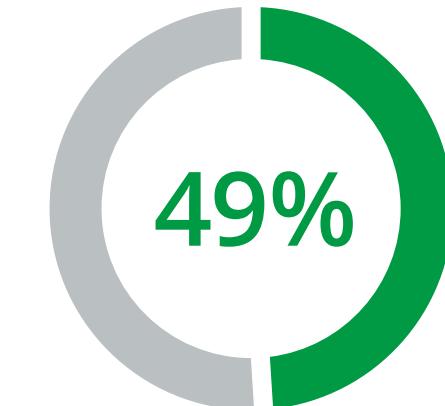more likely have a reputation as a great place to **grow and develop**

79%
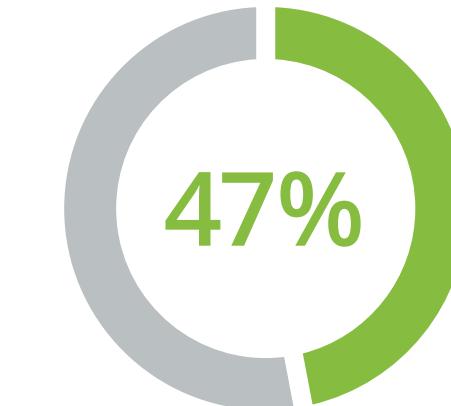
more likely to have a **positive workforce experience**

57%

more likely to **anticipate change and respond effectively and efficiently**

52%

more likely to **innovate**

49%

more likely to **improve processes to maximize efficiency**

47%

more likely to **provide an inclusive environment**

Living proof: Unilever

Unilever is pioneering the move to a skills-based organization.

At Unilever, an internal talent marketplace enables skills to fluidly move to projects and tasks across the organization, either as a permanent employee or as a "U-Worker"—a worker who has a guaranteed minimum retainer along with a core set of benefits who contracts with Unilever for a series of short-term projects.[3] Unilever has identified more than 80,000 tasks it may need done over the next five years, which will be performed by a combination of full-time employees, gig workers, contractors, and those working flexibly.[4]

Explains Patrick Hull, vice president, Future of Work, at Unilever, "We just see that there's all this opportunity that we can unlock for people that maybe we wouldn't have been considering because, as with many organizations, we would have been more in our functional silos."

Increasingly, departmental work at Unilever is being divided into projects, tasks, and deliverables. Ultimately, Hull sees siloed departments breaking down in the future, with a more granular method of viewing employees' contributions focused on outputs and skills, rather than years with a job title, to understand what each employee brings.

"When you can get to that level of detail, you can get much more targeted in your recruitment, in your internal mobility of talent, and applying the right talent to the right tasks and projects, and thereby also accelerate business performance."[5]
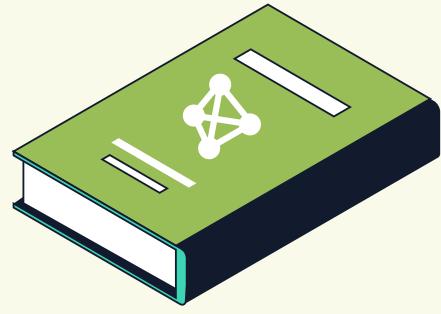
Unilever also asks all employees to have a "My Future Fit Plan," with each employee identifying one or more future pathways for themselves: upskilling for the person's evolving role, reskilling for a different role within Unilever, reskilling for work outside of Unilever, or transitioning

to platform-based work within Unilever. Unilever is experimenting with using digital technology to understand the skills its employees already have and the ones they'll need for the future, uncovering how to identify and unlock hidden skills and to thereby create innovative pathways for people to move between roles or organizations. Once roles are seen as a collection of skills, the technology maps the potential for cross-functional moves supported by focused learning and work experiences.[6]

A pilot conducted by Unilever suggests that workers greatly underestimate their skills, and that AI assessment can uncover hidden skills, tripling the identified skills. Hull says, "No longer will we look at someone in manufacturing as only able to fulfill a manufacturing job. Now we can look at how to match their purpose, passions, and skills with roles in a variety of sectors, from healthcare to R&D to clean energy."[7]

Results

- Flexibly deploying skills to projects and tasks through an internal talent marketplace gained them approximately 700,000 hours of unlocked capacity to put toward more than 3,000 business-critical projects, reducing the need to hire new people. Moreover, overall productivity soared by 41%.[8]

- On average, a pilot showed that people could be reskilled for new roles in completely different functions in just six months.[9]

"We're beginning to think about each role at Unilever as a collection of skills, rather than simply a job title."

– Anish Singh, head of HR for Unilever in Australia and New Zealand[10]
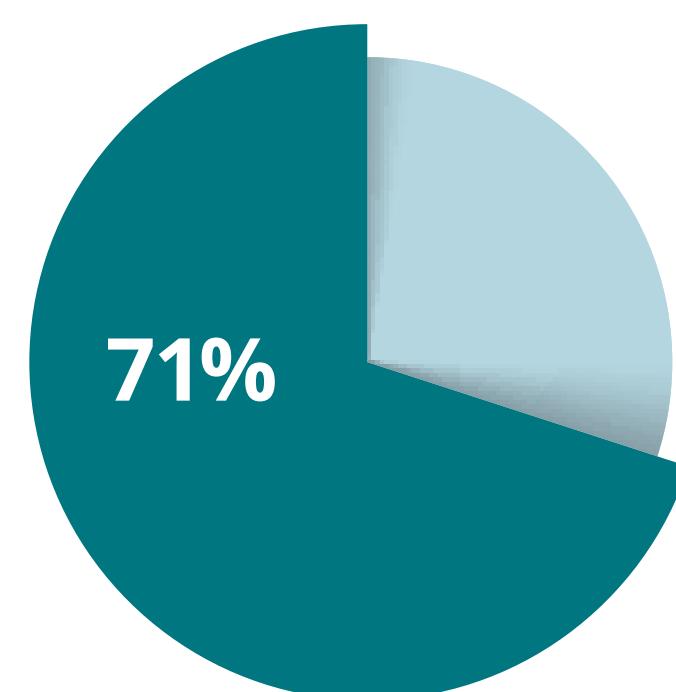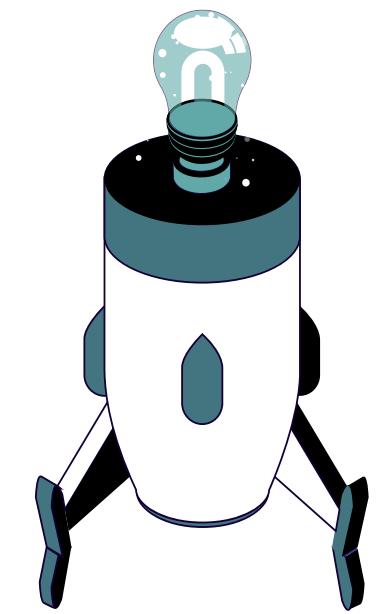
04

Why skills,
not jobs?

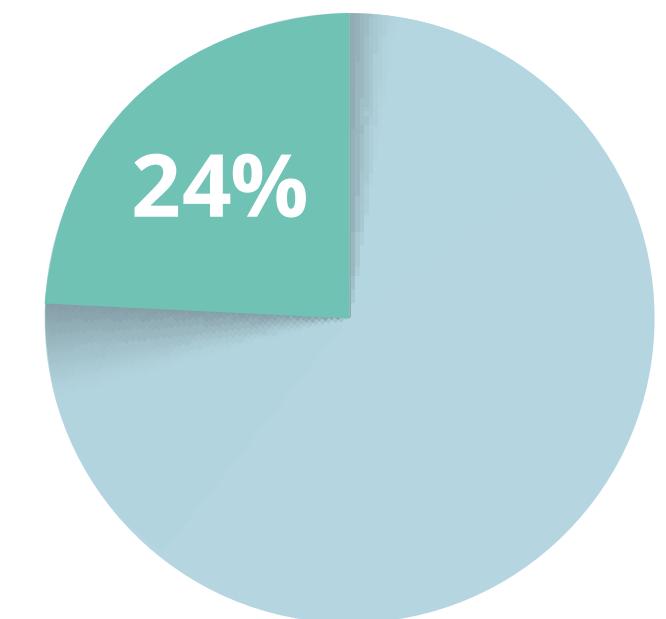# Formal jobs can't keep up with the changing demands of work and skills

Increasingly, as work evolves to be more about quickly responding to changes in our environment than about standardized work designed for scalable efficiency, jobs may no longer accurately reflect what we do.
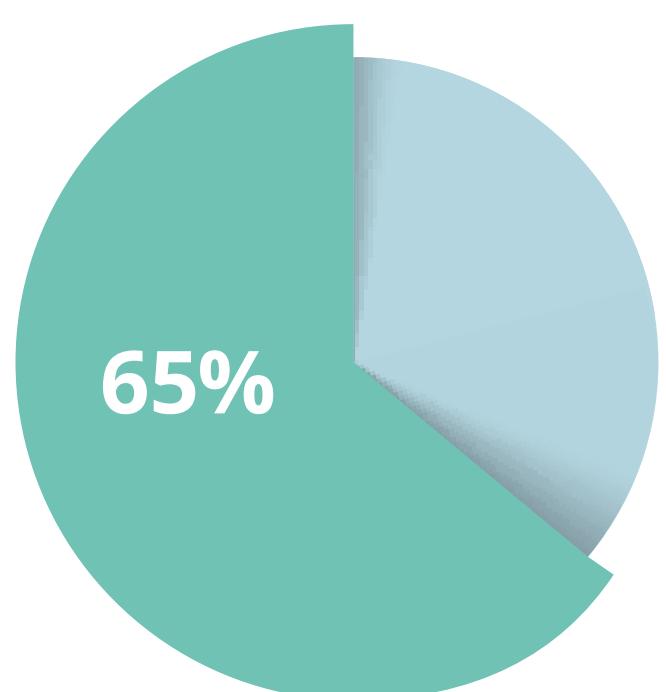
Jobs are quickly giving way to more fluid work:

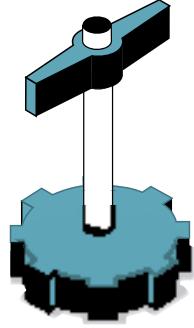Most workers are already working in more flexible environments, even if that flexibility is informal:

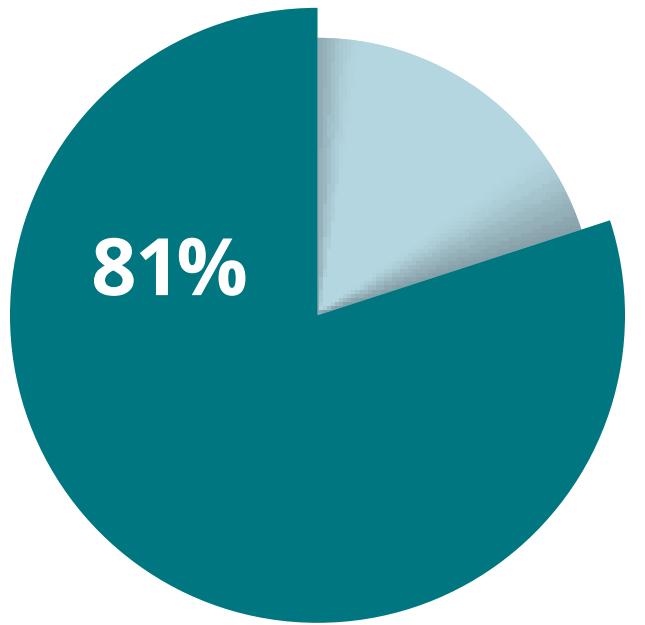**71%** perform some work **outside of their stated scope of job** responsibility
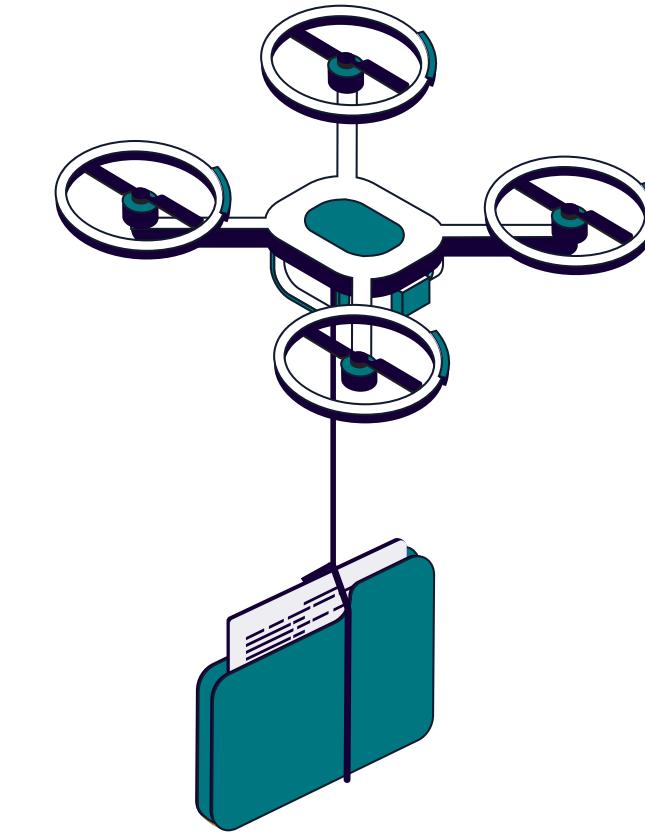
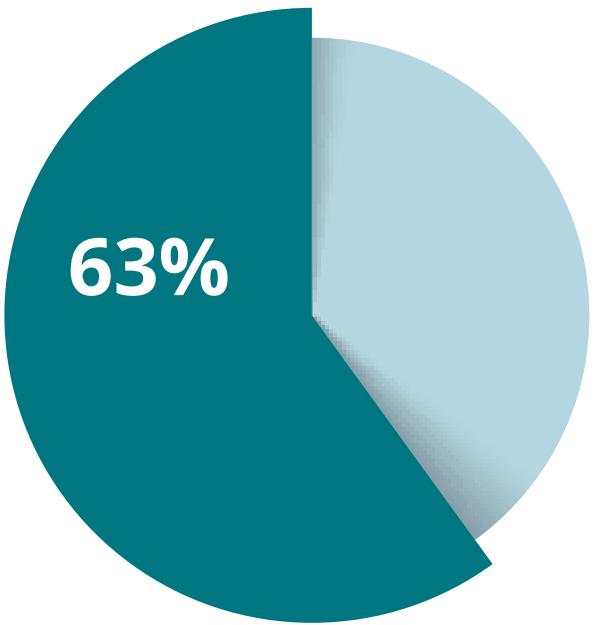**24%** **do the same work** as others with the same job title

65% report that the **skills and capabilities required** to perform their jobs have changed in the past two years
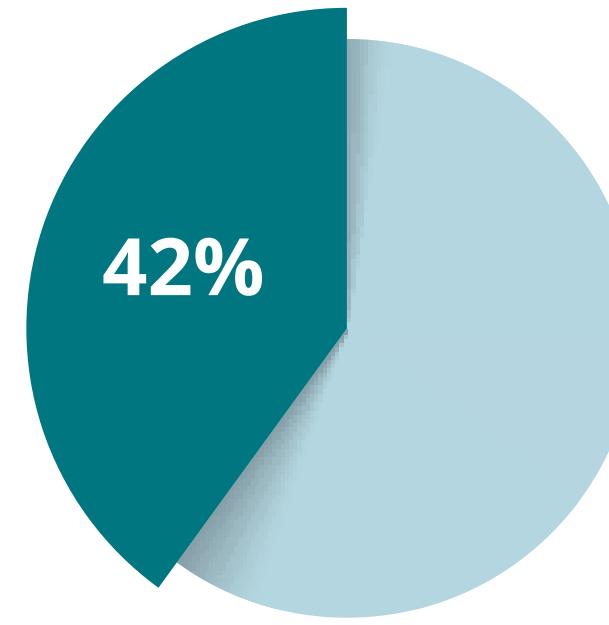
© 2022. For information, contact Deloitte Touche Tohmatsu Limited.

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Executives see the same disconnect between jobs and work.
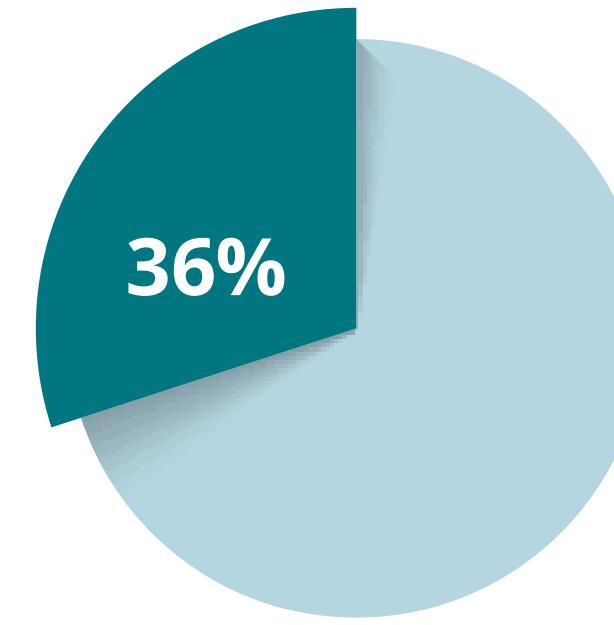
81% say work is **increasingly performed** across functional boundaries

63% say work in their organizations is currently being performed in teams or projects **outside of people's core job descriptions**

42% **say job descriptions accurately characterize** the work that the organization needs done
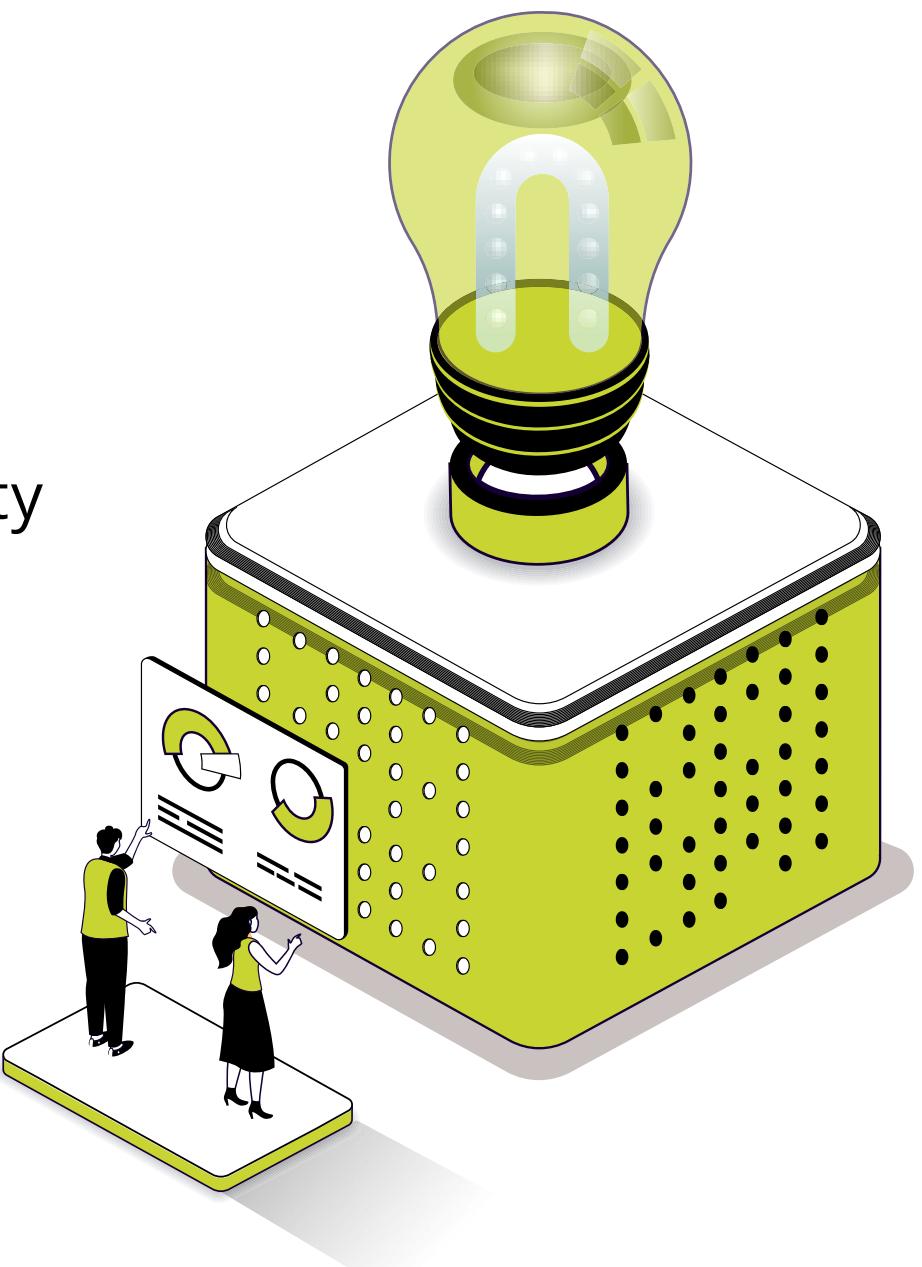
36% say work is increasingly being performed by workers **outside of the organization who don't have defined jobs** in the organization at all

A fresh approach

Confining work into standardized tasks completed in a functional job, and making decisions about workers based on that job, hinders some of today's most critical organizational objectives: agility, growth and innovation, diversity and equity, and the ability to offer people a positive workforce experience.

Jobs are quickly giving way to more fluid work:

What are the primary drivers of your organization pursuing a stronger capability to make decisions about work and the workforce using skills?

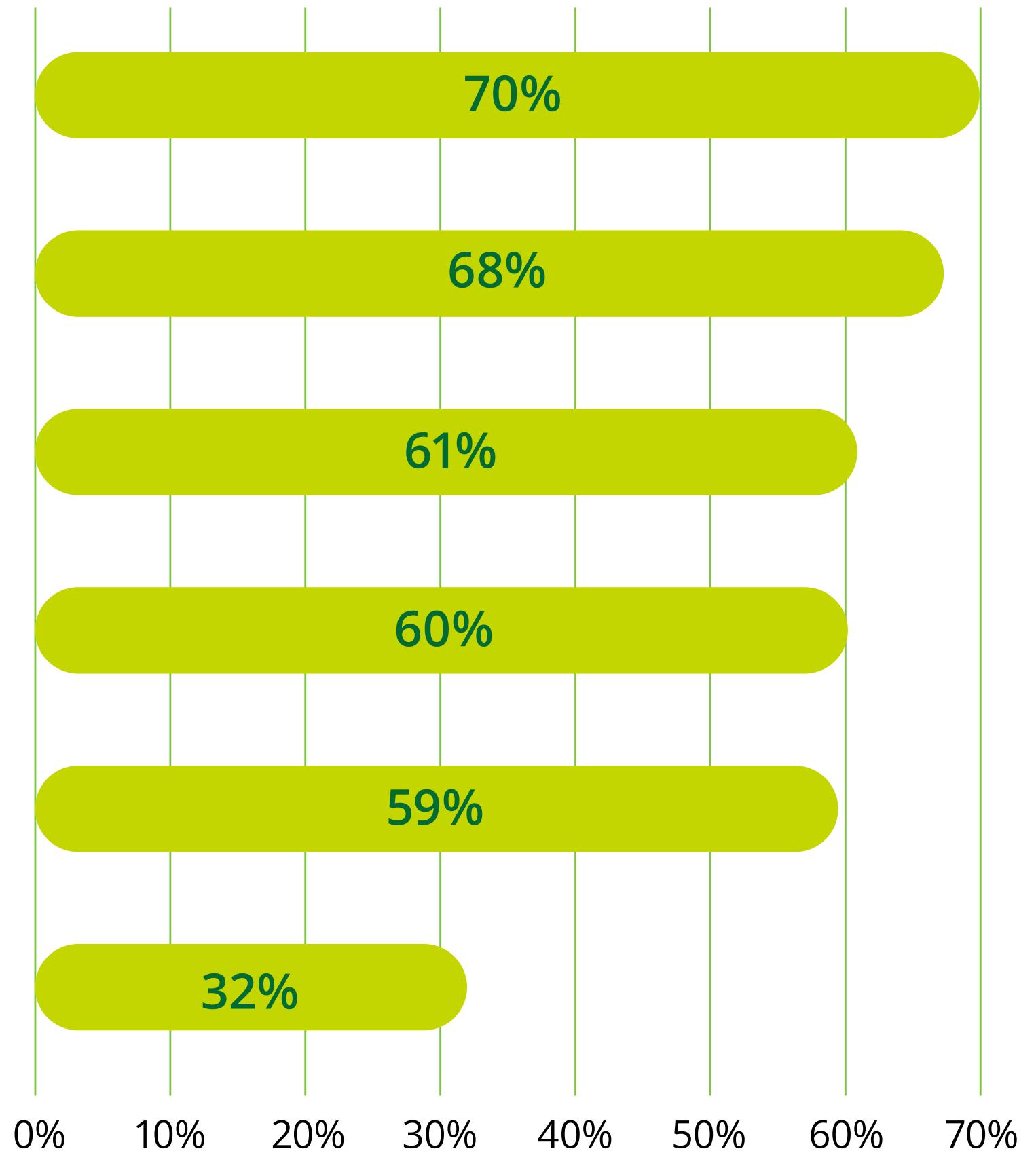|	
Talent shortages	70%
New demands of workers to grow, develop, and have choice and agency in how to use their skills	68%
New technologies like automation and AI requiring new skills	61%
Organizational agility	60%
Diversity, equality, and inclusion	59%
Greater use of non-employment arrangements	32%
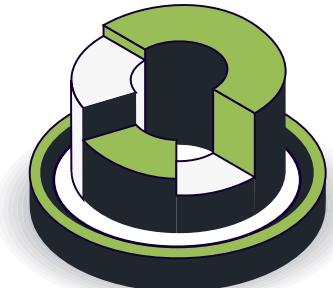
0% 10% 20% 30% 40% 50% 60% 70%

Source: Deloitte Skills-Based Organization Survey, May–June 2022

What benefits do business and HR executives hope to see from a shift from jobs to skills?

Top goals of business and HR executives with skills-based practices (top 8 out of 13)

Ensuring the organization has the right talent for business needs
by selecting workers based on skills rather than prior job experience and education, and reskilling to close skills gaps
66%

Improved workforce performance and productivity
by utilizing all the skills of the workforce, growing skills that are in demand, and porting skills to where they are needed most
60%

Higher performing teams
by ensuring the right mix of similar and diverse skills in team compositions
59%

Growing the business
by effectively building new markets or products by quickly accessing or moving skills to growth areas
59%

Improved innovation
by easily assembling teams of diverse skill sets organized around business challenges
57%

Achieving business or digital transformation
by having the skills needed to achieve transformation goals
56%
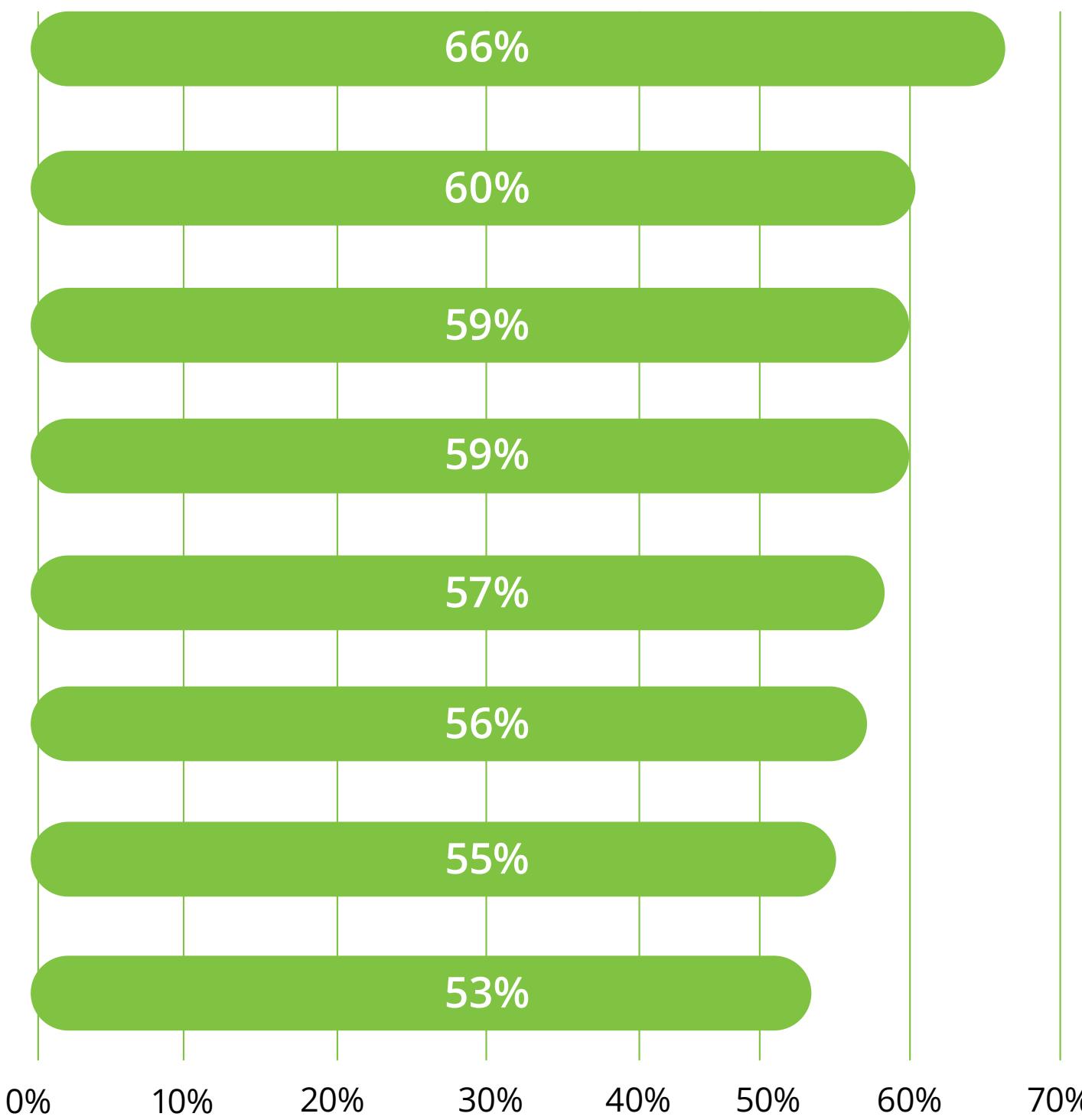
Organizational agility
by quickly accessing and moving skills to business priorities
55%

Improved DEI
by making more equitable decisions based on people's skills rather than job experience, and by enabling them to be seen as unique individuals with a range of skills beyond their job descriptions
53%

0% 10% 20% 30% 40% 50% 60% 70%

Source: Deloitte Skills-Based Organization Survey, May–June 2022

Old model, new needs

The traditional operating model based on jobs is stretched to its limits, presenting challenges for organizations to keep up with a rapidly changing business environment.

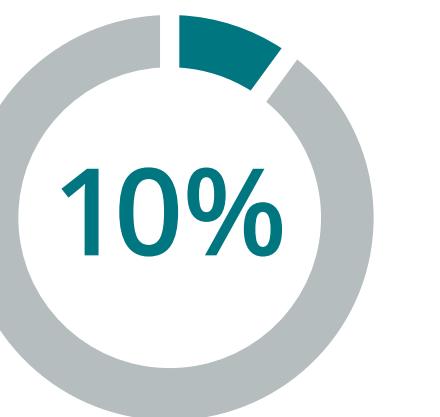**1.   The race to keep up with rapidly changing skills**

Jobs simply can't keep pace with the evolving requirements of work and skills.

Workers say:

65%

agree the skills and capabilities required to perform their jobs have changed in the past 2 years
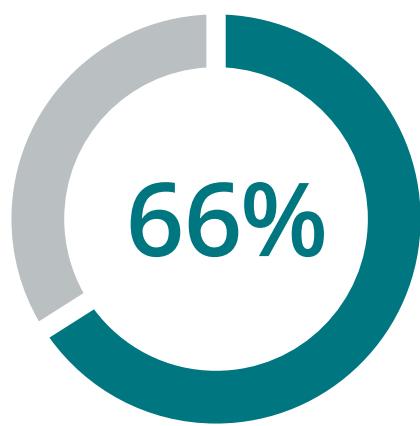
HR executives say:

10%

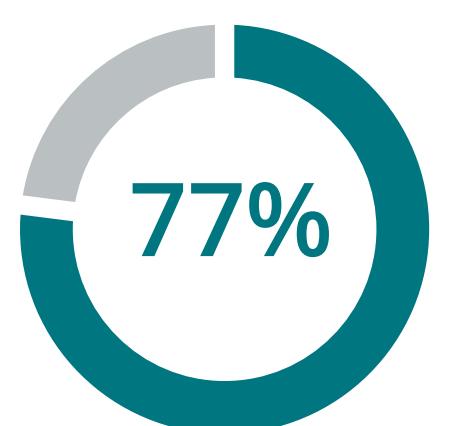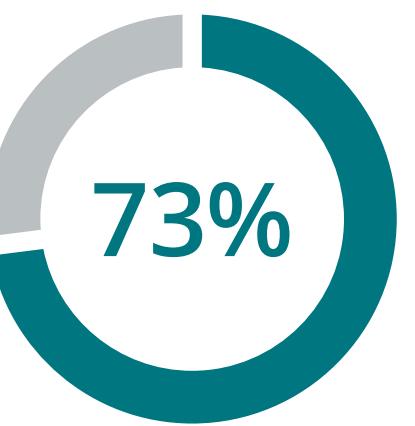strongly agree they can **effectively anticipate the skills they will need** over the next three years

Business executives say:

66%

are struggling to keep up with **constantly changing skill requirements**
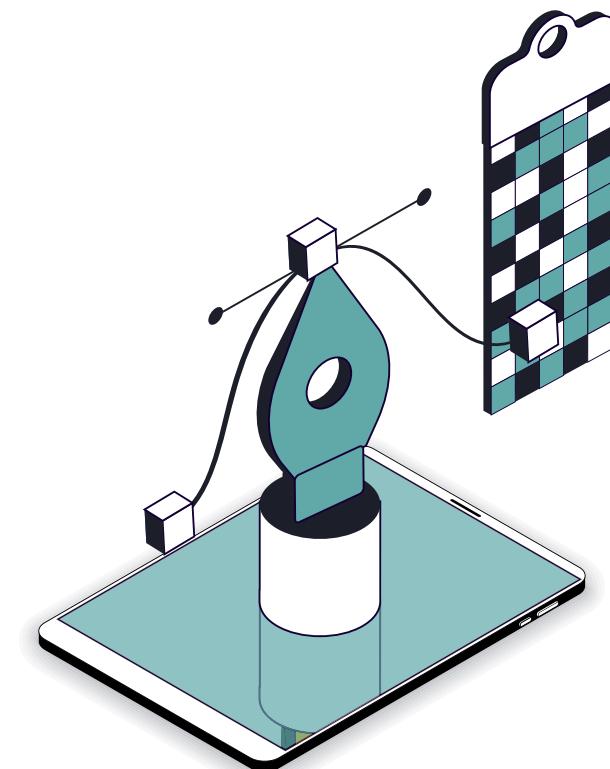
77%

agree their organization should **help their workers become more employable with relevant skills**

73%

are accelerating **upskilling or reskilling** efforts

5%

strongly agree they are investing enough in helping people learn new skills to keep up with the changing world of work
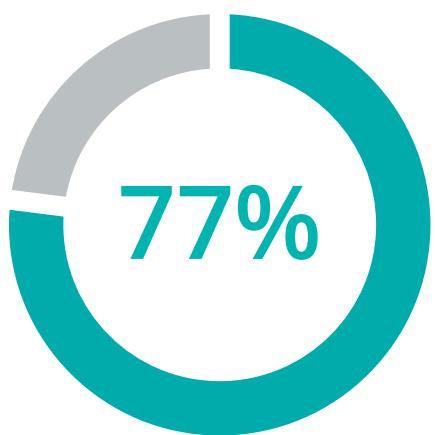
**Living proof:
Zurich Insurance**

Zurich Insurance uses people analytics to understand where workers need to reskill or upskill based on new technologies or new work requirements. Based on an assessment of current skills and future skill requirements, technology then provides tailored learning and development suggestions to workers so they can continuously update their skills to stay relevant. Not only are formal learning opportunities suggested, but the organization uses capability network mapping to determine where skill and capability networks exist in the organization to suggest ways for workers to strengthen their informal expertise network.[11]

2.   The quest for agility

Organizations need a more agile
approach to organizing work.

Business leaders say:

77%

flexibly moving skills to work
is critical to navigating future
disruptions

88%

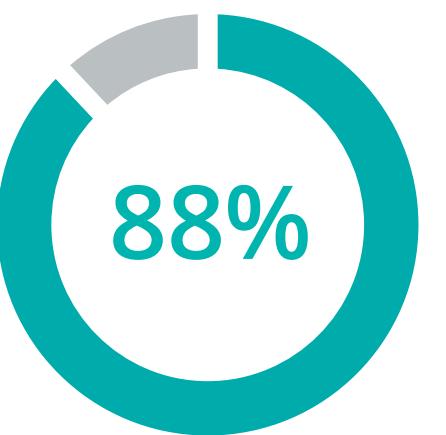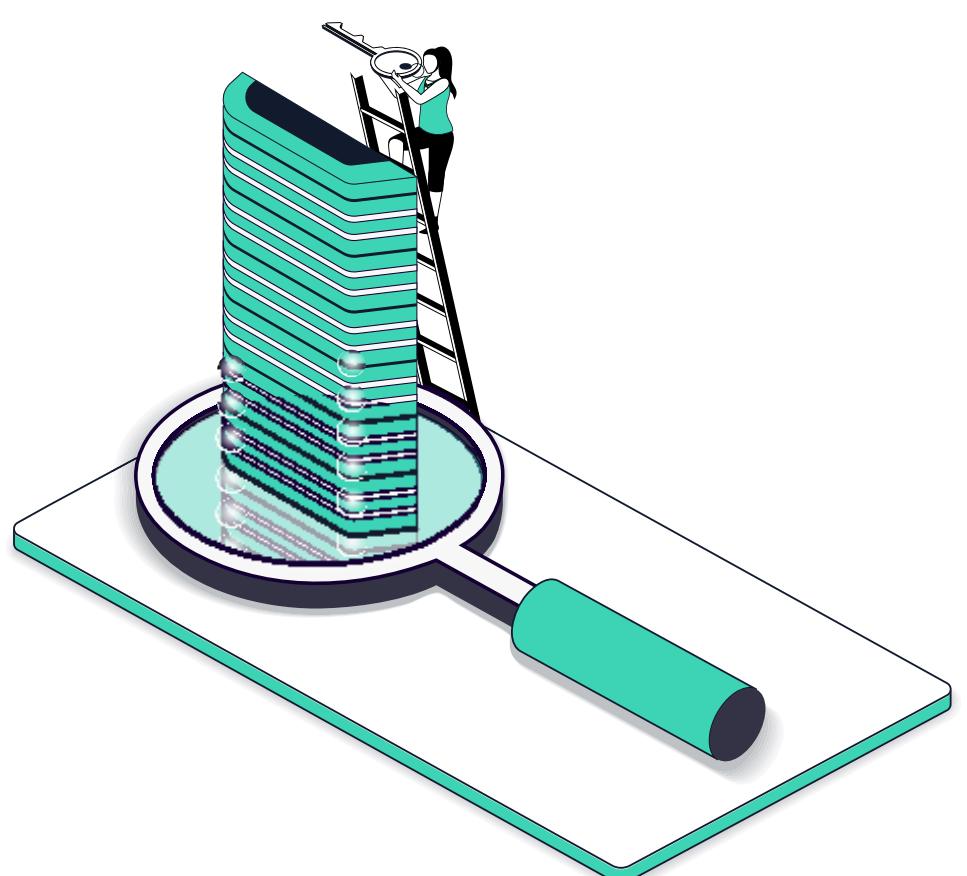organizations should **create more
agile ways of organizing work** to
improve speed and swiftly adapt
to market changes
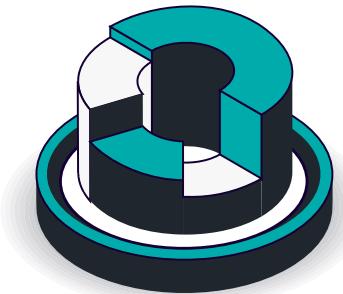
**Living proof: Organizations
flexibly redeployed talent during
the COVID-19 pandemic**
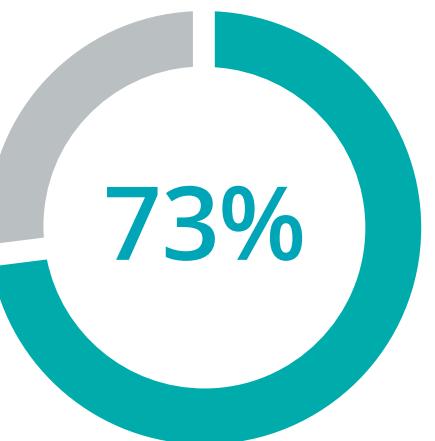
*In the early days of the COVID-19 pandemic, with
supply chains snapping and consumer demand
rapidly shifting, many companies found themselves
scrambling, their workforce misaligned and
misallocated. For example, Bank of America
transferred more than 3,000 employees from across
the bank to field customer service calls; factory workers
shifted from making cars to ventilators; and companies
like Virgin Atlantic temporarily loaned their furloughed
flight attendants to utilize their customer care skills
in U.K. hospitals.[12] These cases demonstrated that
organizations could quickly pivot to meet new demands
when they embraced the idea that workers are far
more capable than we give them credit for, easily
stepping outside their usual jobs to add value
in new and necessary ways.*

3. The hunt for talent

Organizations are getting creative to ensure they have the skills they need to succeed.

Business leaders say:

73% expect to experience **talent shortages** over the next three years

70% talent shortages are requiring their organization to **get creative about sourcing for skills** over job experience

Living proof:
Telecommunications company
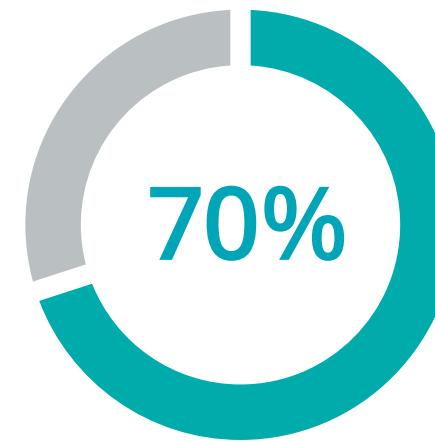
When a telecommunications company needed machine learning (ML) skills, leaders had to look beyond high-demand workers with AI-related degrees. The company analyzed self-identified ML experts to understand their aggregation of skills, experience, and pathways. It then created algorithms to search for people with adjacent skills and capabilities, tripling the size of the hiring pool and thereby rewarding workers for their skills rather than their degrees.[13]

Living proof:
Cushman & Wakefield

Global real estate firm Cushman & Wakefield has for years focused on recruiting military veterans to tap capabilities that include leadership and experience in project management, strategic planning, and machinery maintenance.[14]
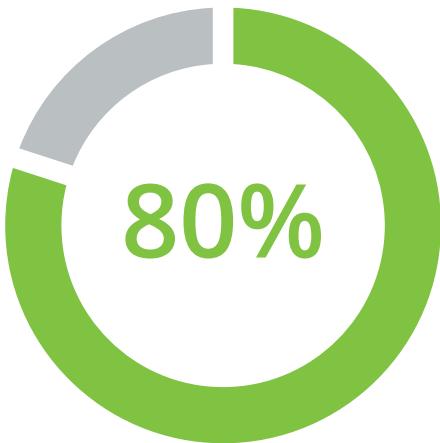
Living proof:
Schneider Electric

Schneider Electric improved employee retention by creating an internal gig economy, allowing more than 2,300 people to move where their skills were of more value.[15]
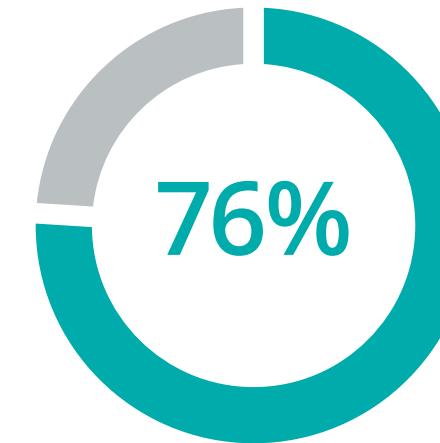
4. The demand for diversity, equity, and inclusion (DEI)

Organizations are looking toward skills-based approaches to provide greater opportunity, fairness, and equity as people are defined more based on their skills and abilities than on their pedigree.

Workers say:

80% and **76%**
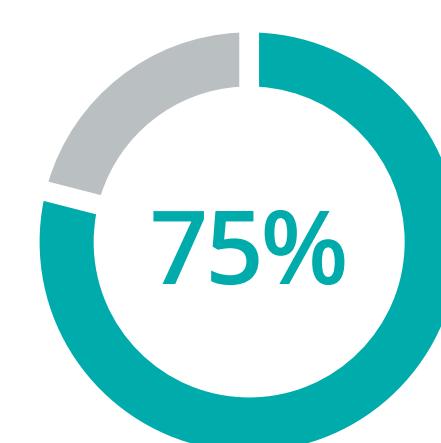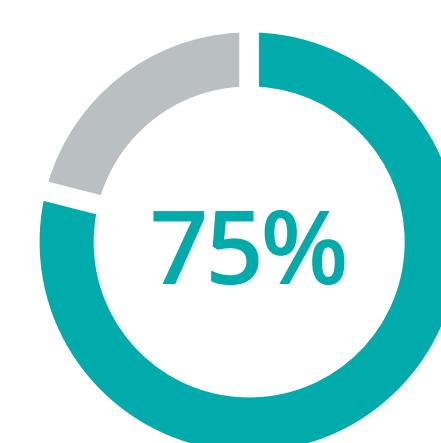
making decisions about hiring, pay, promotions, succession, and deployment based on people's skills (vs. their job history, tenure, or network) would reduce bias and improve fairness

business and HR executives agree

Business leaders say:

75%

hiring, promoting, and deploying people based on skills (vs. tenure, job history, or network) can help democratize and improve equal access to opportunity

59%

improving DEI is a **primary motivator** for becoming a skills-based organization

**Living proof:
Business Roundtable**
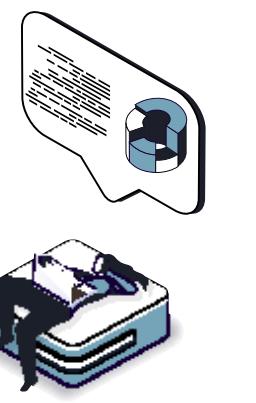
More than 80 Business Roundtable member companies are participating in a multi-year targeted effort called the Multiple Pathways Initiative to reform companies' hiring and talent management practices to emphasize the value of skills to improve equity, diversity, and workplace culture.[16]

**Living proof:
OneTen**

OneTen, a coalition of CEOs and organizations, aims "to hire, upskill, reskill and promote" 1 million Black Americans without four-year college degrees, building people's skill sets along with their résumés.[17]
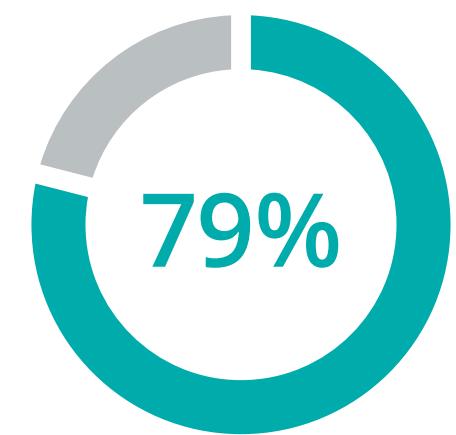
5. The rise of human sustainability

Organizations are challenged to move from rhetoric to results when rethinking the very purpose of the company: from creating shareholder value to creating value for multiple stakeholders—shareholders, customers, society, and workers.

Instead of turning everyone into the same kind of contributor by standardizing their roles, skills-based organizations allow individuality to shine through with work tailored to their strengths and their potential realized.

Business leaders say:

79%

agree that the **organization has a responsibility to create value** for workers as human beings and society in general

66%

face pressure to **show commitment to create that value**, moving from rhetoric to results

Business and HR leaders say:

Workers say:

54%
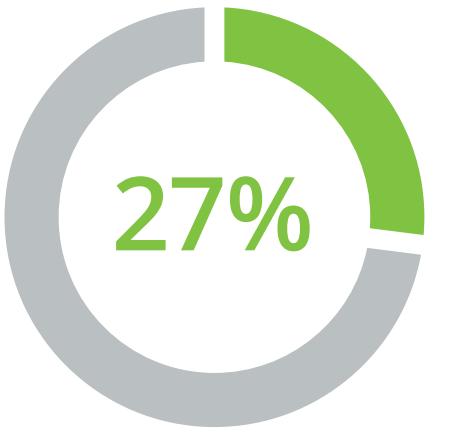
using AI to identify hidden and adjacent skills would help them reskill their workforce and retain displaced workers

27%
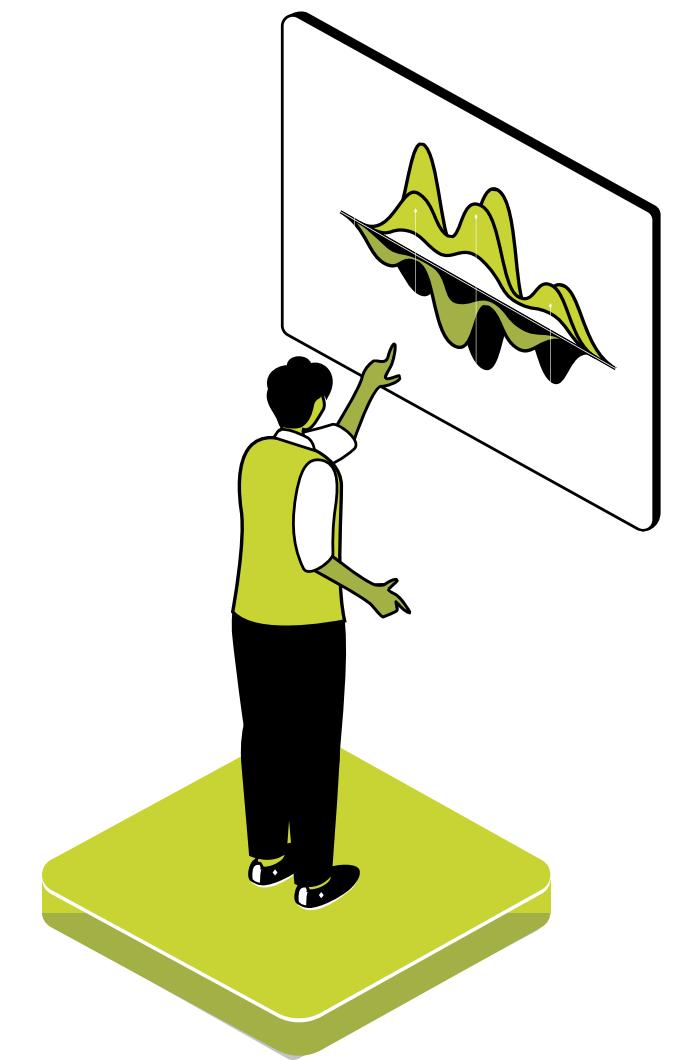
strongly agree that their **employer is making progress in creating value** for them

64%

they would be **more attracted to and remain at an organization that creates value** not just for shareholders, but for workers as human beings and greater society as well

Living proof:
Anheuser-Busch InBev

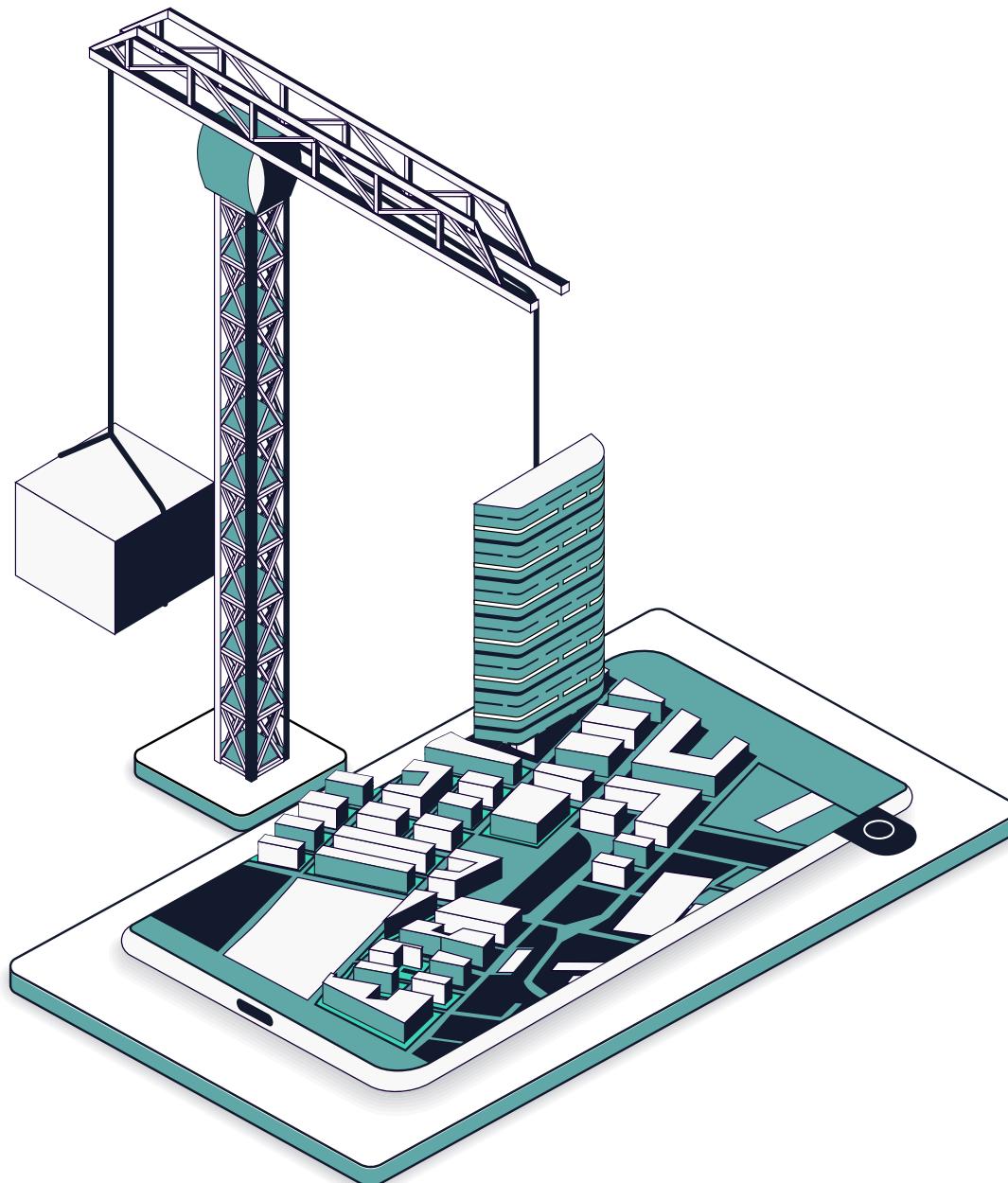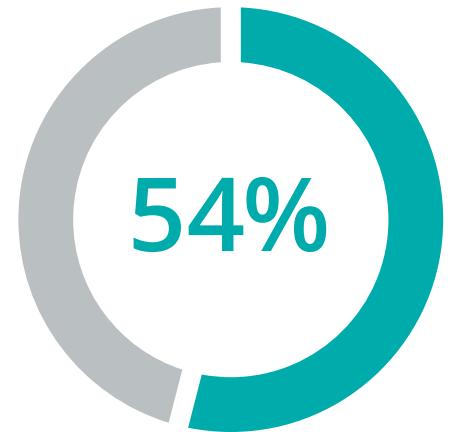*Anheuser-Busch InBev (AB InBev) worked to serve the greater community during the pandemic when the organization asked its workers to submit "ideas for good," quickly acting on many of them by mobilizing their workers' skills to take action on new problems. The idea to use AB InBev's breweries to make hand sanitizers and to use its plastic injection molding machines to make personal protective equipment for health care workers were two ideas born out of this program.[18]*

Living proof:
U.S. Navy

The U.S. Navy recently launched a platform called MilGears that enables service members and veterans to capture skills acquired through training, education, and on-the-job experience. The platform links the skills to the O*NET framework, which provides a framework of skills that link to jobs across the U.S. economy. Service members can log their validated credentials, determine their skill gaps, and use their profiles to help strategize for their post-military careers.[19]
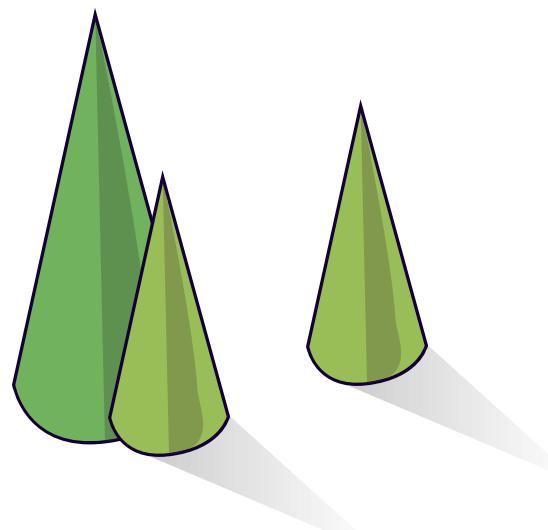
05

A new model for a new business landscape

The four principles of skills-based organizations

Leaders increasingly recognize that formal jobs can be obstacles in a time of rapid change. Establishing and driving a skills-based approach allows organizations to deliberately and consciously set new practices, policies, and standards that make the shift fair, well thought out, and manageable for everyone.

1 Liberate work and workers from the confines of the job:

Reorganize work as a portfolio of fluid structures, including and beyond the job.

2 Develop a workforce of one:

Reconceive workers as being employees holding formal jobs to being a "workforce of one" – individuals who work on- or off-balance sheet, each with a unique portfolio of skills and capabilities.

3 Use skills to make decisions about work and the workforce:

Redefine and reimagine every workforce practice — from performance management, to rewards, to hiring — to be based more on skills and less on jobs.

4 Build a "skills hub," the engine of the skills-based organization:

Build an internal "skills hub," an engine of skills data, technology, governance, and more, to power these decisions.

06

Liberate work and workers from the confines of the job

In complex work environments
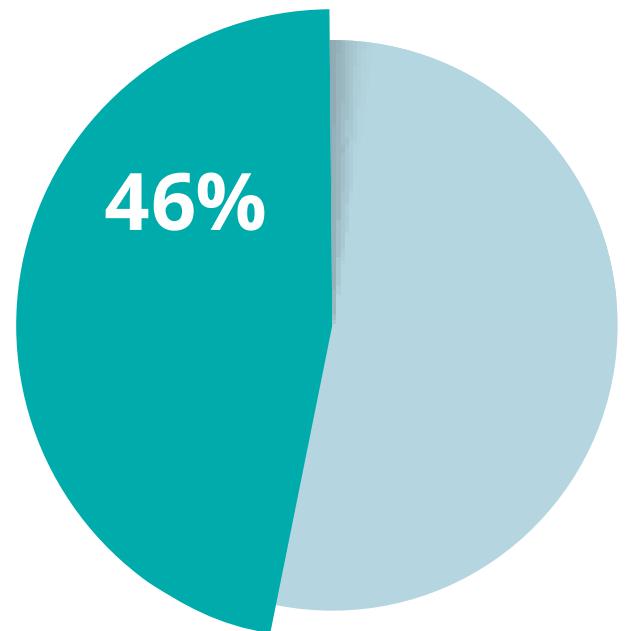
with knowledge-based organizations competing on innovation, formal job categories, responsibilities, and hierarchies can often seem rigid or even irrelevant. Although the job will always have a place in organizational life, organizations are experimenting with creating a portfolio of different ways to organize work including and beyond the job.

As work becomes far more variable,
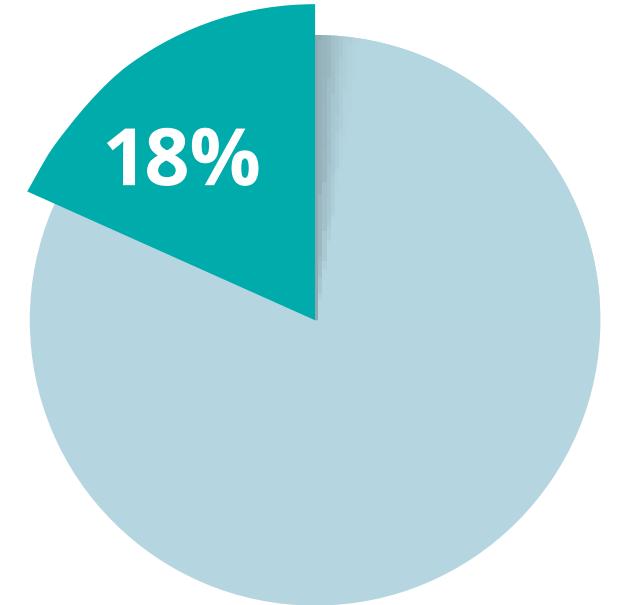
bundling all that people do into a "job" means that there are untapped skills and capabilities in our people, leading to trapped value in our organizations.

Business and HR leaders say:
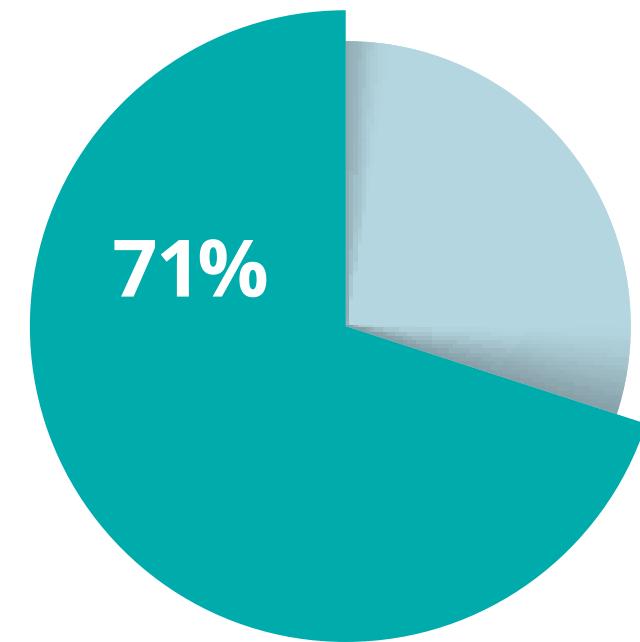
46% agree they **can quickly and easily move skills to where they are needed** most as work evolves — but only **16% strongly agree**

Business leaders say:
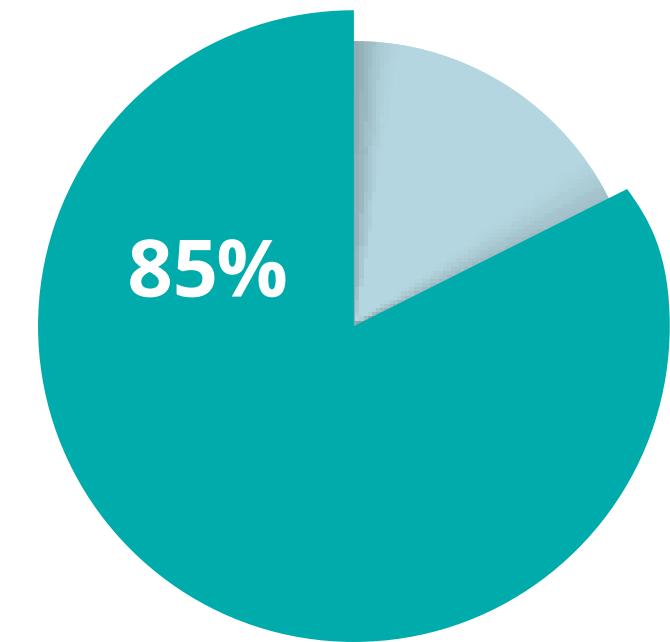
18% **strongly agree** that their workforce is using their skills and capabilities to their fullest potential

HR leaders say:

71%

and

85%
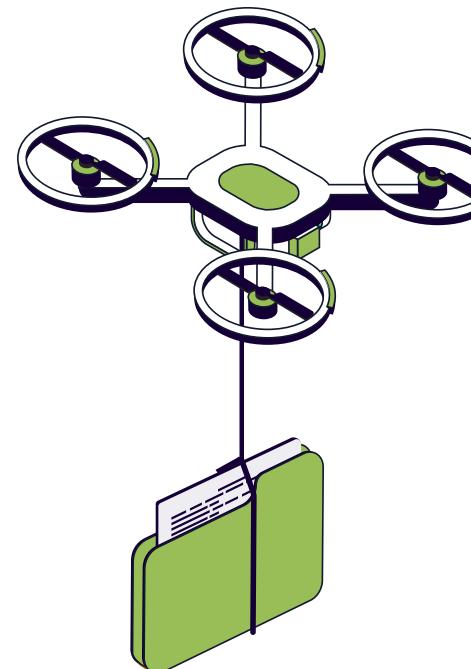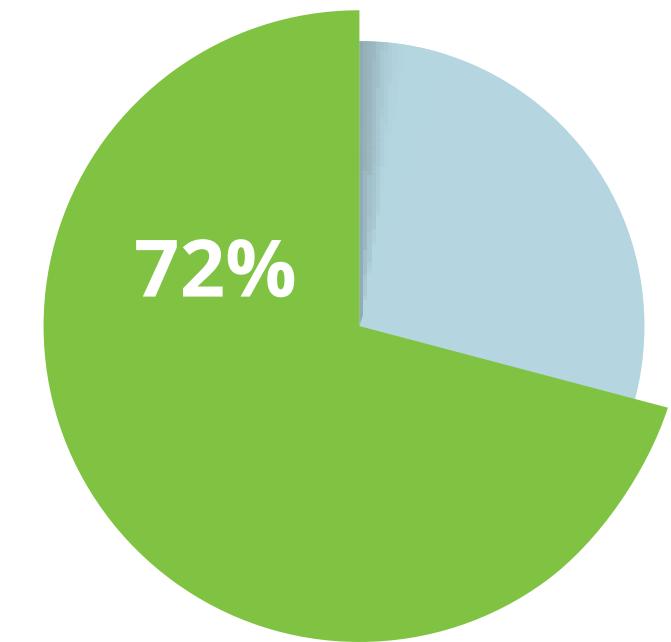
have already begun to redesign the way work is organized over the past three years so that skills can be flexibly ported to work as it evolves
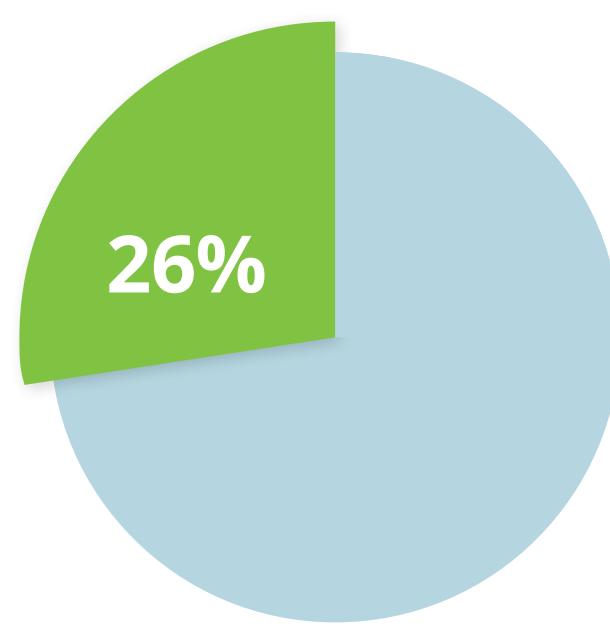
are planning or considering doing so over **the next three years**

Workers say:

72%

26%
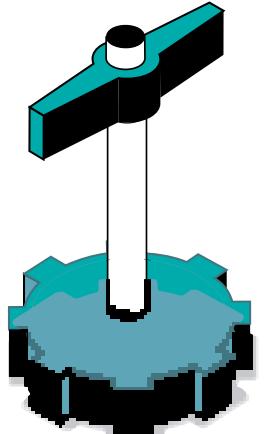
agree that customizing their responsibilities based on their unique skills would improve their work experience
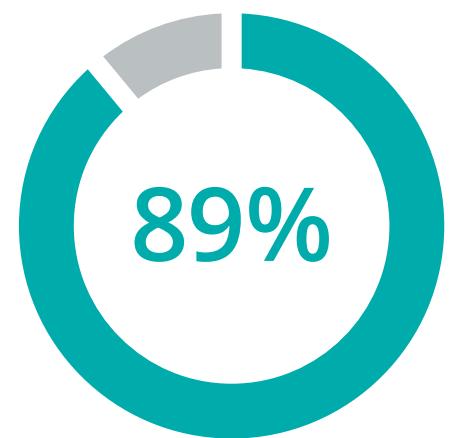
strongly agree their employer is using their skills and capabilities to their fullest potential

Fractionalize work
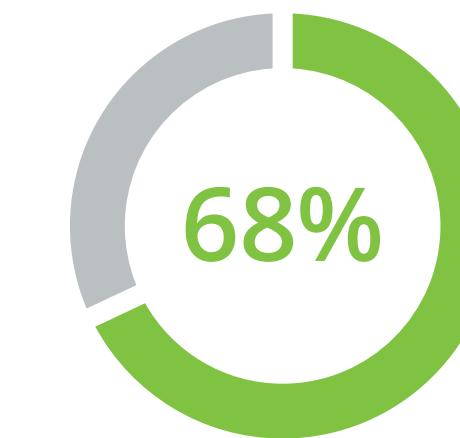
To emphasize agility, one possible approach is to fractionalize work—breaking it down into projects or tasks that evolve as needed by the business. This allows workers to flow to wherever their capabilities can create the most value.

HR leaders say:

89% are **experimenting with or using skills-based internal talent marketplaces**, in which workers are matched to projects and tasks anywhere in the organization for a portion of their time

Workers say:

68% believe that participating in skills-based internal talent marketplaces **would improve their experience at work**

**Living proof:
TATA Steel**

TATA Steel used an internal talent marketplace to post nearly 1,000 projects in the first few months of its debut, enabling the organization to unlock more than 165,000 hours and achieve a significant boost in engagement.[20]
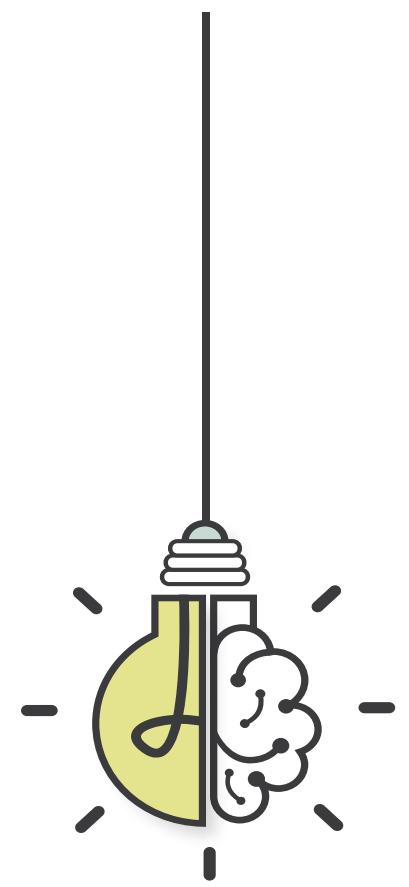
**Living proof:
Haier**

At Haier, the entire organization of over 75,000 employees works in a fully fractionalized work model, with an internal talent market that governs how talent is deployed on specific projects, structured into self-organizing, fluid microenterprises, each with 10 to 15 employees. [21]

**Living proof:
The U.S. Department of Defense**
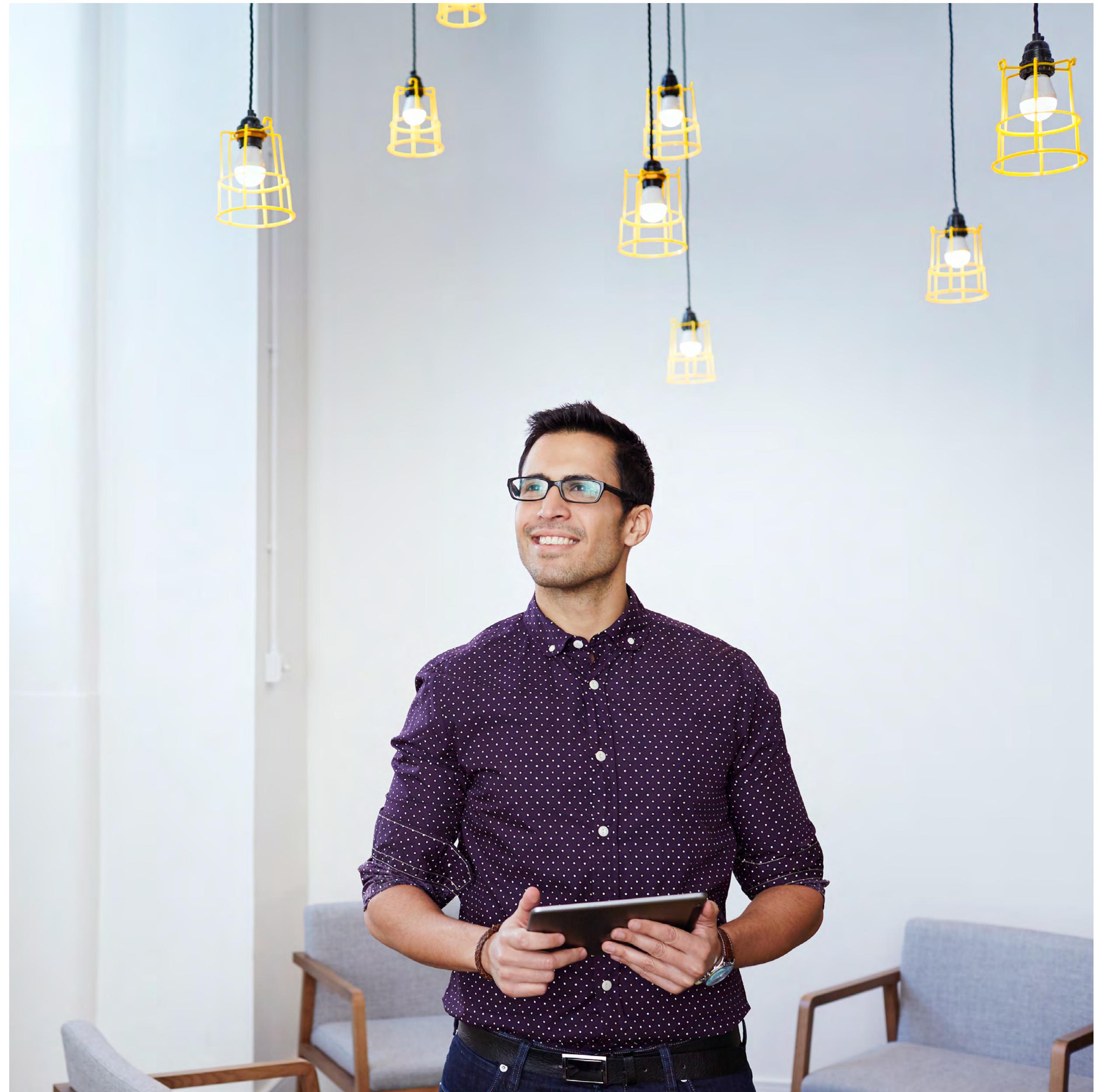
The U.S. Department of Defense and private sector defense organizations created The Public-Private Talent Exchange to share talent across organizations through temporary projects and assignments.[22]

Broaden work
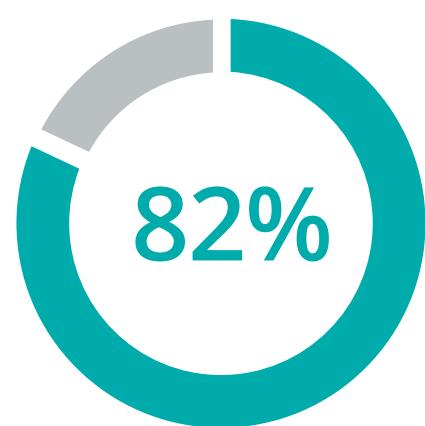
Organizations can go the other direction and broaden work. Organizing work by creating very broad commitments to problems to be solved, outcomes to be achieved, or new sources of value to be created essentially provides guardrails for workers in terms of the broad "what" of work—but giving them the freedom and autonomy to choose the "how."

Our research reveals that organizations that do this are nearly twice as likely to place talent effectively and retain high performers, as well as have a reputation as a great place to grow and develop.
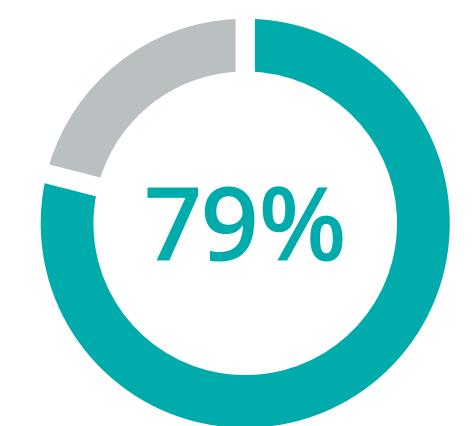
Organizations are moving to broaden the job. In the past 3 years,
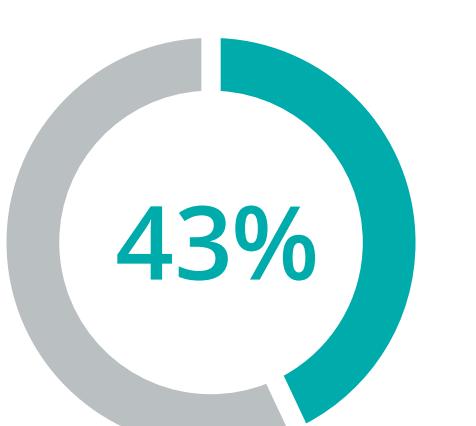
HR leaders say they have:

82%

multi-skilled workers to enable them **to do tasks from different jobs**

79%

evolved roles to be bigger and more integrative, often embracing adjacent job functions

43%
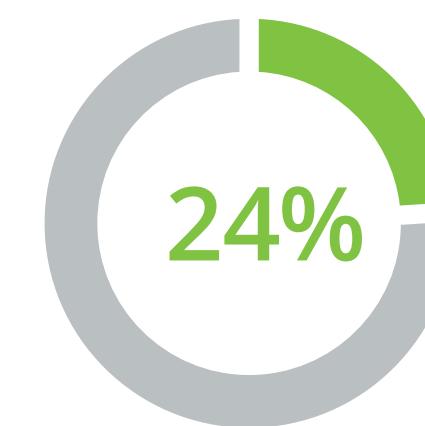
reduced the number of job levels and layers

34%

reduced the number of job types

Workers say:

24%
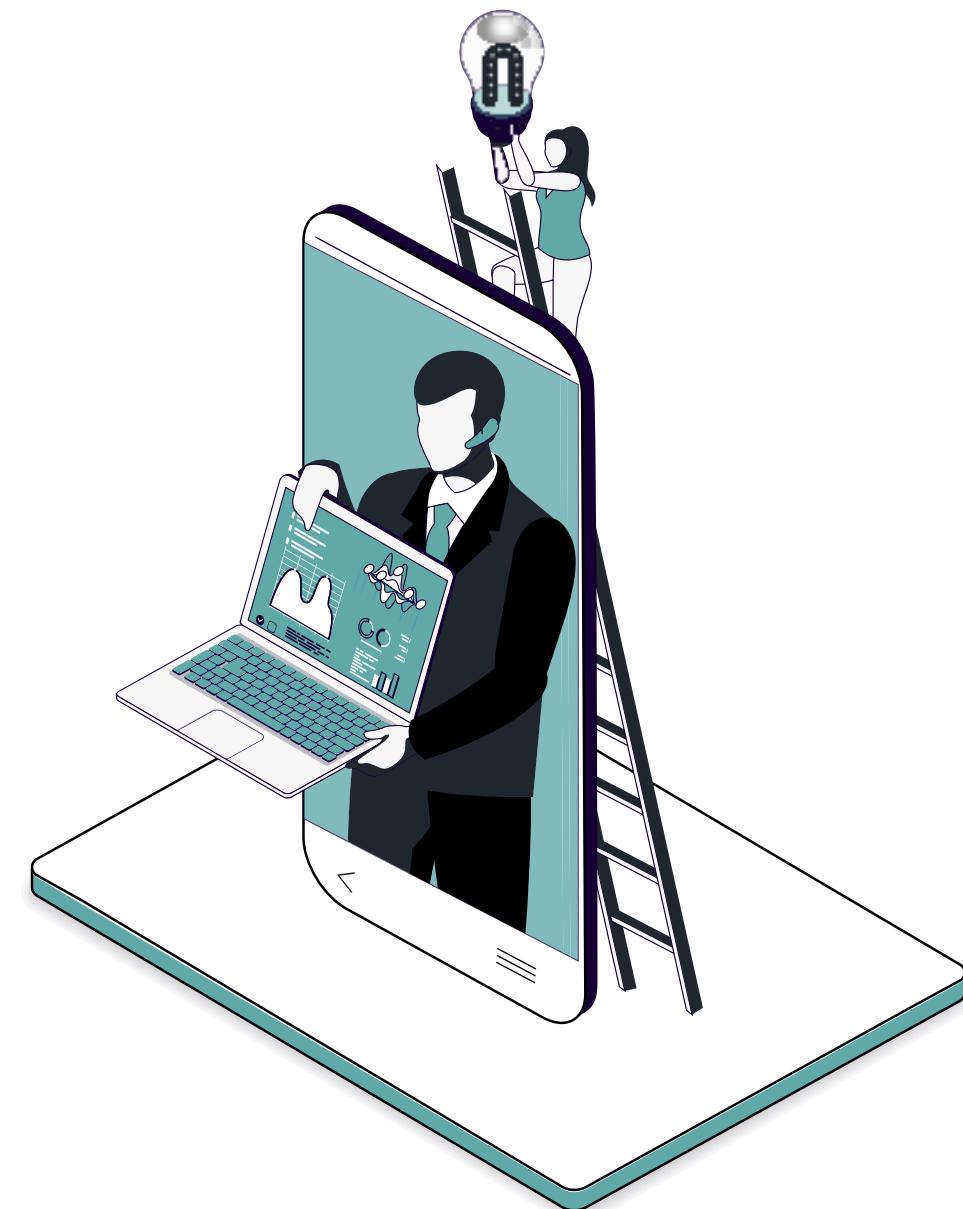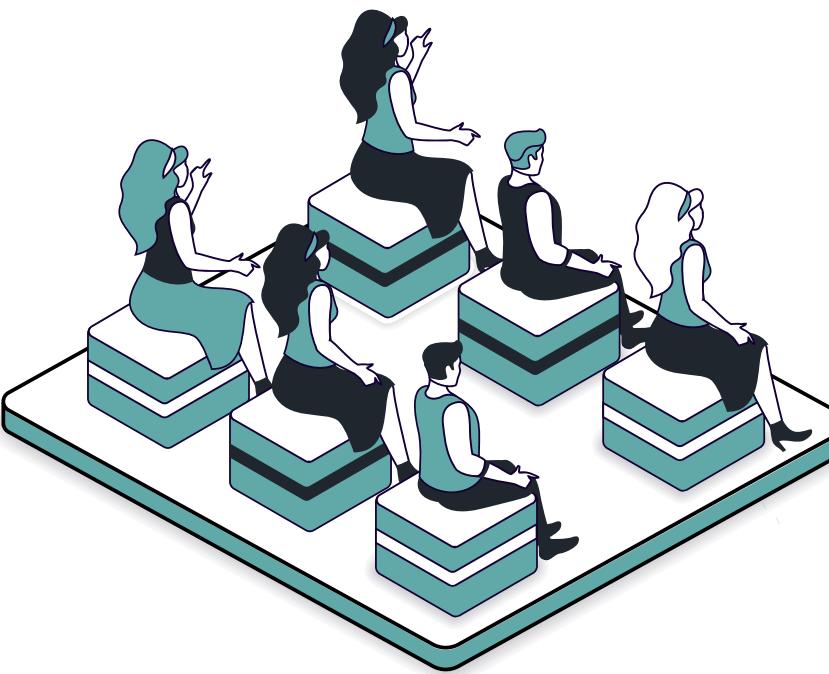
strongly agree that **their organization is already structuring roles and responsibilities around problems to solve** rather than based on sets of repeatable tasks —**with another 46% who agree**
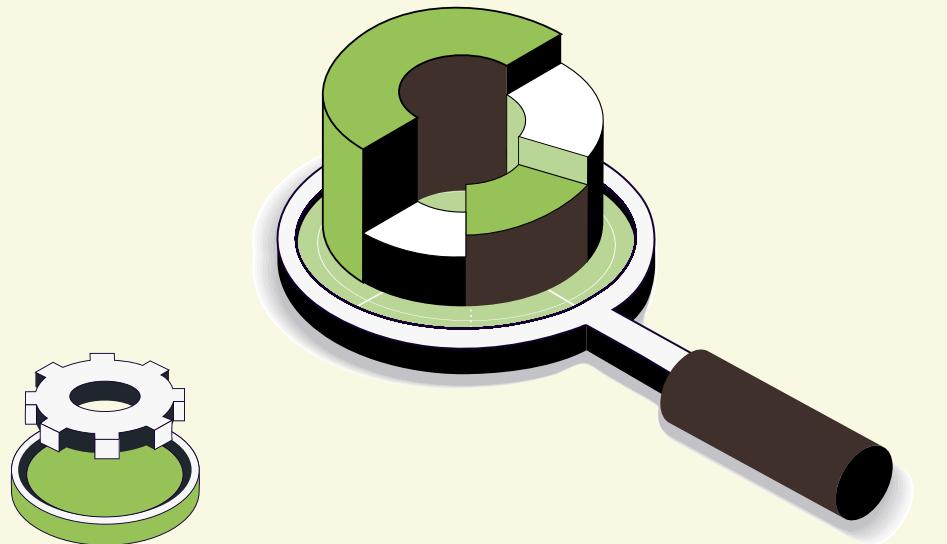
Living proof:
W.L. Gore and Morning Star

Some prominent companies have successfully implemented ambitious delayered organizational structures emphasizing people's skills rather than formal designated responsibilities — and made those plans work long-term. For decades, business writers have cited manufacturer W.L. Gore's lattice structure [23] and the flat-organization tomato processor Morning Star, where each employee drafts their own outcomes and problems to be solved; and authority and pay are based on skills, expertise, and value created.[24]

Living proof:
Patagonia

As Ravin Jesuthasan and John Boudreau write in their recent book "Work Without Jobs," when Patagonia sought to port the skills of store associates to work in customer service for the online retail support center to balance out shifting demand during the COVID-19 pandemic, they confronted a challenge that the two jobs were evaluated and paid differently, sitting in very different places in the job architecture. Its solution? They created a new, broader job that contained the overlapping tasks between the two roles, with that job's pay being the same, whether done by a customer service representative or a store associate.[25]
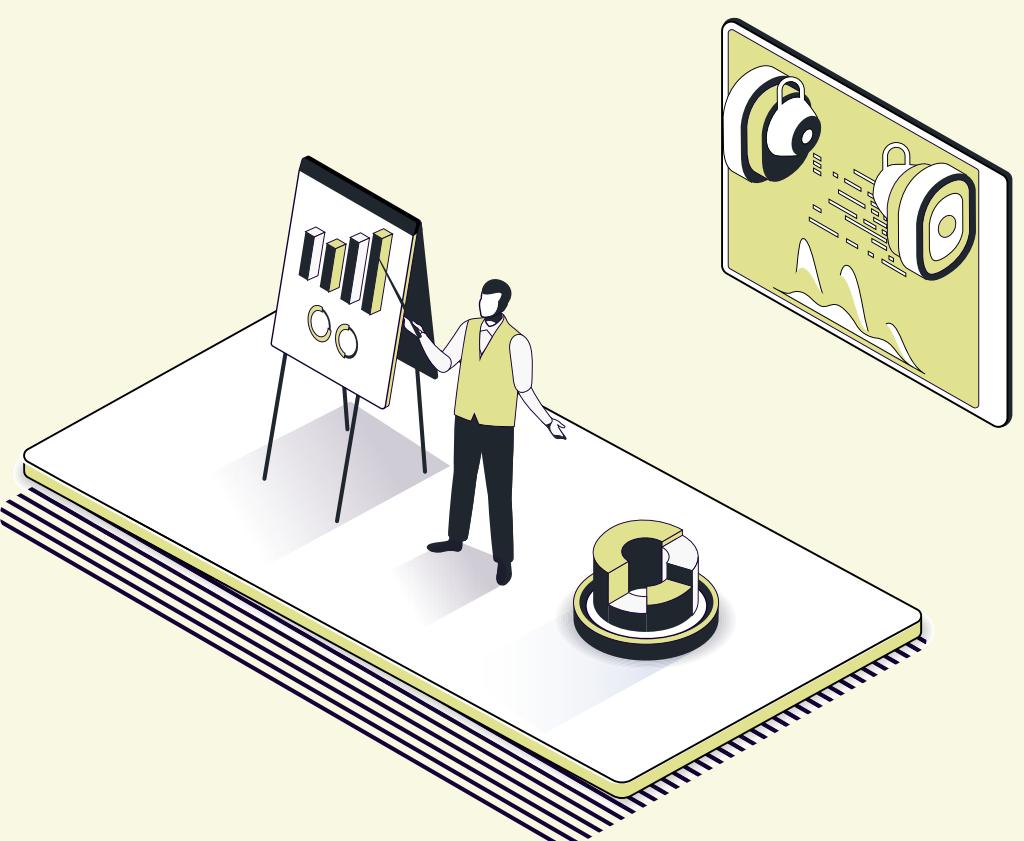
A note on job architecture

What does this redefinition of work beyond the job mean for job architecture—the very underpinnings of a jobs-based system of work and the workforce? For those looking to create more fluidity but don't want to eliminate jobs entirely—either through partial broadening of work or partial fractionalization of work—simplifying the job architecture through more broadly defined roles than detailed jobs is an important step to provide more flexibility for work to be more fluidly matched to skills. This approach also helps organizations fractionalizing work through talent marketplaces. According to Jeroen Wels, executive vice president of HR at Unilever, an early pioneer of talent marketplaces:

"Jobs will still exist in the future, but they definitely will be much more broadly defined. You are not the Assistant Brand Manager of Dove in the UK; You are a Brand Manager with a spike and you have got a clear purpose, you want to build your experiences and you are going to refresh your skills along the way. That is what I think the future of creative development is going to be. Not ring-fenced jobs where you need to be just working in a process. Let's then understand what your purpose is, understand what kind of experiences you want in a professional life and then how we can help you with building the skills to get those experiences, have a fantastic professional career and use it outside of your profession as well."[26]

Leaders seek a portfolio of different ways to organize work
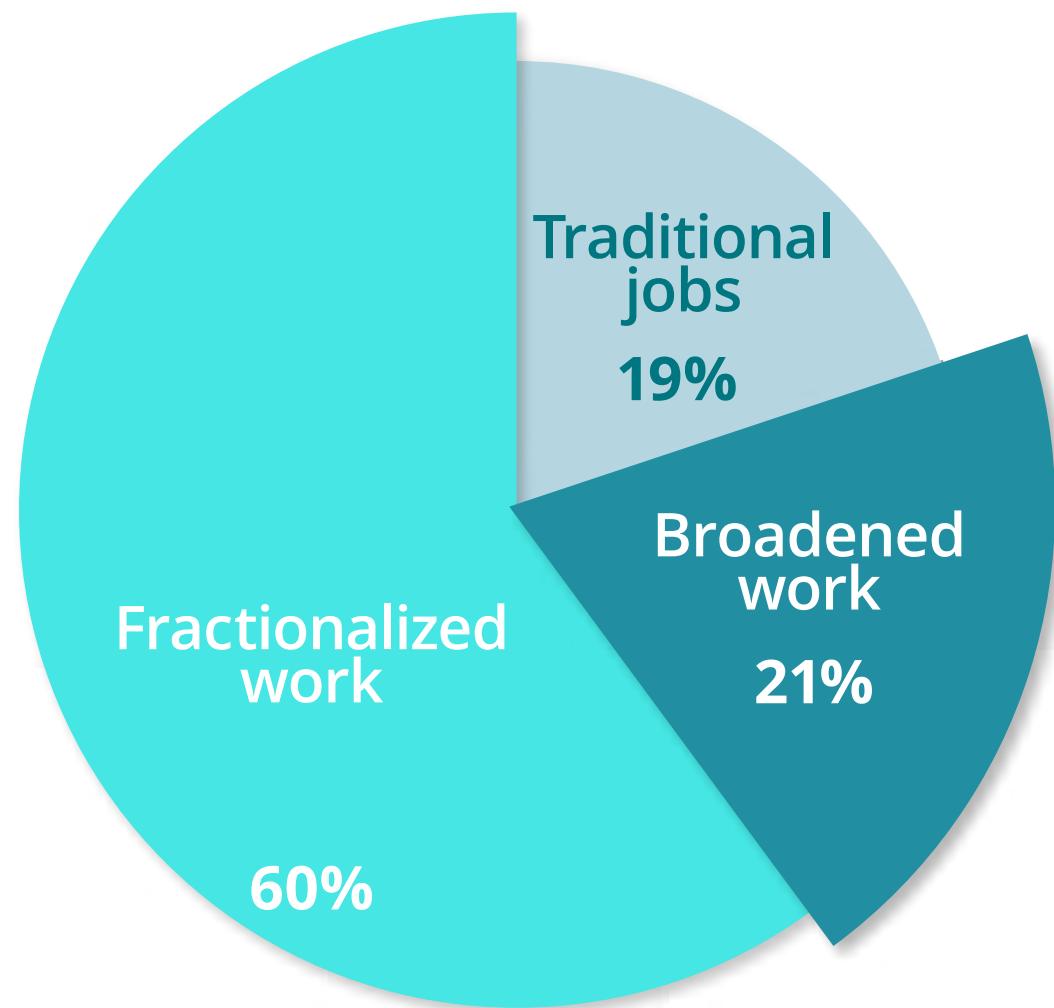
Although there will always be a place for the traditional job, organizations are increasingly looking to create a portfolio of different ways to organize work.
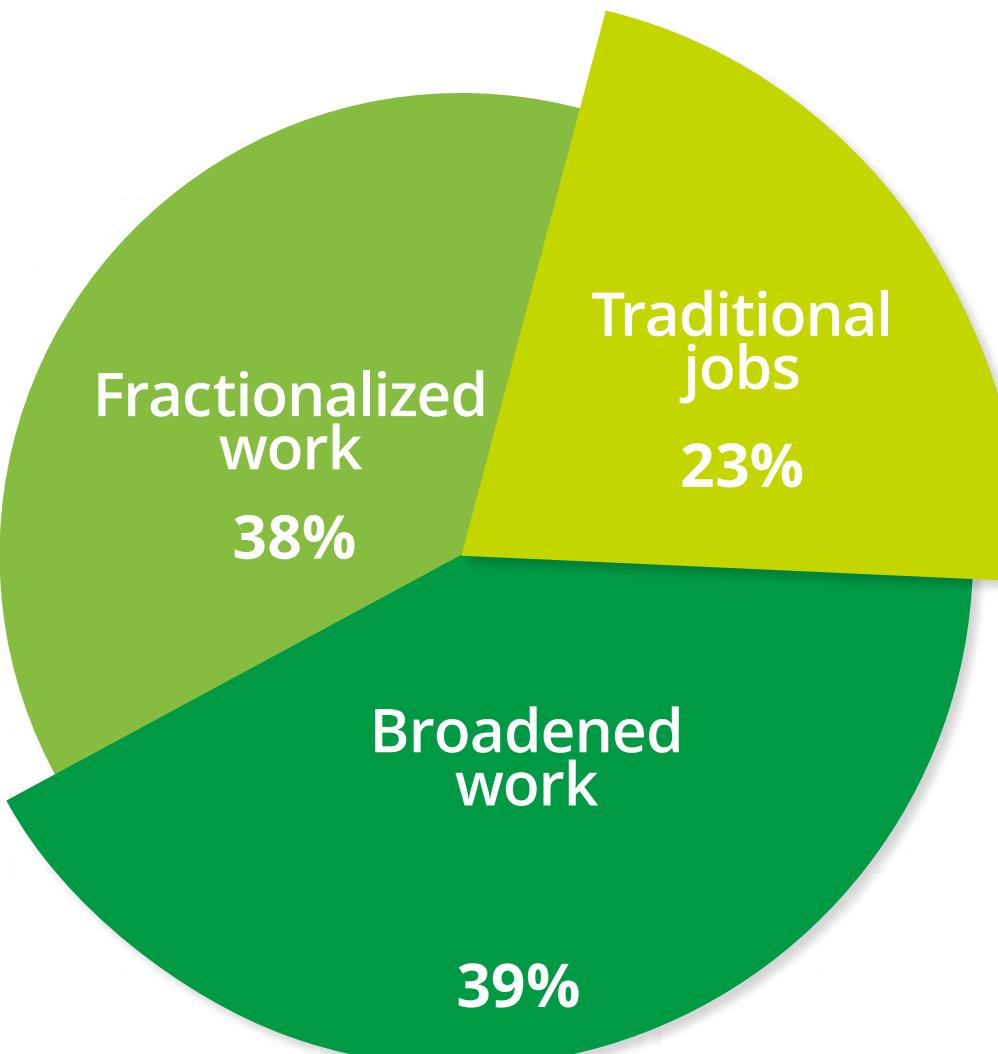
Neither executives nor employees see jobs as the best way to organize work anymore.

What do you believe is the best way to organize work to create value for workers and the organization?

Business executives

Traditional jobs
19%

Broadened work
21%

Fractionalized work
60%

Workers

Traditional jobs
23%

Fractionalized work
38%

Broadened work
39%

Fractionalized work:
Workers who flexibly flow to tasks, assignments, and projects based on their skills and interests.

Broadened work:
Structuring worker roles and responsibilities around broad problems to be solved or outcomes to be achieved.
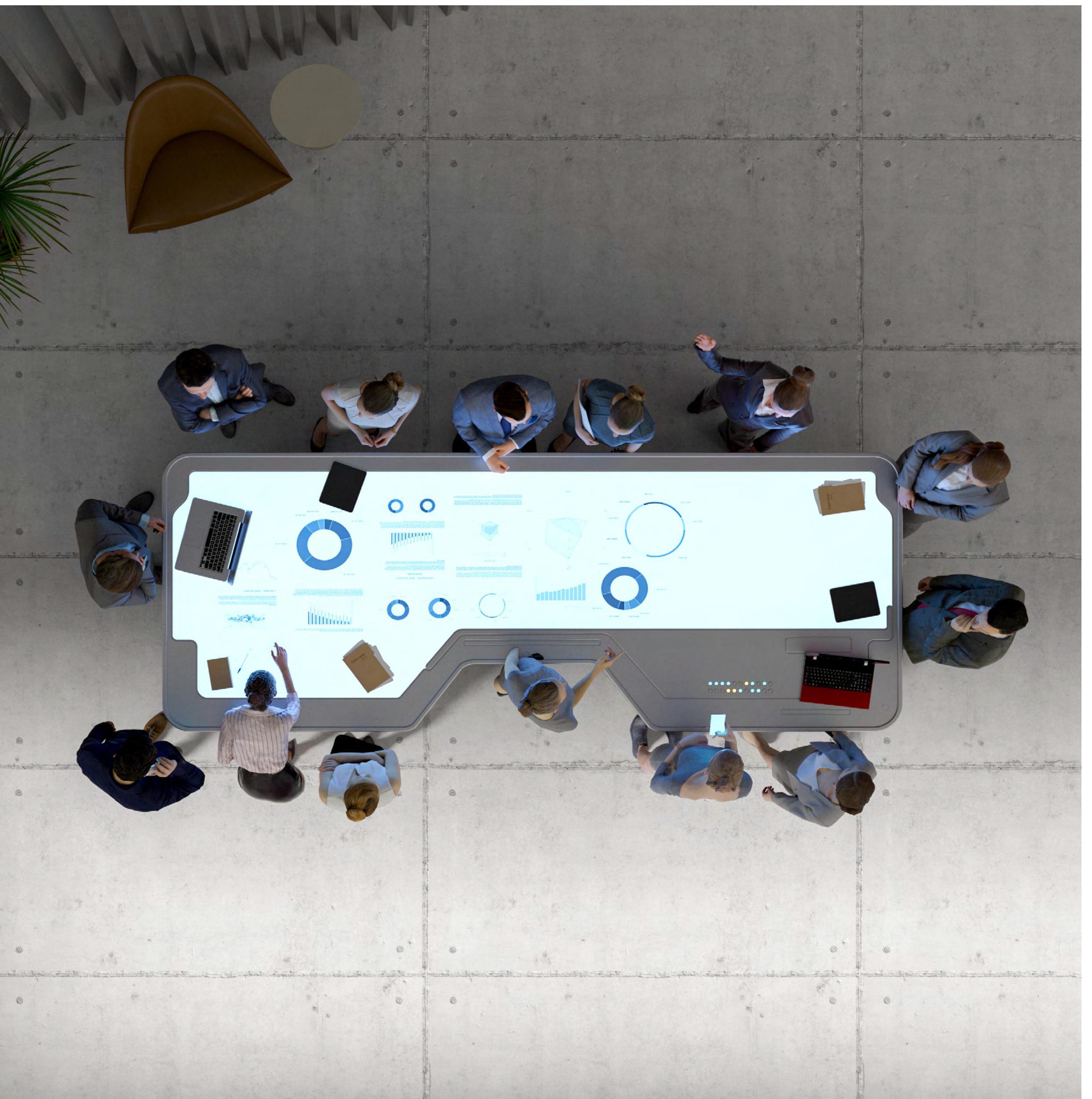
07

**Develop
a workforce
of one**
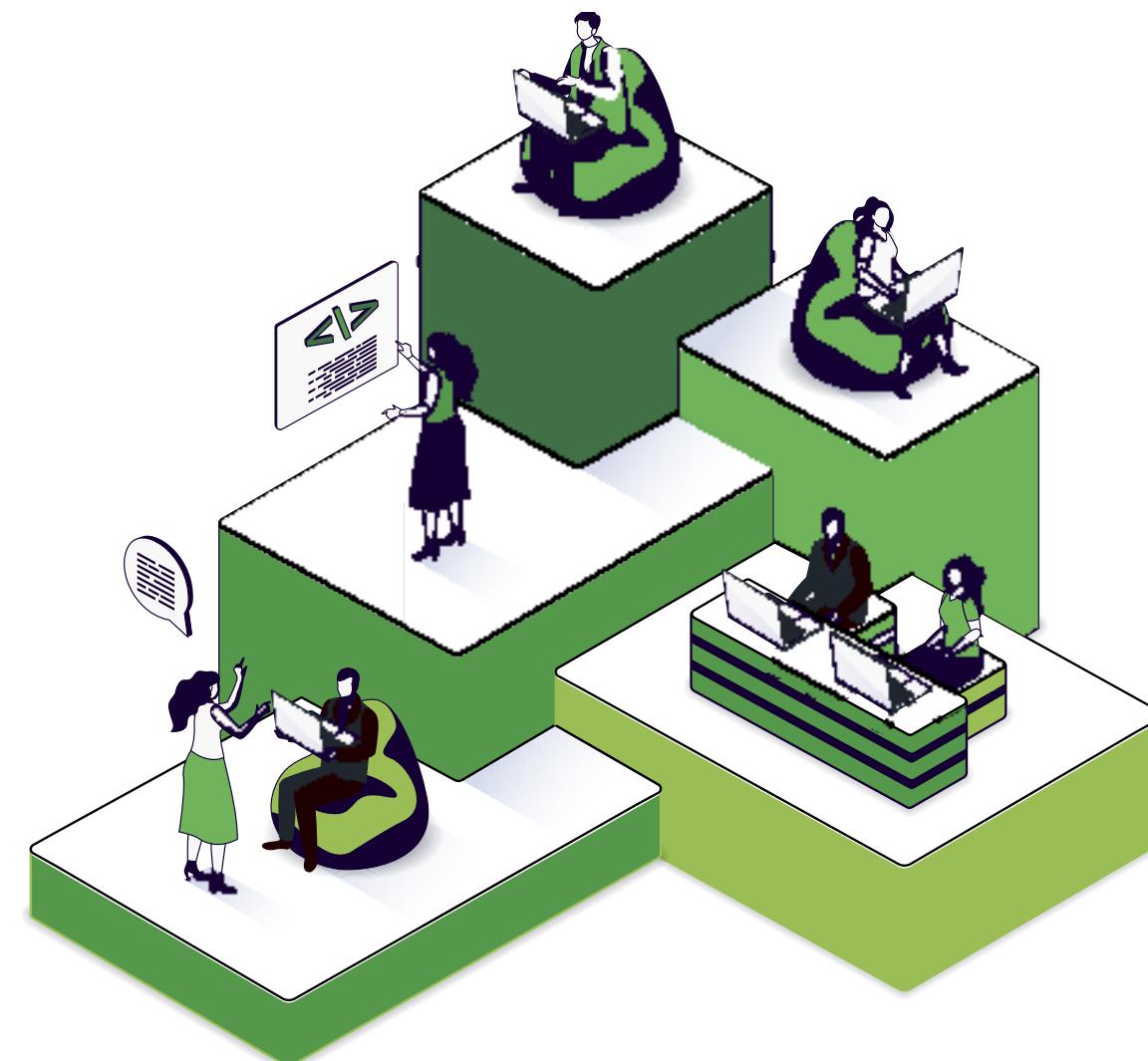
The industrial era,

mechanized model of the past compartmentalized people into standard units called jobs—used to achieve efficiency and ease of manageability. Instead, skills-based organizations enable organizations to achieve the promise of a truly customized work experience for their workers: treating each individual as a "workforce of one."[27]
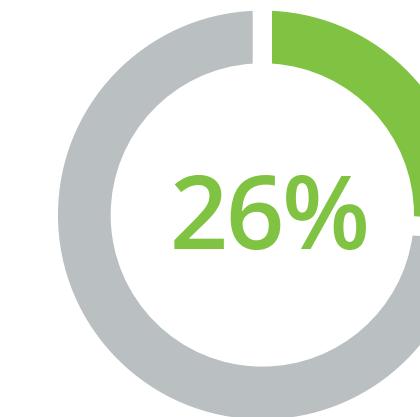
Workers are demanding more growth and autonomy at work
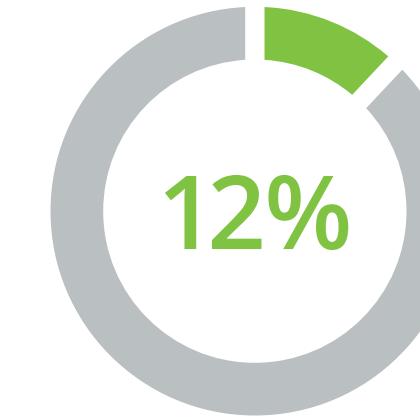
Workers want to be seen as individuals, not just job holders.

Workers say they aren't being treated as individuals with unique skills:

26%
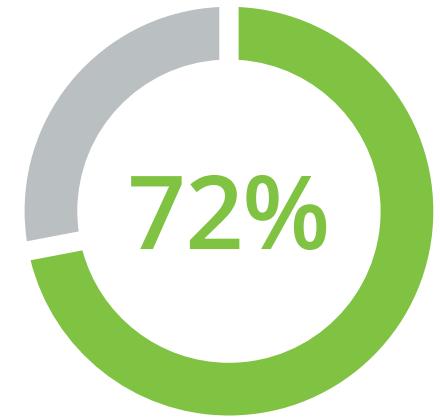
strongly agree **their employer treats workers as whole, unique individuals** who can each offer unique contributions and a portfolio of skills to the organization

12%
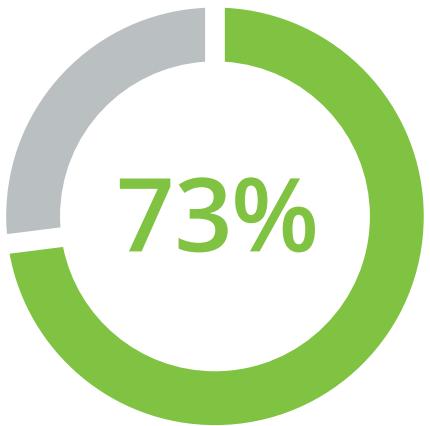
agree they can **customize and personalize their work responsibilities based on their unique skills, capabilities, and interests** (e.g., through projects, internal gigs, or choosing their own tasks) to a significant extent

and

72%

say it would **improve their experience at work**

040
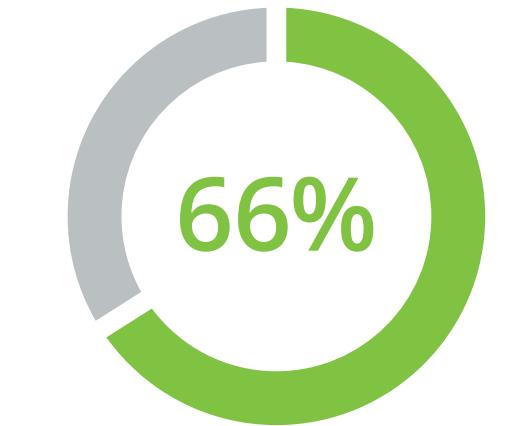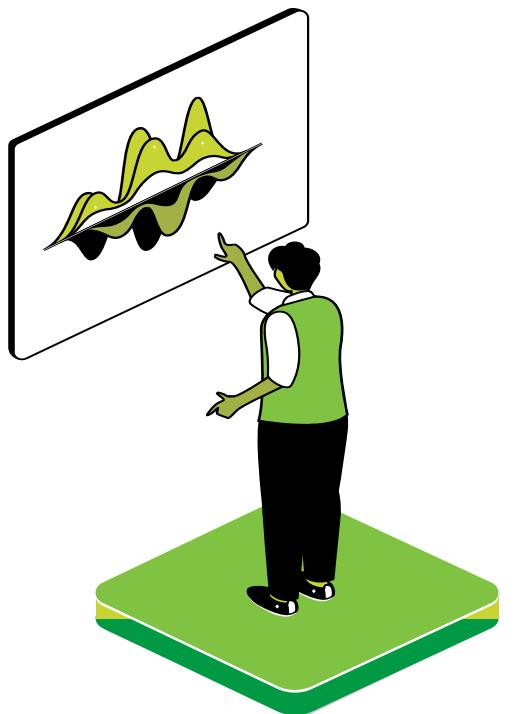
Workers value skills-based practices:

Workers often don't see themselves in traditional jobs anymore:

73%

say skills-based practices would **improve their experience at work**

66%

say they would be more likely to be attracted to and remain at **an organization that values and makes decisions based on their demonstrated skills** and potential over their job and degrees

50%

say they would be more likely to be attracted to and remain with an organization that grants them more agency and choice in **how to apply their skills**

55%

have, or are likely to, **switch employment models throughout their careers,** often working without a "job" at all (e.g., switching between on- and off-balance sheet roles)
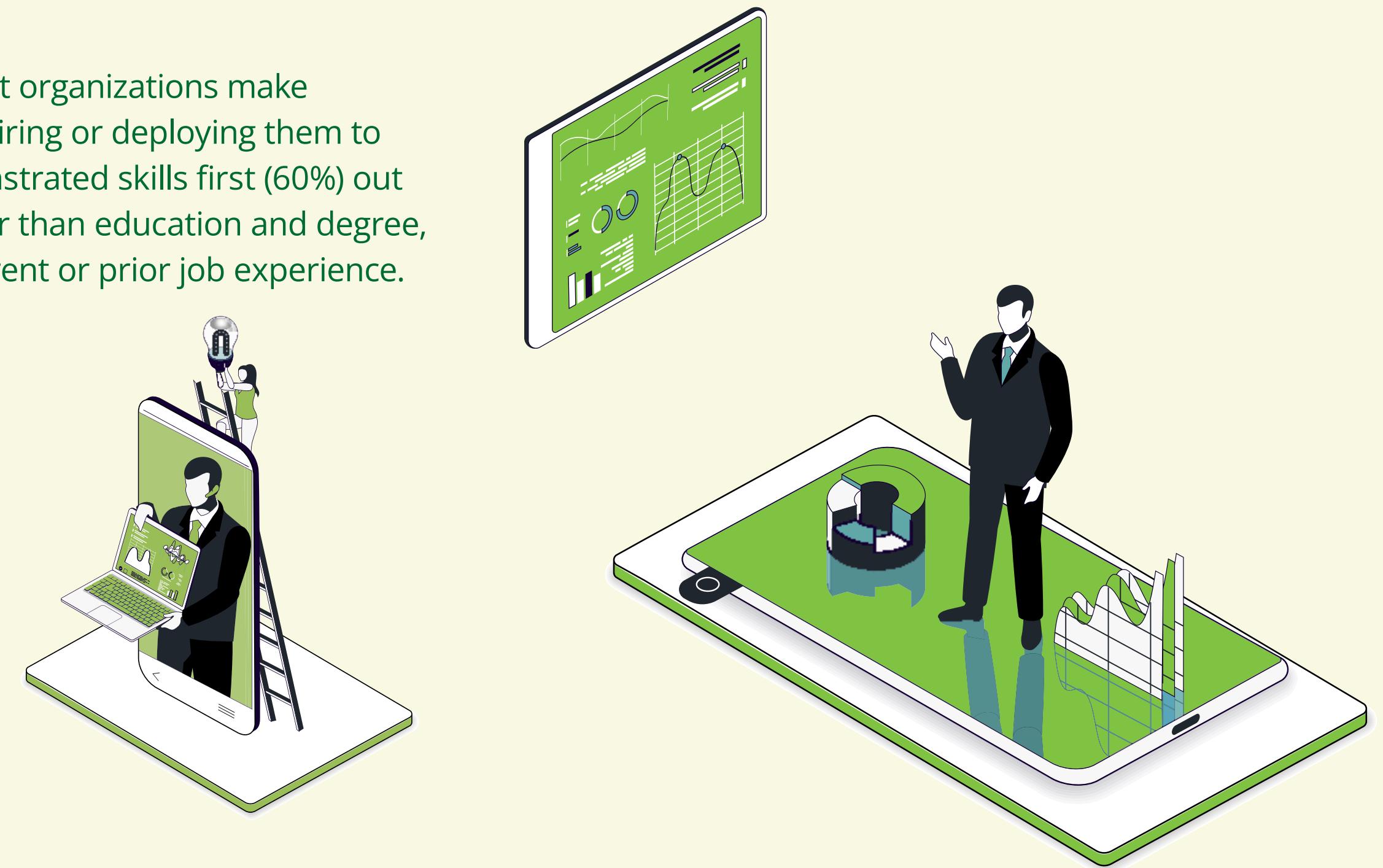
Workers are willing to share their data so organizations can create skills-based practices

Given workers' preference for skill-based practices, it is not surprising that when asked how they would like to be viewed by their organization—in terms of the data collected on them—workers are far more open to having their organization collect data on their skills and capabilities than their prior job experience or education and degree.

Workers would also prefer that organizations make decisions about them — like hiring or deploying them to work — based on their demonstrated skills first (60%) out of 11 factors asked, 18% higher than education and degree, and 11% higher than their current or prior job experience.

79%

of workers are open to their employers **capturing their demonstrated skills and capabilities**
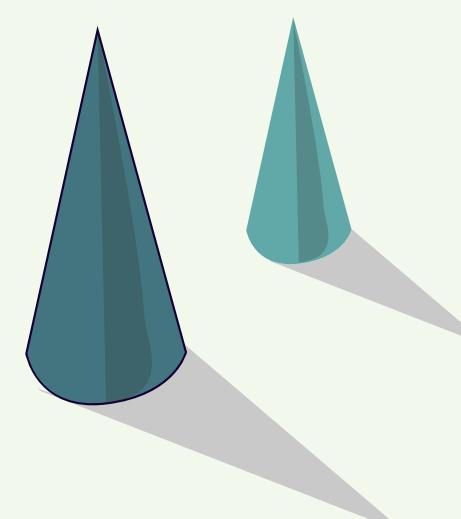
08

Use skills to make decisions about work and the workforce

Today, every talent management practice is based on the job
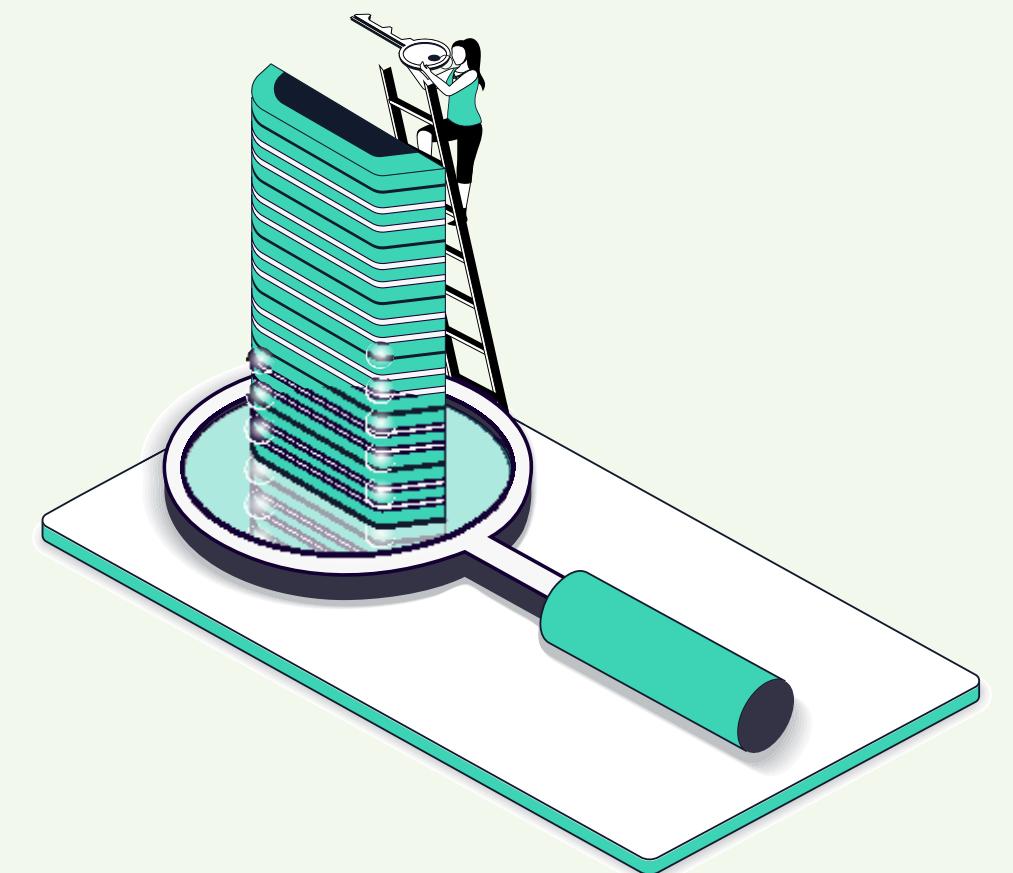
HR writes job descriptions, sets compensation, creates organizational charts, and assigns training — all around predefined jobs. Managers hire, give feedback, promote, and organize their teams around jobs. And workers progress throughout their careers by moving to the next higher-ranking job. Talent management, in this view, is standardized and process-driven, siloed and centralized, and based on a supply-chain-oriented view of the world that assumes that the workforce is an interchangeable resource to be supplied and managed at cost rather than a unique asset to be cultivated.

The skills-based organization turns talent management on its head, redefining and reimagining every workforce practice to be based more on skills and less on jobs.

How organizations are already moving toward a skills-based approach
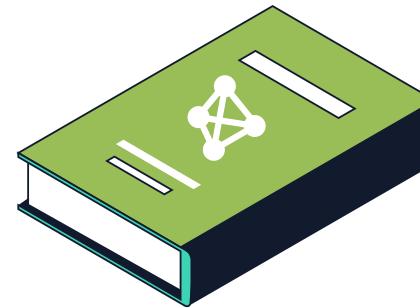
More companies than you might think are shifting workforce structures to focus on skills rather than traditional jobs. Though there's a great deal of experimentation, a relative handful of organizations have gone all-in on a new approach. HR executives are working hard to adapt practices to an agile business environment, and workers are generally supportive of shifts in each area. Overall, progress is slow, but innovators have moved forward over the last several years.

The skills-based shift is happening: Deploying skills to work

From:
Role-based vertical and horizontal moves based on job experience
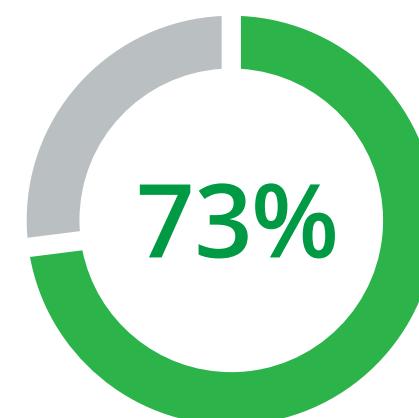
To:
Using AI to match skills to work and teams—inside or outside of the organization

**Living proof:
Mastercard**

During the early days of the pandemic, Mastercard began matching employees to high-priority tasks anywhere in the organization through an initiative known as Project Possible. After manually matching employees to opportunities in 2020, Mastercard decided to scale up its initiative by implementing an AI-powered talent marketplace. Leaders realized that the pandemic's disruption isn't a one-off change, and that volatility and rapid transformation will continue to be a constant. Consequently, Mastercard sought to ensure their workforce has access to opportunities to dynamically learn new skills and develop their careers as demands and priorities shift. Three-quarters of Mastercard's workforce is now registered on the talent marketplace, enabling it to unlock 100,000 hours and achieve $21,000,000 in savings through internal mobility.[28]

Skills-based talent marketplaces, where skills are deployed to projects and tasks

16%
of organizations are **committed**

73%
are at least moving in the right direction

68%
of workers say it would improve their experience at work

Skills-based cross-company talent exchanges

15%
of organizations are committed

48%
are at least moving in **the right direction**

57%
of workers say **it would improve** their experience at work
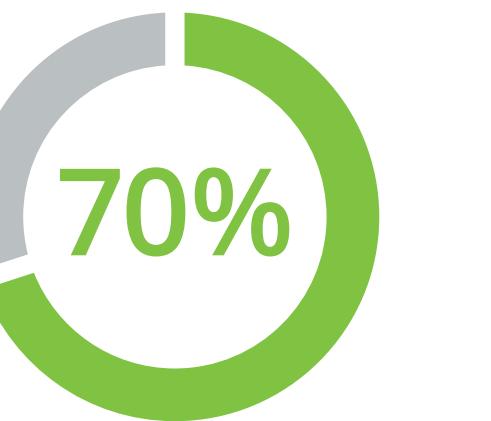
Matching skills to teams to create optimal team compositions

4%

of organizations **are committed**

70%

are at least moving in the **right direction**

70%

of workers say it would **improve their experience** at work

Living proof: IBM

IBM uses AI to suggest optimal sales teams based on skills and other attributes of people, predicting win probability based on team formation.[29]

The skills-based shift is happening: Hiring
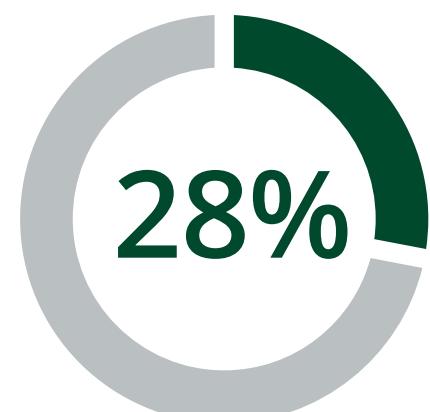
From:
Hiring based on job experience and education

To:
Hiring based on verified skills and adjacent skills more than job experience and degrees

Skills-based hiring
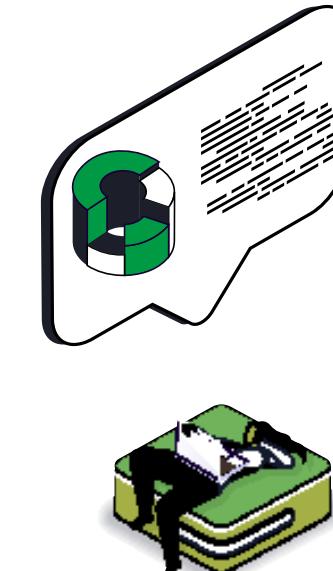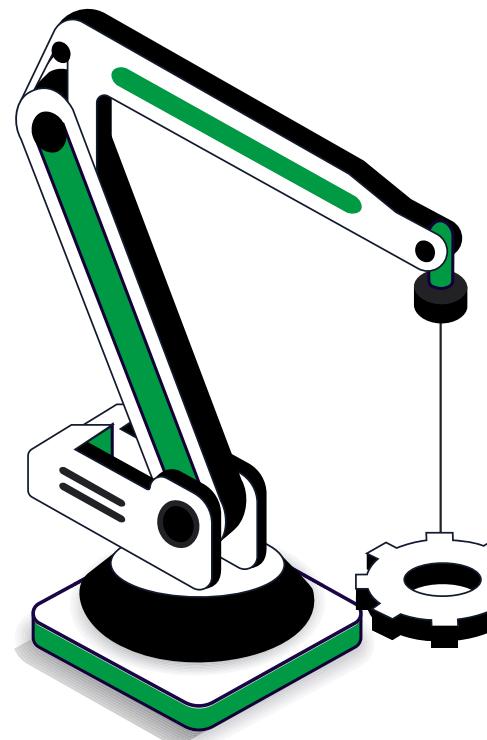
28%
of organizations are **committed**

62%
are at least moving in **the right direction**

70%
of workers say **it would improve** their experience at work

Living proof: IBM

IBM responded to the global scarcity of skilled tech workers by opening fully half of its positions to people with the right skills, notwithstanding degrees or job experience; the company dubs this type of job "new collar."[30]

The skills-based shift is happening: Development and careers
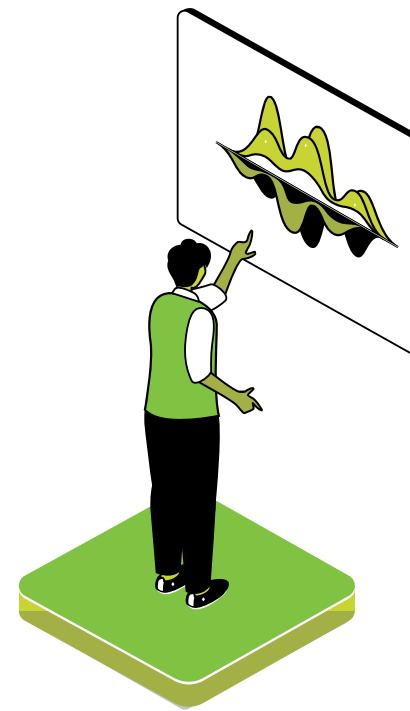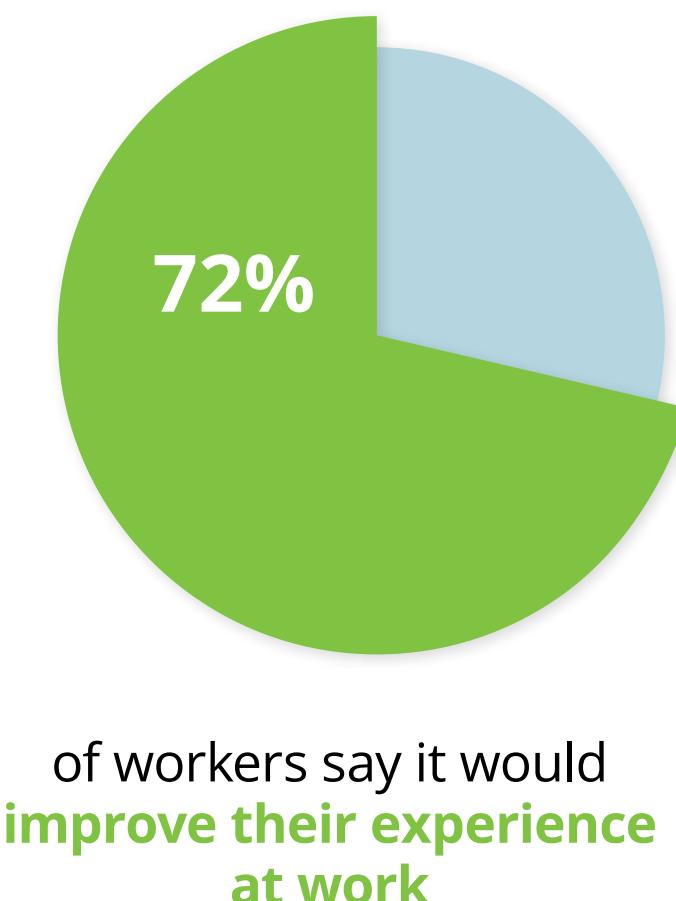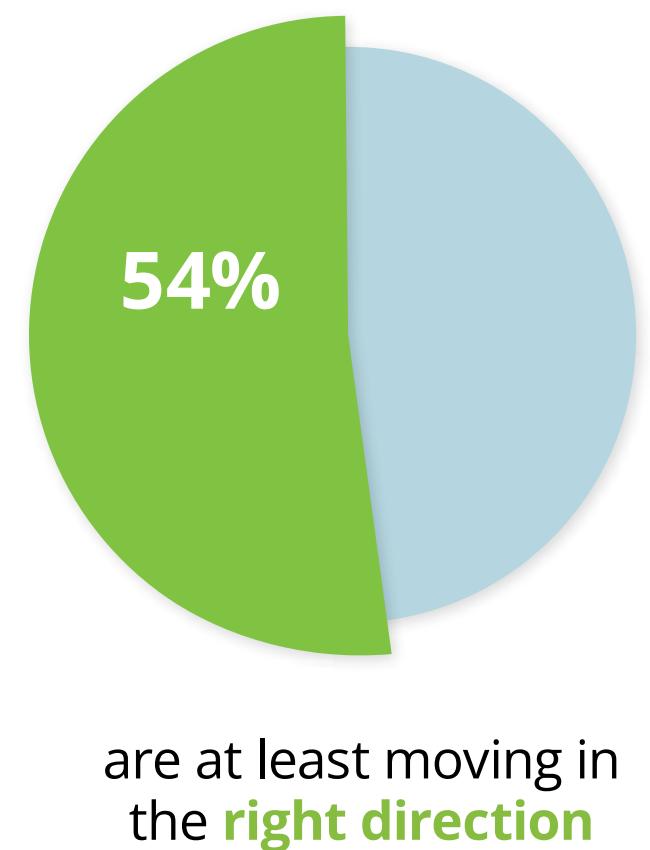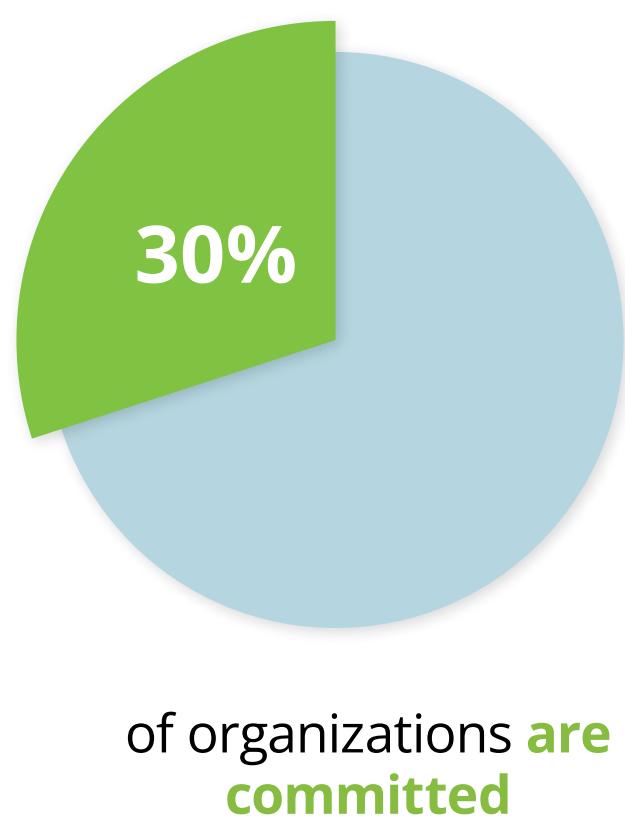
From:
Job-based vertical and horizontal moves based on job experience and learning assigned or suggested based on one's job and career path

To:
AI-powered suggestions of career paths and opportunities anywhere in the organization based on one's skills, adjacent skills, interests, and potential, and personalized learning, development, and reskilling opportunities suggested based on one's skills and skill gaps
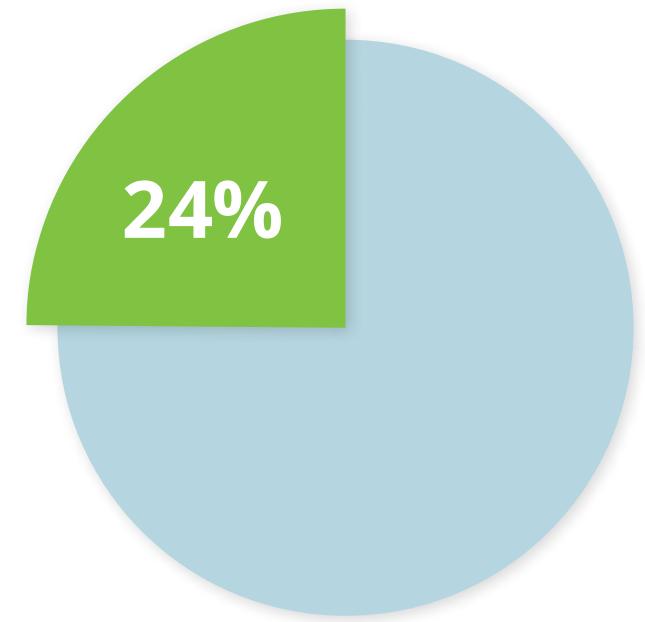
Using AI technology to suggest career paths and associated opportunities for assignments anywhere in the organization to workers based on their skills, adjacent skills, interests, and potential

30%

of organizations **are committed**

54%

are at least moving in the **right direction**

72%

of workers say it would **improve their experience at work**
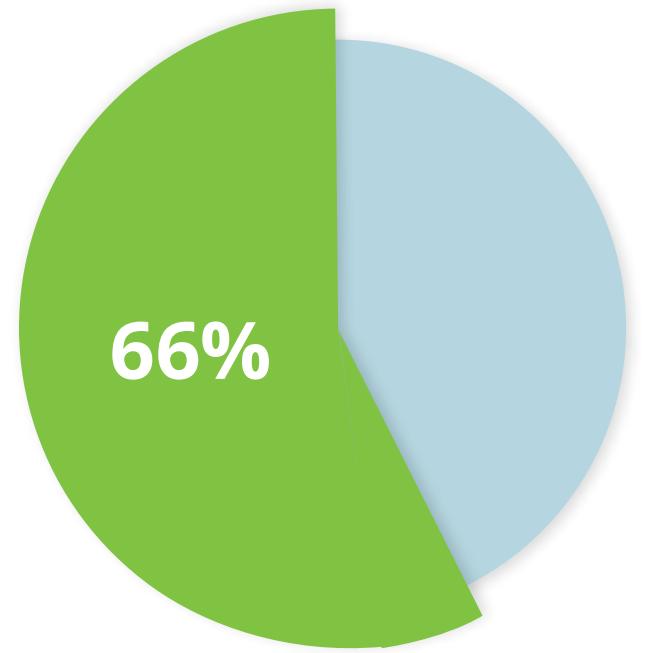
**Living proof:
French insurance financial services firm**

A French insurance financial services firm developed a virtual career assistant that uses AI to mine employees' skills and interests to determine their most suitable jobs—and where training could help them pursue new opportunities.
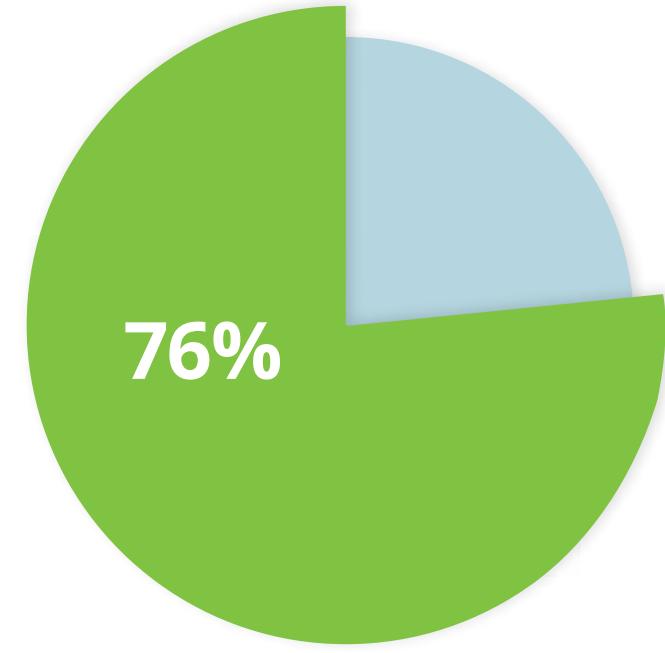
Suggesting targeted learning, development, and reskilling opportunities to workers based on skills and skills gaps

24%

of organizations are
committed

66%

are at least moving in
the **right direction**

76%

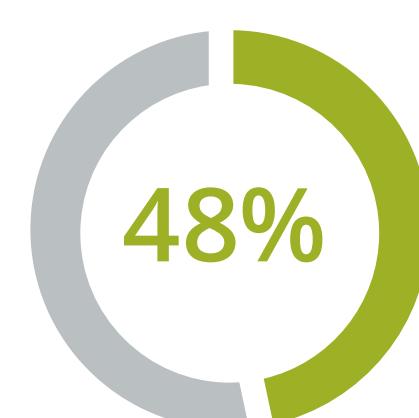of workers say it would
**improve their experience
at work**

**Living proof:
Novartis**

Novartis uses its talent marketplace and database of skills to match mentors and mentees, across functions and countries, based on relevant expertise. [31]

The skills-based shift is happening: Performance management

From:
Recognizing and promoting people based on job performance
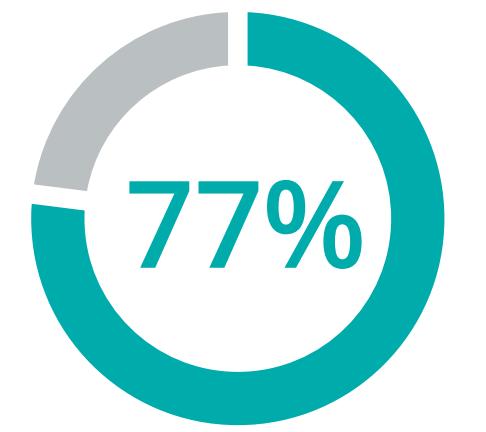
To:
Recognizing and promoting people based on skills development and weaving it into performance discussions

Making skills development a part of performance management conversations between managers and workers
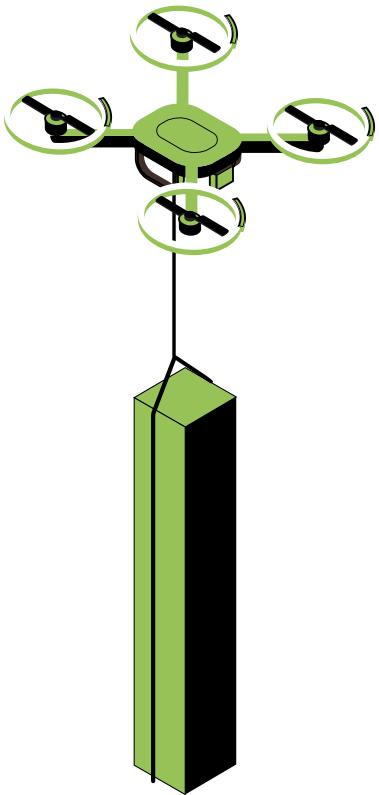
14%

of organizations **are committed**

77%

are at least moving in the **right direction**

76%
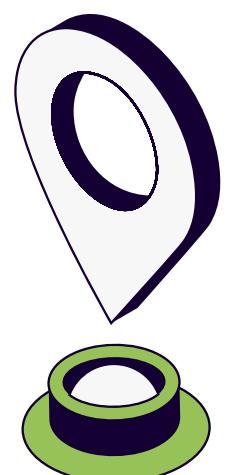
of workers say it would **improve their experience** at work

Living proof: Google

Googlers are encouraged to work with their managers to identify and document what their "priorities" should be in terms of their own development, and identify specific learning opportunities based on these priorities to act on in subsequent quarters.[32]

Living proof: Tenable

Cybersecurity firm Tenable uses AI tools to analyze videos and score sales representatives on personality, coverage of key topics, and more; managers can harness the data for coaching and performance development.[33]
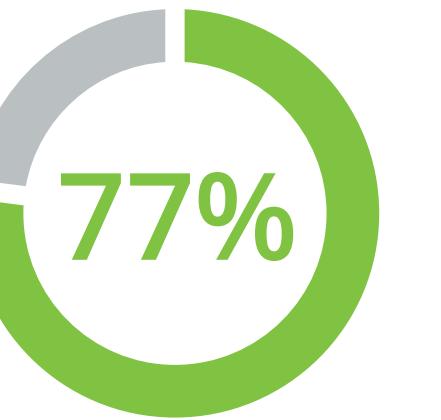
Promoting people based on development of their skills
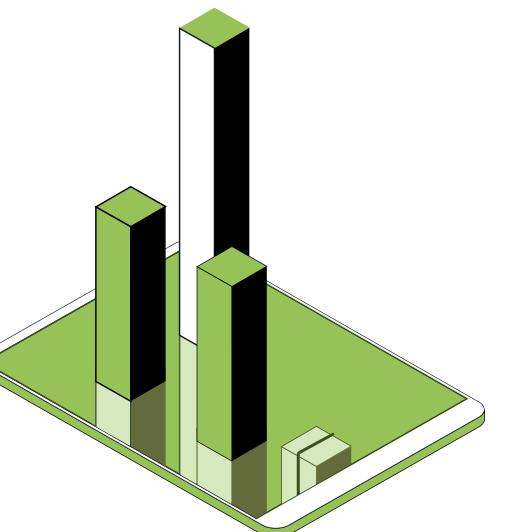
25%

of organizations **are committed**

69%

are at least moving in the **right direction**

77%

of workers say it would **improve their experience** at work
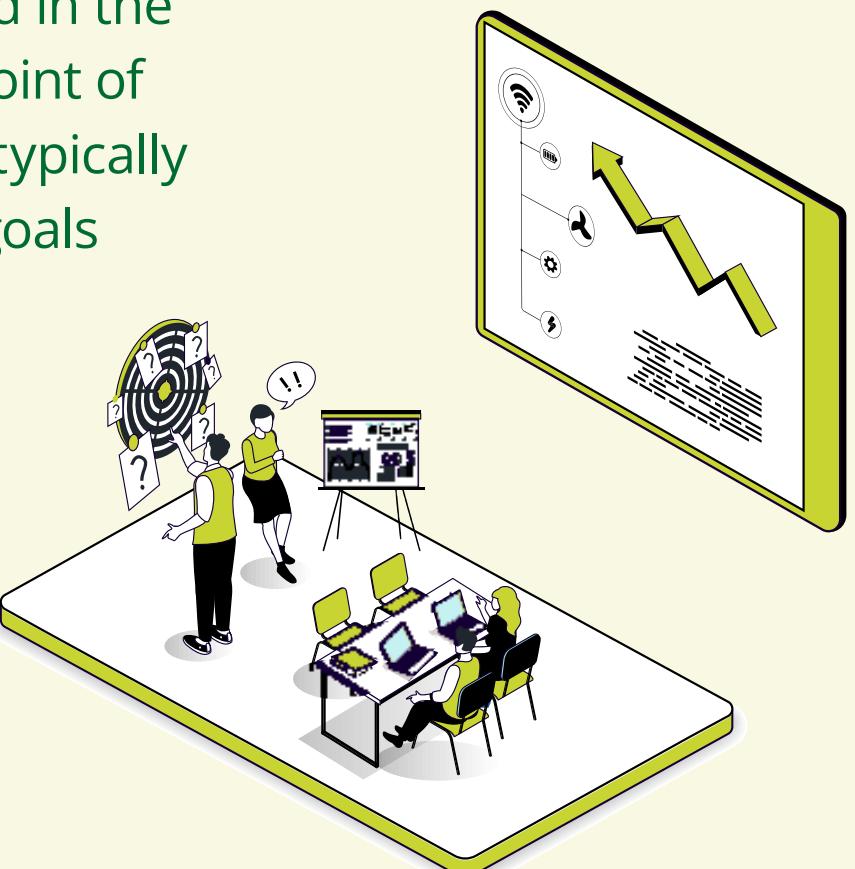
Living proof: Pax8
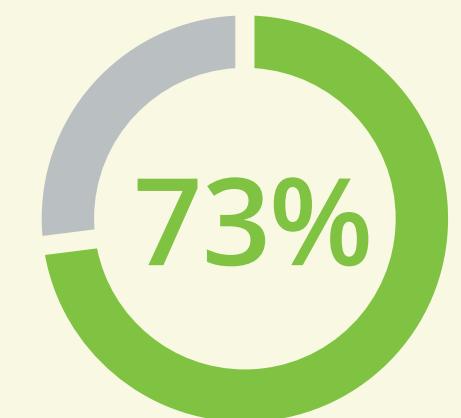
IT service provider Pax8 also evaluates sales calls, along with creating skill profiles to help employees understand the requirements and learning credentials needed to move up a level.[34]

Should workers be evaluated on skills?

Workers can be recognized and rewarded as they continue to develop their skills. But should skills be considered in the performance management process? This can be a point of contention; performance management approaches typically evaluate worker outcomes or performance toward goals rather than skills themselves.

However:

73%
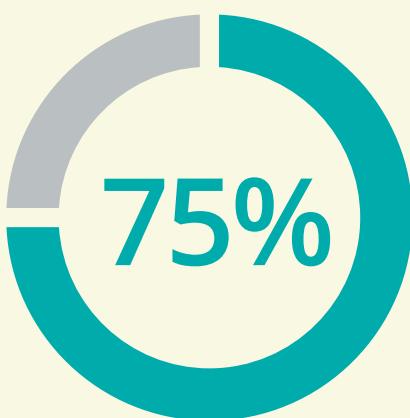
of workers are in favor of utilizing skills as a way to evaluate workers

and

75%

of **business leaders** are too

The skills-based shift is happening: Rewards and recognition
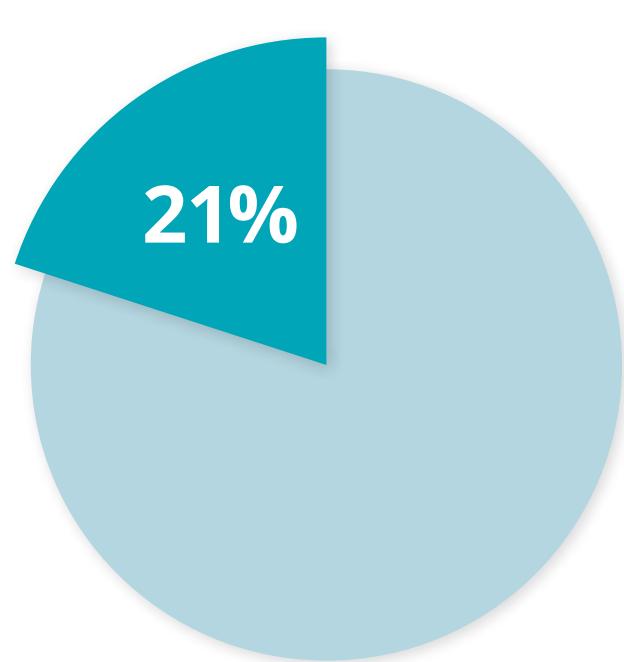
From:
Rewards based on jobs, level, and performance, with annual adjustments
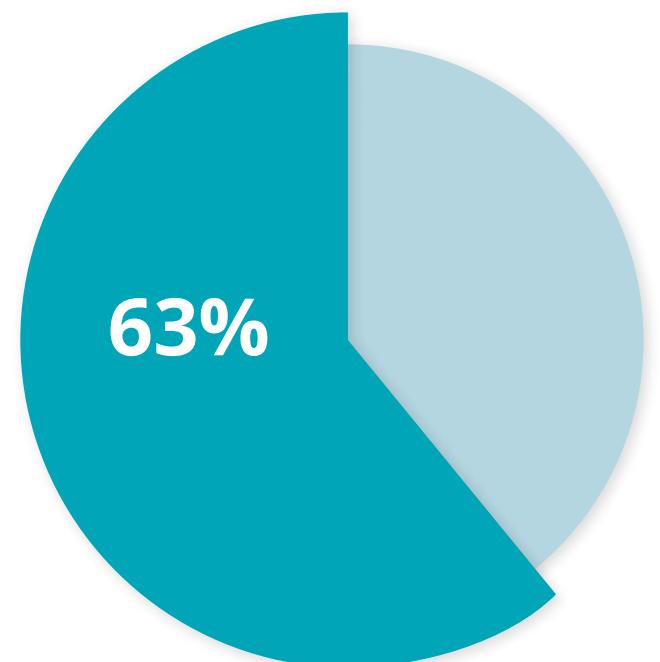
To:
Skills-based pay and rewards with frequent adjustments as skill and work needs evolve
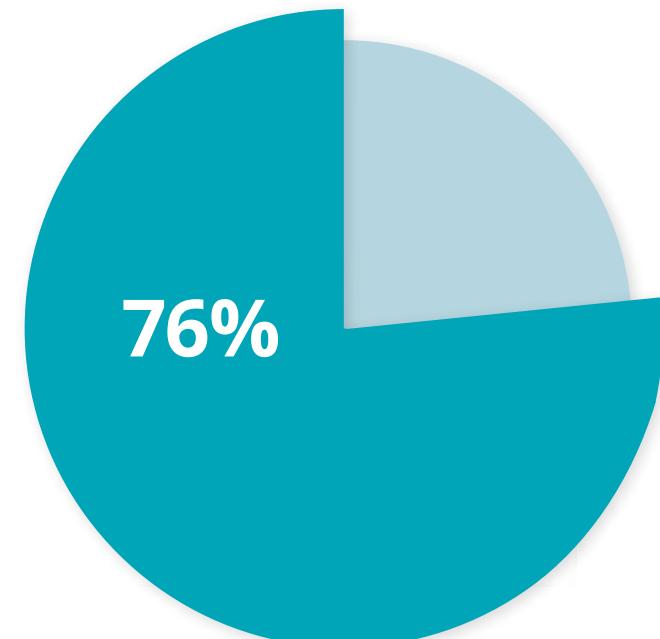
Skills-based pay

21%

of organizations are
committed

63%

are at least moving in
the **right direction**

76%
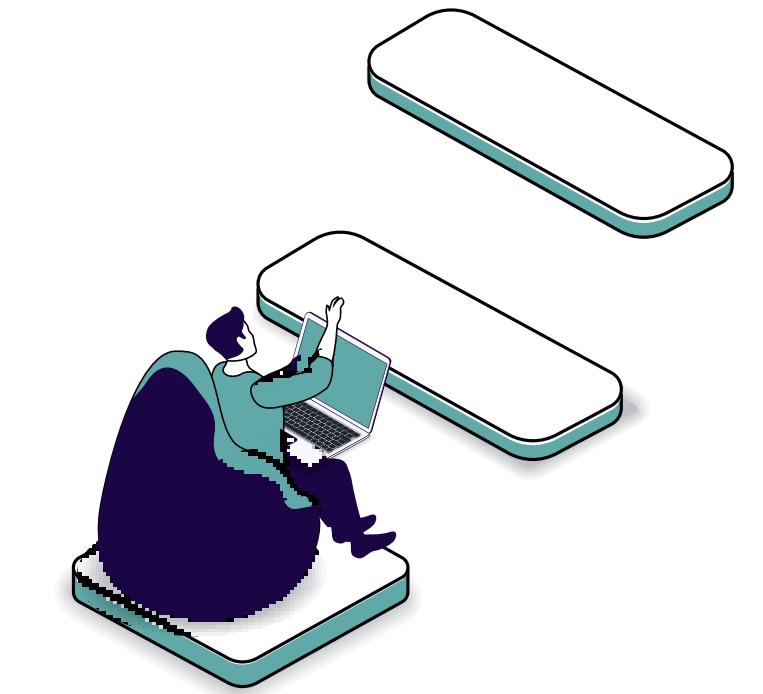
of workers say it would
**improve their experience
at work**

Living proof:
Batesville Tool and Die

*Each department at Batesville Tool and Die has six
levels. To master a level, an employee must pass a
series of written and hands-on tests. Scoring 100%
means a designated pay raise and a move to the
next level.[35]*

Living proof:
IBM
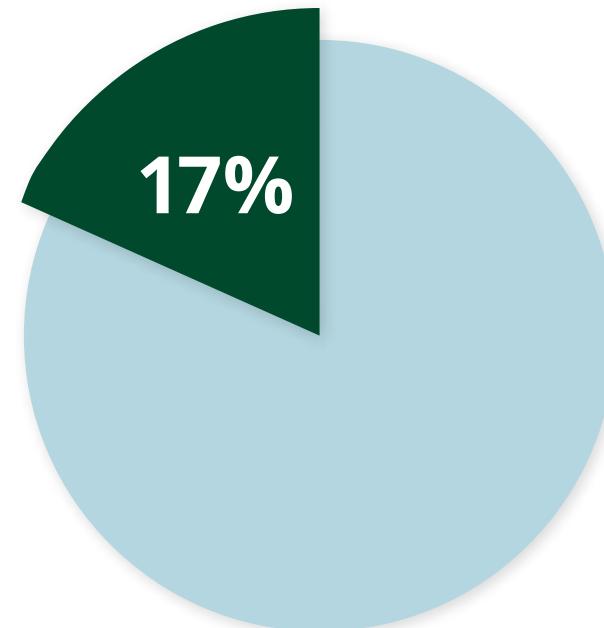
*IBM uses AI-based system CogniPay to make pay
decisions based on market demand, internal forecasts,
and attrition data for a skill or cluster of skills.[36]*
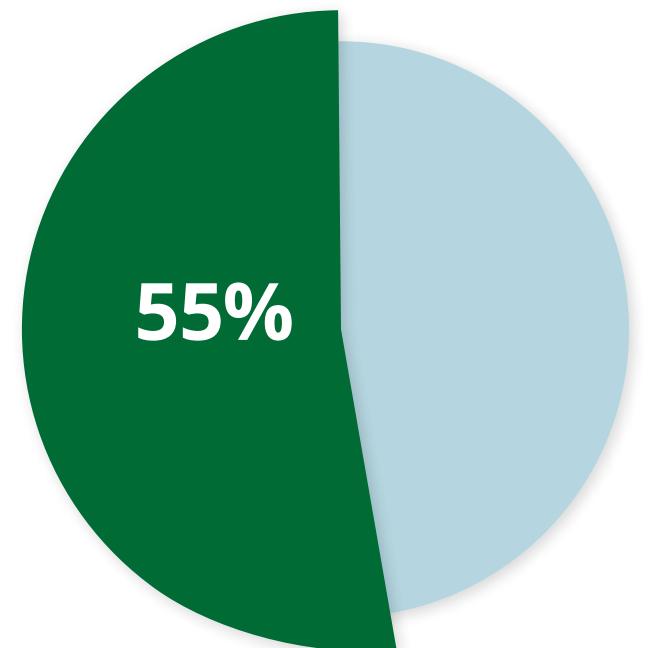
Living proof:
Global insurer

*A global insurer created a central pool of data
scientists that could flexibly be deployed to work in
the form of projects and assignments anywhere in
the organization, supported by an internal talent
marketplace with AI translating the work activities into
skills required to perform the work, along with adjacent
skills, interest, and capacity. The organization assigned
all talent to a single job code to create a baseline of
compensation. Actual pay levels then flex up or down
from that baseline based on the market price of various
combinations of skills possessed by the talent.[37]*
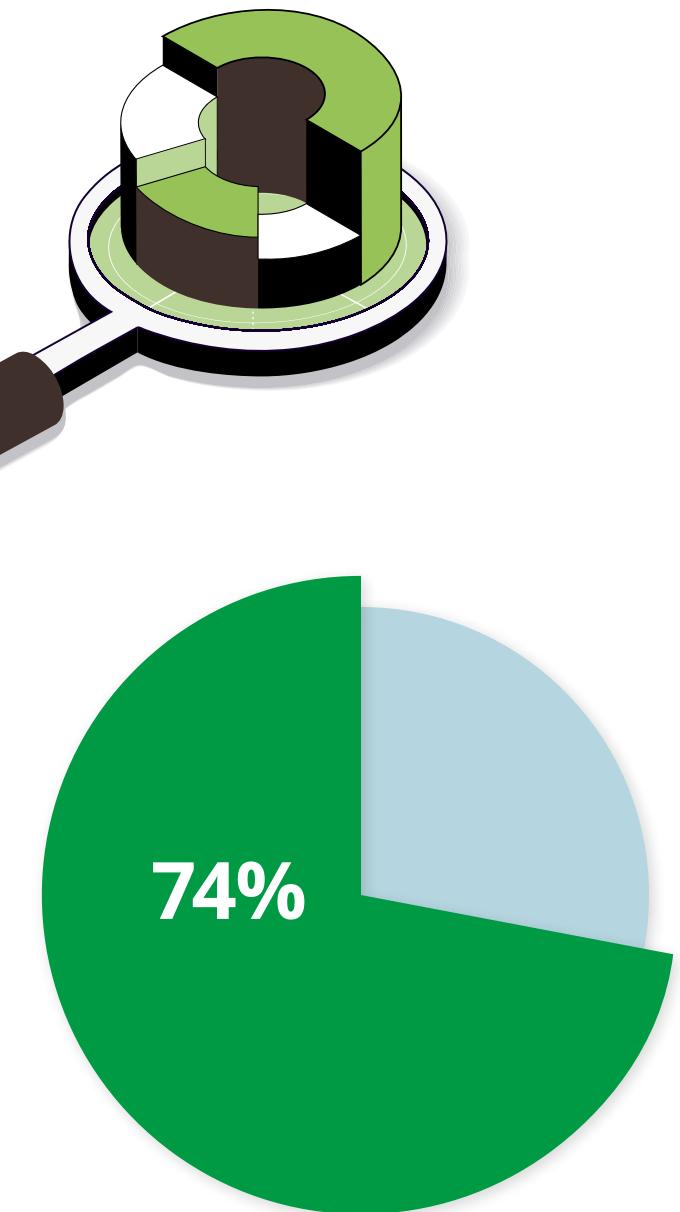
Nonmonetary recognition for skills
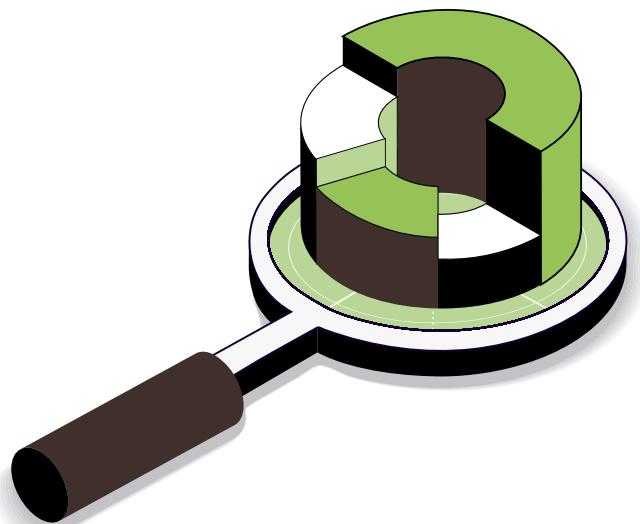
17%

of organizations are
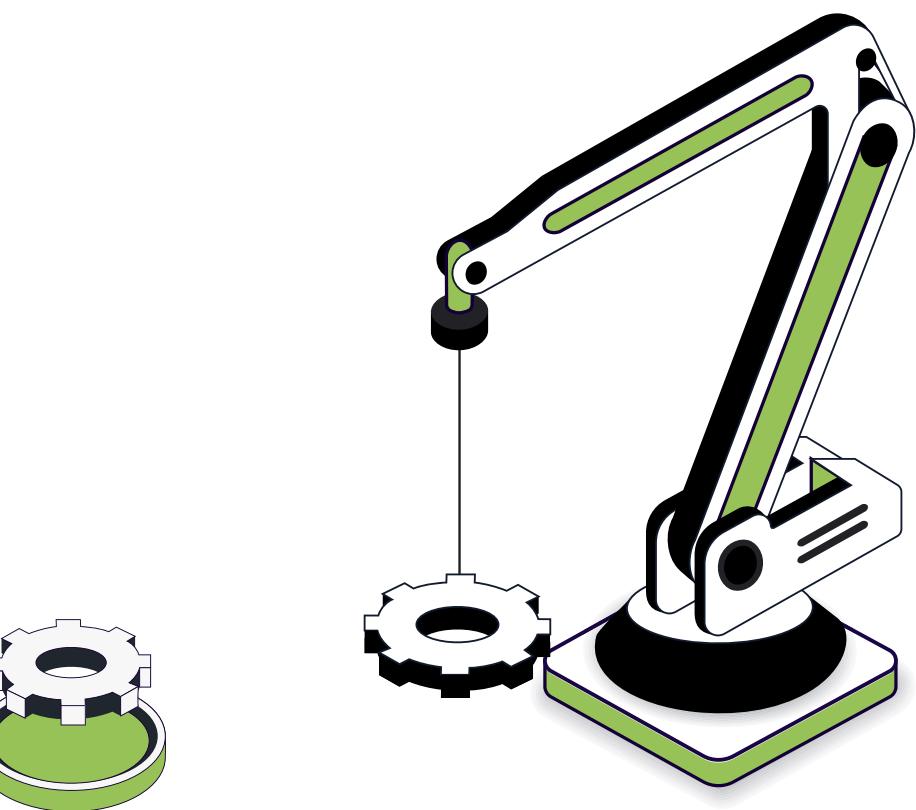**committed**

55%

are at least moving in
the **right direction**

74%
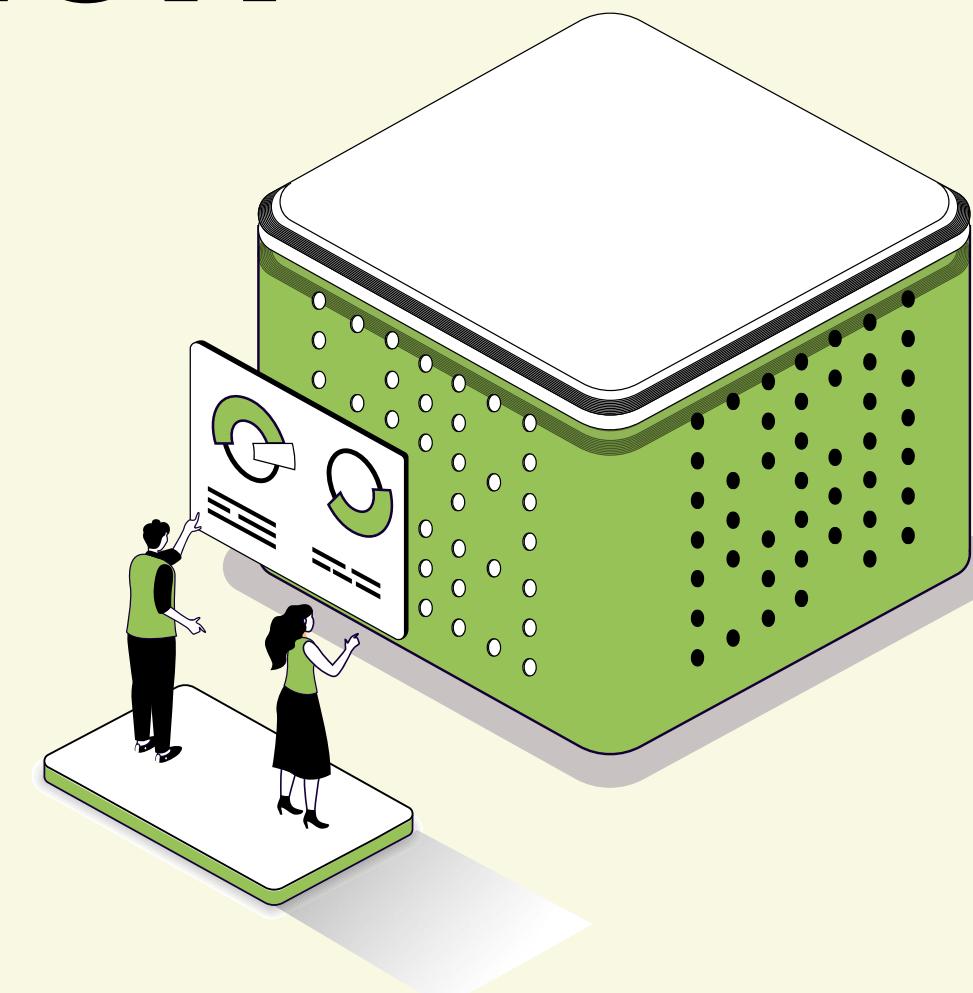
of workers say it would
**improve their experience
at work**

**Living proof:
Autodesk**
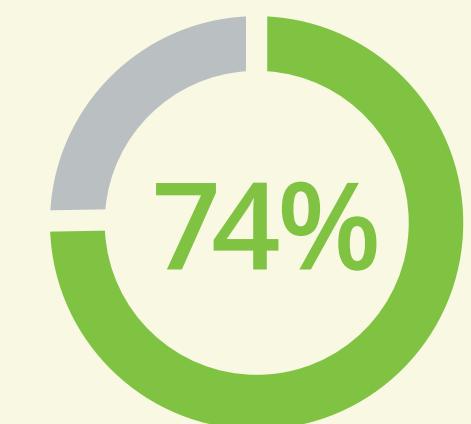
Autodesk offers a set of digital credentials to incentivize workers to pursue and complete training and certification courses. Of those earning credentials, two-thirds landed a new job, promotion, or pay raise. [38]

Should workers be paid based on skills rather than jobs, or a combination of both?
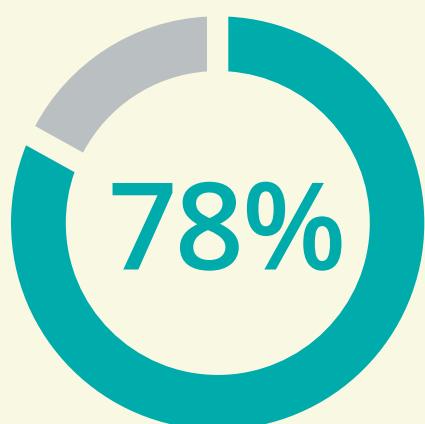
For many organizations that retain the job as the primary way of organizing work, employees may have both a base salary based on their job, and a "skills" salary based on the market value of and organizational need for their skills. This would enable people to still be rewarded in line with market demand for their skills, but jobs could still be far more broadly defined — thereby unleashing greater mobility for those skills to be deployed across a variety of types of work.

An alternative method — one we haven't seen used by more than a handful of organizations — would be to make compensation completely based on an individual's bundle of skills, aligned to market value and the organization's needs. Either way, workers and leaders alike see this shift as a positive one:

74% and **78%**

of **workers** are in favor of moving toward skills-based pay and transparency

of **business leaders** are too

The skills-based shift is happening: Workforce planning

From:
Annual planning for headcount in jobs
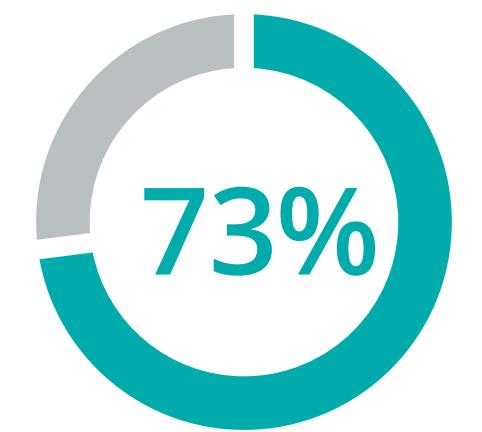
To:
Continuous skills-force planning based on more granularly predicting what skills and work will be needed in the future to determine where to build, borrow, buy, or bot
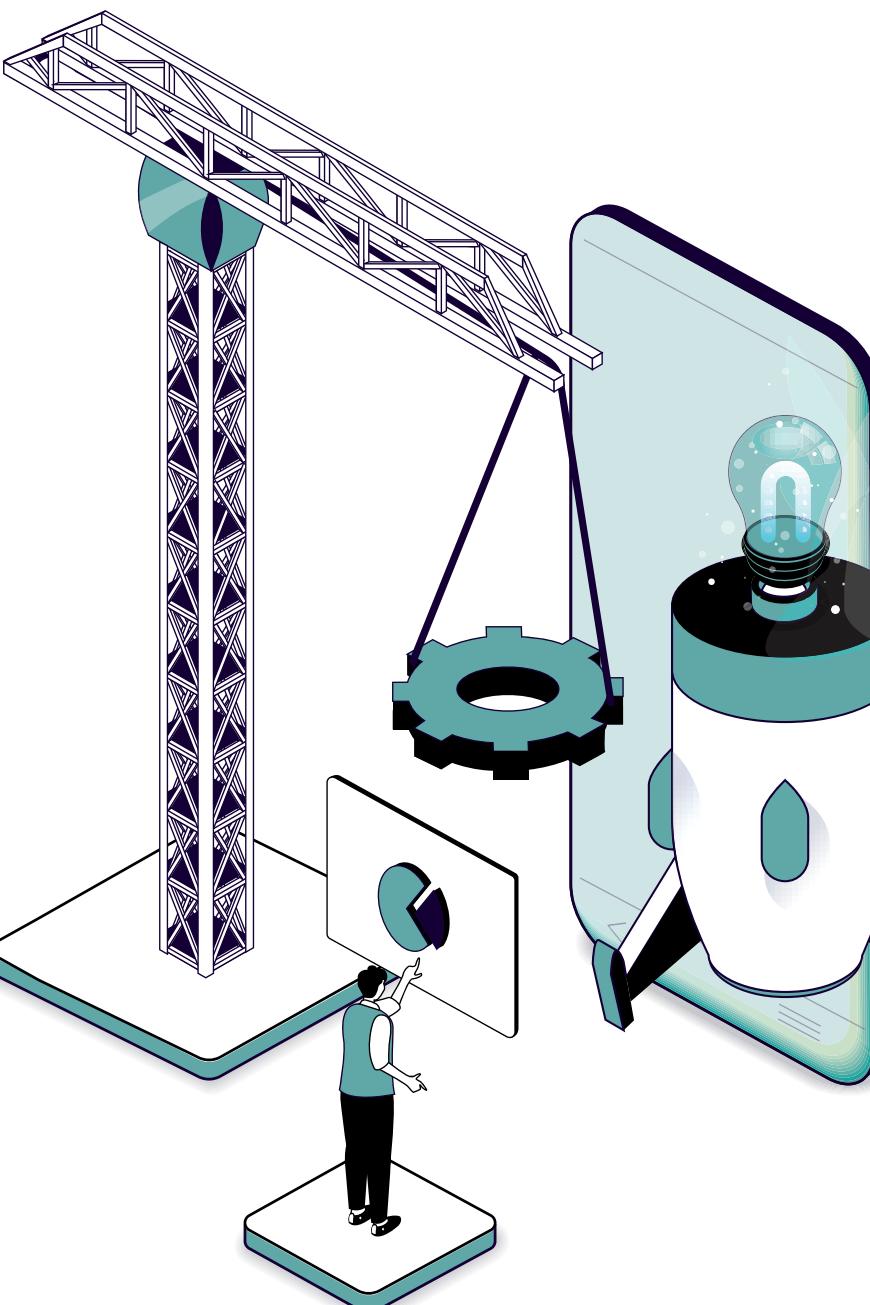
Using skills supply-and-demand data to inform what we need to build, buy, and borrow to be successful today and in the future

15%

of organizations
are committed

73%

are at least moving in
the **right direction**

Living proof:
Providence Healthcare

Facing a nursing shortage, Providence Healthcare identified nurses' particular skills, looked throughout the organization for people with the skills to perform any of those tasks, and then asked those employees to obtain—or renew—nursing licenses, thereby becoming eligible to add some nursing work to their core job.[39]

Living proof:
Global consumer products company

One consumer products company is looking to help their supply chain partners forecast skills supply and demand in support of securing and optimizing the future workforce. As the Great Resignation continues, their supply chain partners' ability to have a workforce with the right skills is becoming more critical to the company.[40]

The skills-based shift is happening: Job architecture

From:
Detailed lists of static jobs based on competencies, hierarchical levels, and careers

To:
Flexible work and skills architecture based on a simplified set of fewer and broader roles, and levels based on types of work and skills
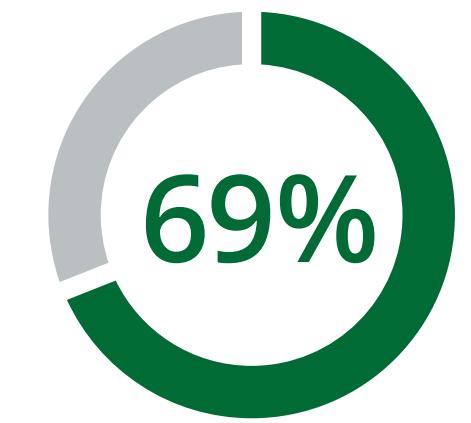
Mapping skills into job profiles in job architecture

Reinventing job architecture to become a more flexible work and skills architecture

19%

of organizations are **committed**

69%

are at least moving in **the right direction**

16%

of organizations are **committed**

69%

are at least moving in **the right direction**

Living proof:
Global educational provider

To create greater agility and more fluid work, a global educational provider structured its job architecture with only three distinct layers, identifying and categorizing broad types of work and talent segments into like groups. In defining these layers, the organization took a skills- and-capability-first approach to develop a cross-functional and discipline-agnostic understanding of its workforce.[41]
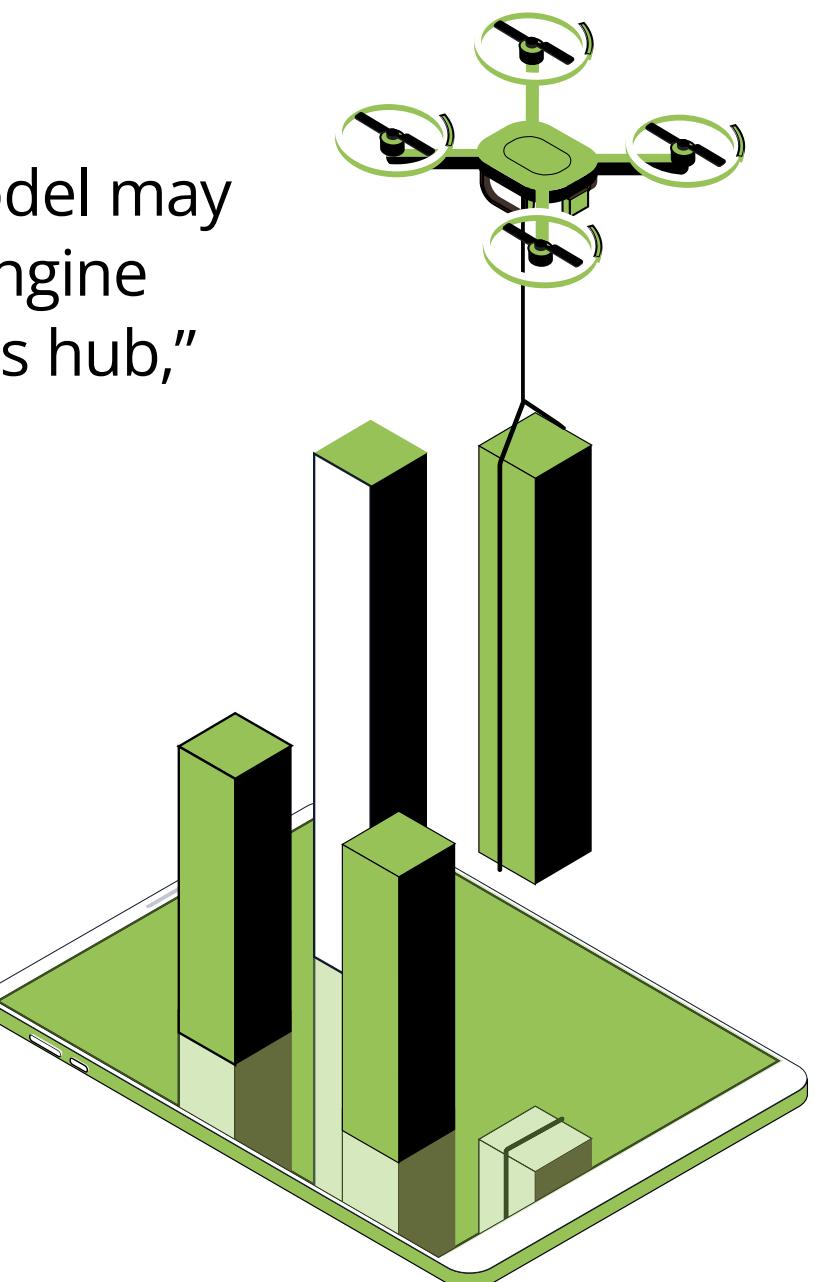
09

**Build a
"skills hub"**

The engine of the skills-based organization

Organizations that opt for a skills-based model may wonder how to operationalize it. A crucial engine that powers this model is a centralized "skills hub," with the following components:

1

Skills governance

2

Skills talent philosophy

3

A common language for skills

4

Skills data and technology
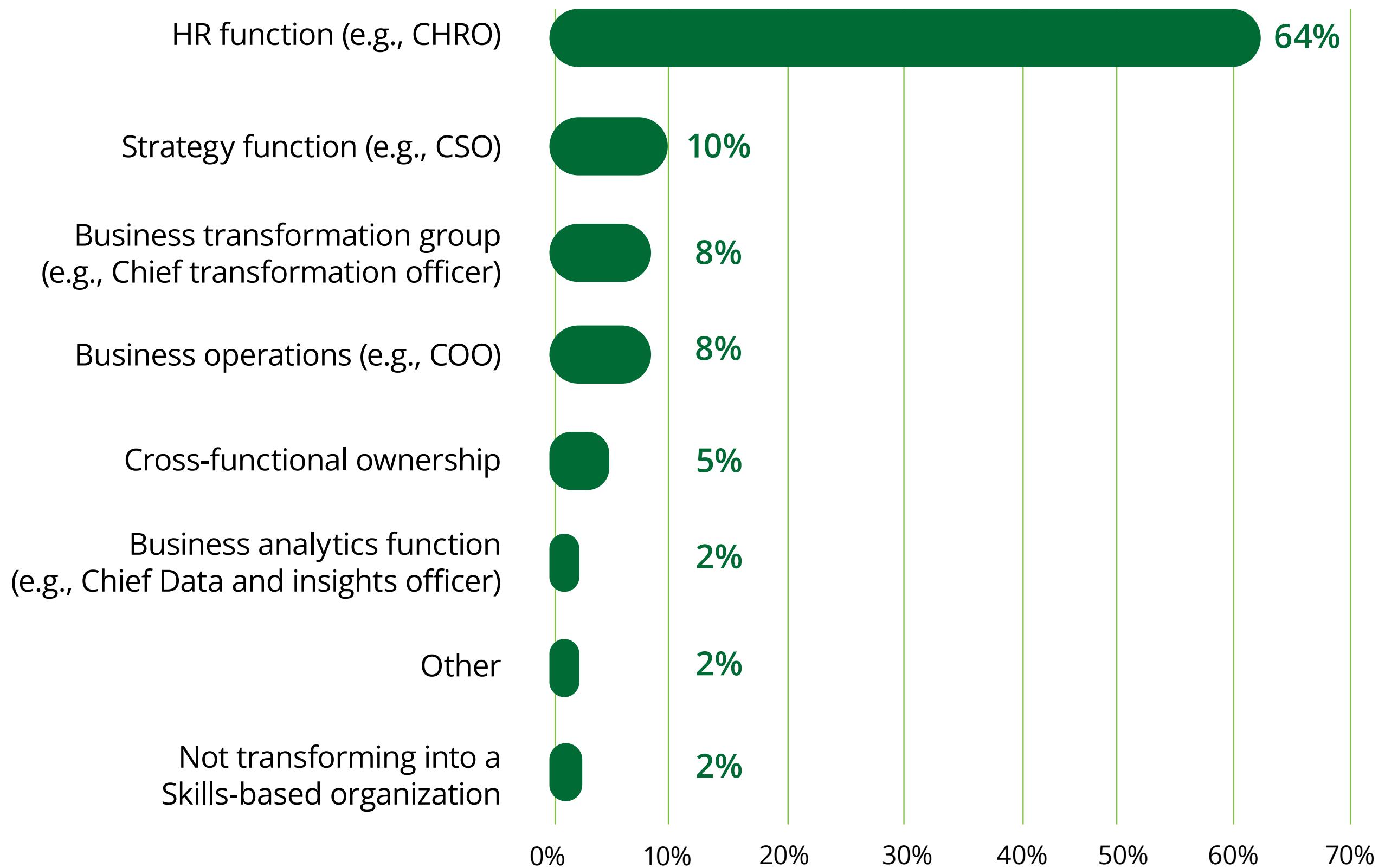
Skills governance

Who owns the transformation to a skills-based organization?

The transformation beyond HR

There's consensus among business and HR leaders we surveyed that HR owns the skills-based transformation, which makes sense because fundamentally, this is a workforce issue.
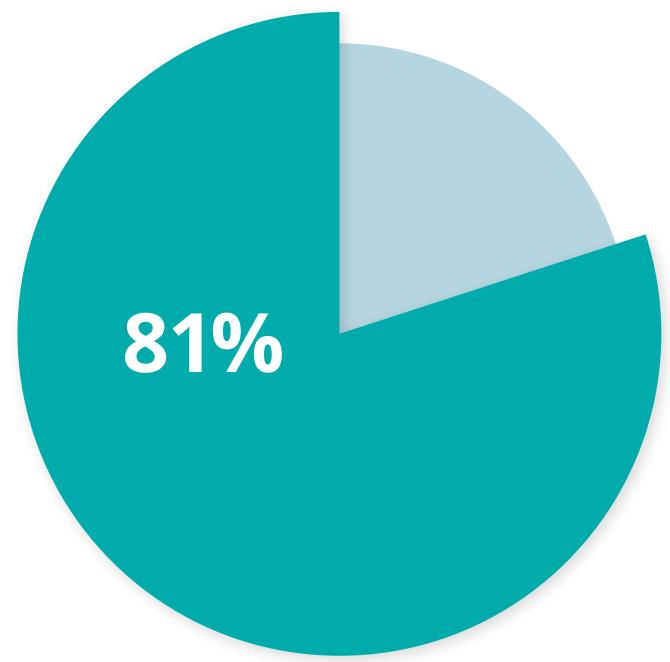
Making it happen: Who's responsible?

Category	Value
HR function (e.g., CHRO)	64%
Strategy function (e.g., CSO)	10%
Business transformation group (e.g., Chief transformation officer)	8%
Business operations (e.g., COO)	8%
Cross-functional ownership	5%
Business analytics function (e.g., Chief Data and insights officer)	2%
Other	2%
Not transforming into a Skills-based organization	2%

Source: Deloitte Skills-Based Organization Survey, May–June 2022
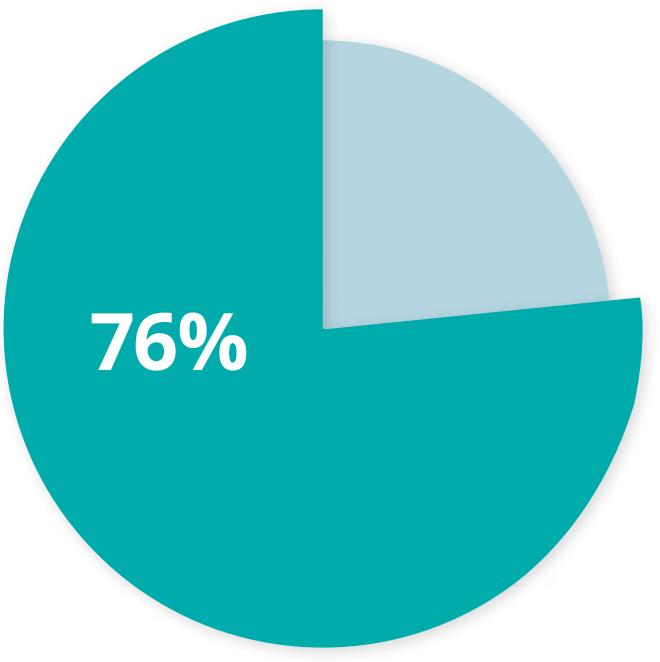
Leaders agree the shift goes far beyond HR:

It transforms the fabric of how work is done, and the definition of both what it means to be a worker and how an organization can and should support work — demanding cross-functional collaboration:

For example, finance will need to change the way it values work so that HR can set compensation levels, procurement will need to assess and deploy skills when hiring freelancers, and strategy and operations will need to think differently about how to structure and organize work.

81%

and

76%

of business leaders say that a skills-based shift demands **greater cross-functional collaboration**

of HR leaders **agree**

90%
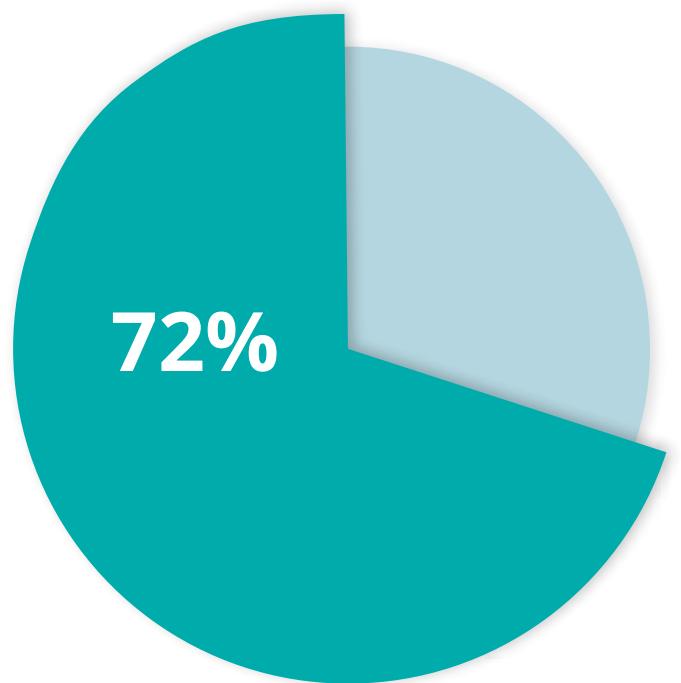
of business and HR executives say moving to a skills-based organization **will require a transformation for all functions and leaders**, not just HR
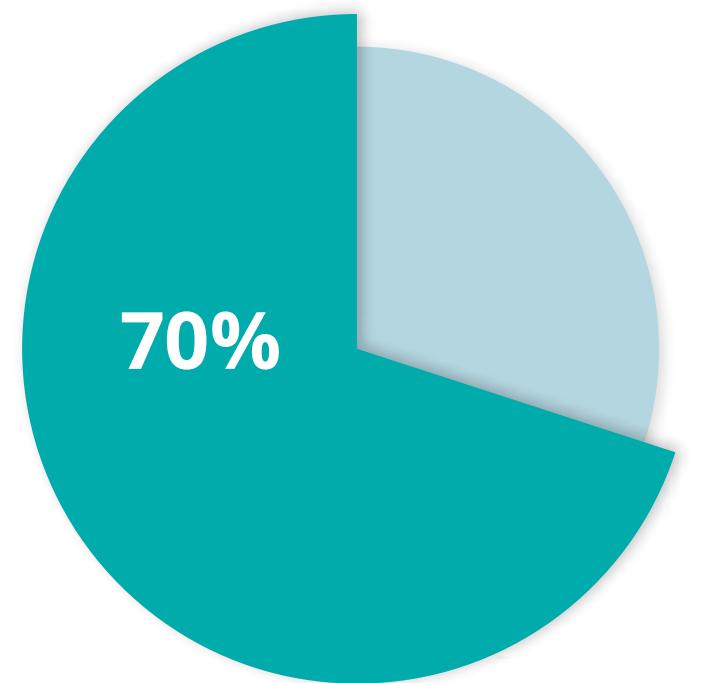
For HR's role in particular

whose every practice hinges on the notion of the standardized job—this will be a massive transformation.

Business and HR leaders say:

72%
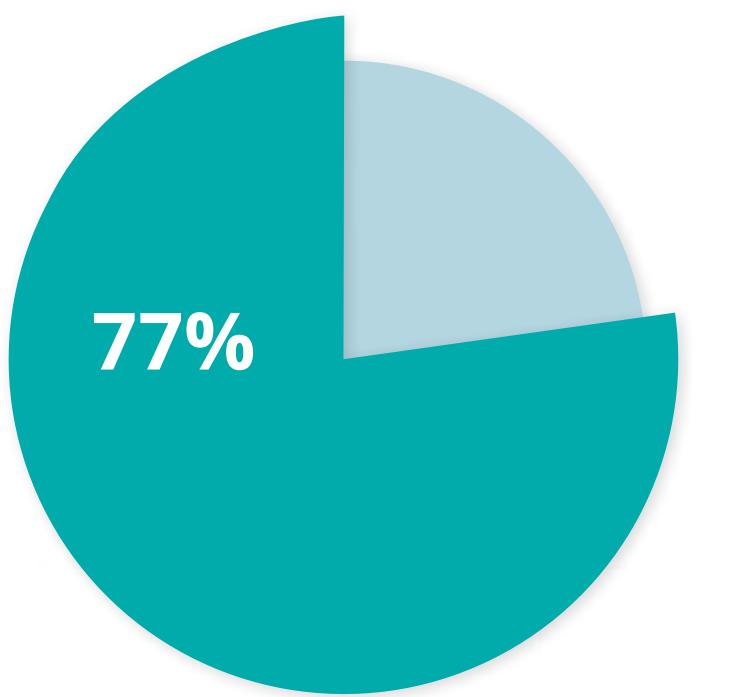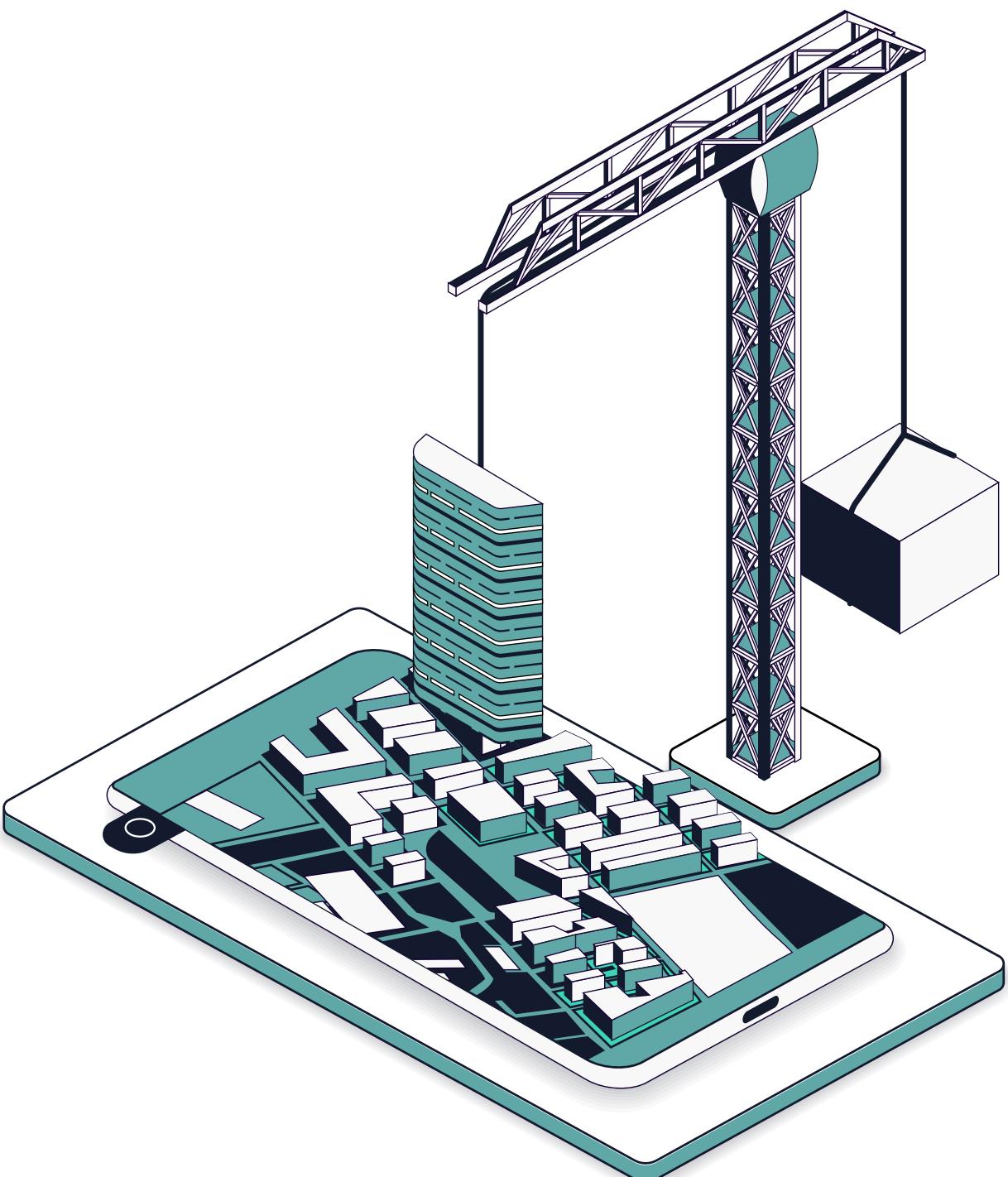
agree that the **role of HR will move away from managing employment** to orchestrating work

70%

agree that HR's role should be to unleash human potential, representing a bold move away from a function long devoted to standardization in the name of efficiency

77%

agree that HR should transform **from a siloed function to a boundaryless discipline**

Skills talent philosophy

Moving from jobs to skills as the organizing principle of work and the workforce will require a shared approach across the organization regarding the value and prioritization of skills as the "red thread" of talent management—and how they will inform all workforce decisions.

- The good news? **63%** of business and HR executives already say their organization's business and HR executives are aligned on the importance of skills in making decisions about work and the workforce

- The bad news? HR is far more confident in an aligned approach than business executives (**77%** and **46%,** respectively)

A common language for skills

If skills are to become the lingua franca of work and the workforce, organizations should create a common language for skills.

10% of HR executives say they **effectively classify and organize skills** into a skills taxonomy or framework

85% **have some** efforts underway

**Living proof:
U.S. healthcare company**

A U.S. healthcare company adopted a company-wide rubric on skills proficiency levels, to measure individuals' capabilities across the enterprise. Leaders drafted learning paths tailored to future roles and levels, aimed at informing the curation of a skills- and proficiency-based learning and development program.[42]
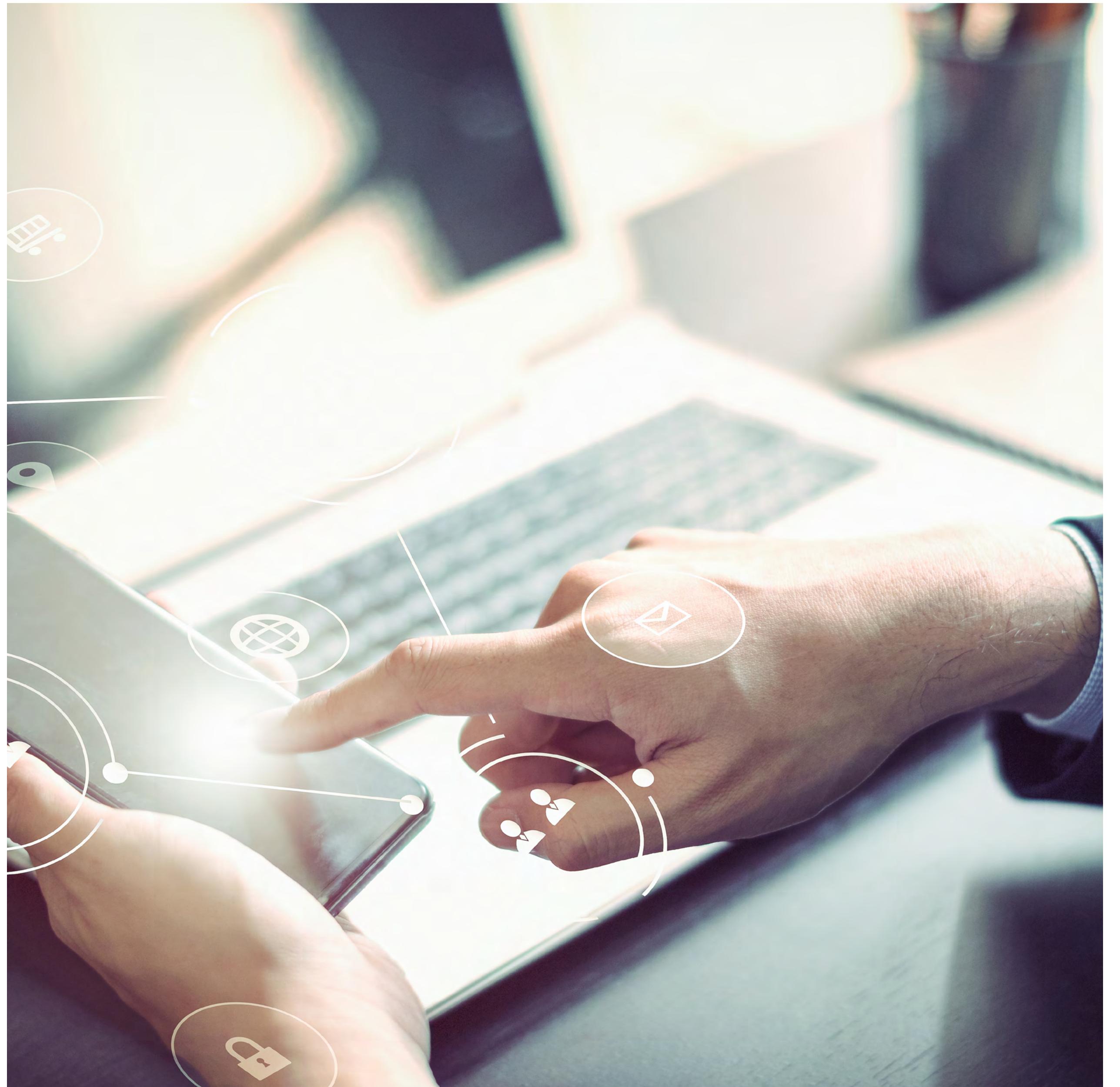
**Living proof:
Amazon and Google**

Organizations like Amazon and Google are working with the World Economic Forum to build a proposed framework for a global skills taxonomy across organizations as a first step in shifting toward a skills-based labor market.[43]
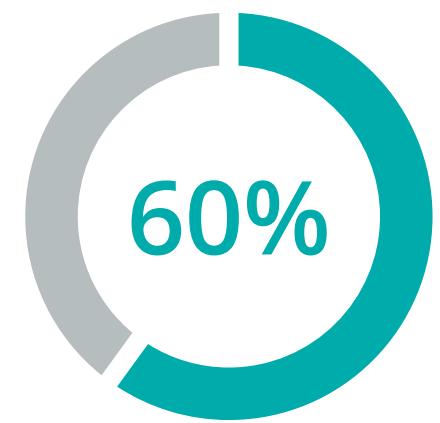
Skills data and technology

Skills data is the fuel that makes a skills-based organization possible.

Until recently, competency models were the tried and tested method of aligning work packaged into jobs, with the skills, capabilities, knowledge, and expertise needed by the workers in those jobs.
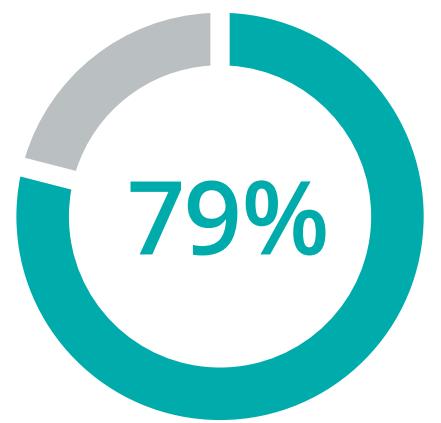
But in a world of rapid disruption and change, these competency models can't keep up with rapidly evolving work and skills, prompting organizations to use real-time skills data instead.

But dynamic skills inventories are only as good as the data in them. Some organizations don't even know what skills their workforce possesses:

60%

of HR executives say they are moving away from static **competency models to real-time, dynamic skills inventories** to a large or significant extent

79%

of business and HR leaders say **they know what skills their workforce possesses**

But only...

39%
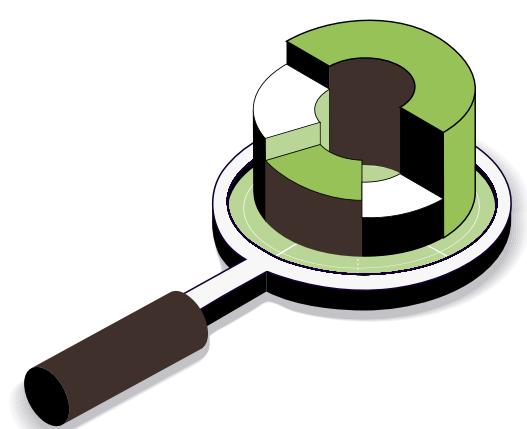
of business and HR leaders **strongly agree** they know what skills their workforce possesses

39%

of workers strongly agree **they have a full understanding of their own skills** and capabilities

29%

of workers **strongly agree they have a full understanding** of the skills and capabilities of their co-workers

If you're going to be making decisions about people based on skills as sensitive as promotions, pay, or deployment to work, then that data needs to be verified and valid. Yet:

Business and HR leaders say:

68%

are confident they have verified and valid information on their workers' **technical/hard skills**

48%

are confident they have verified and valid information on their workers' **human capabilities**, such as emotional intelligence

Workers say:

78% **and** **34%**
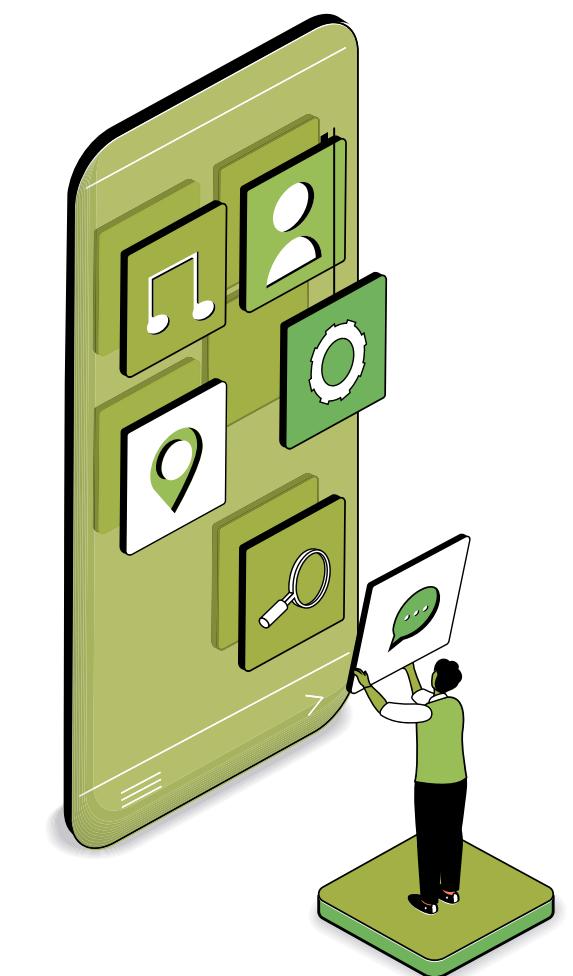
are confident that their **skills and capabilities documented** by their employer are verified and valid
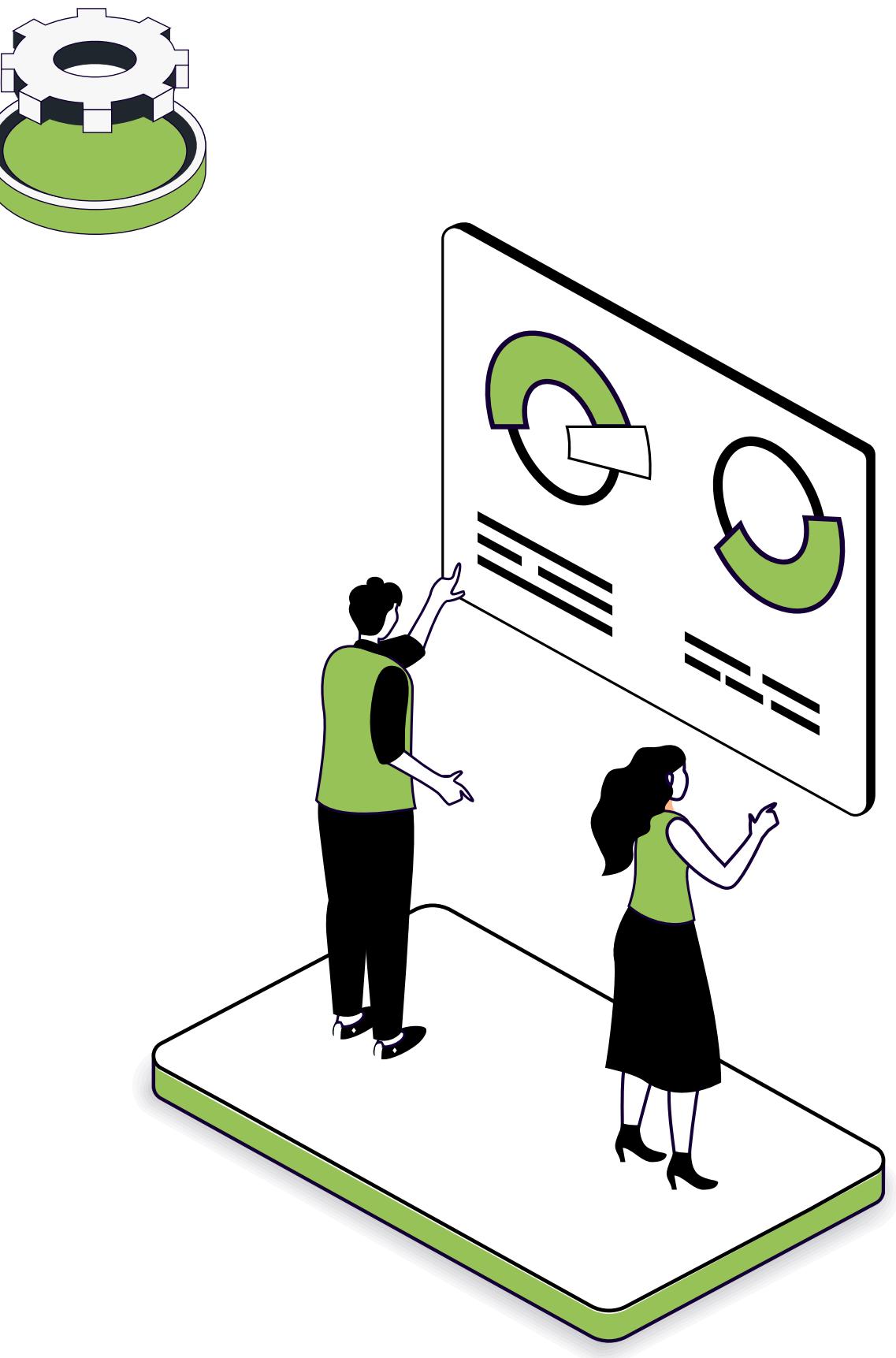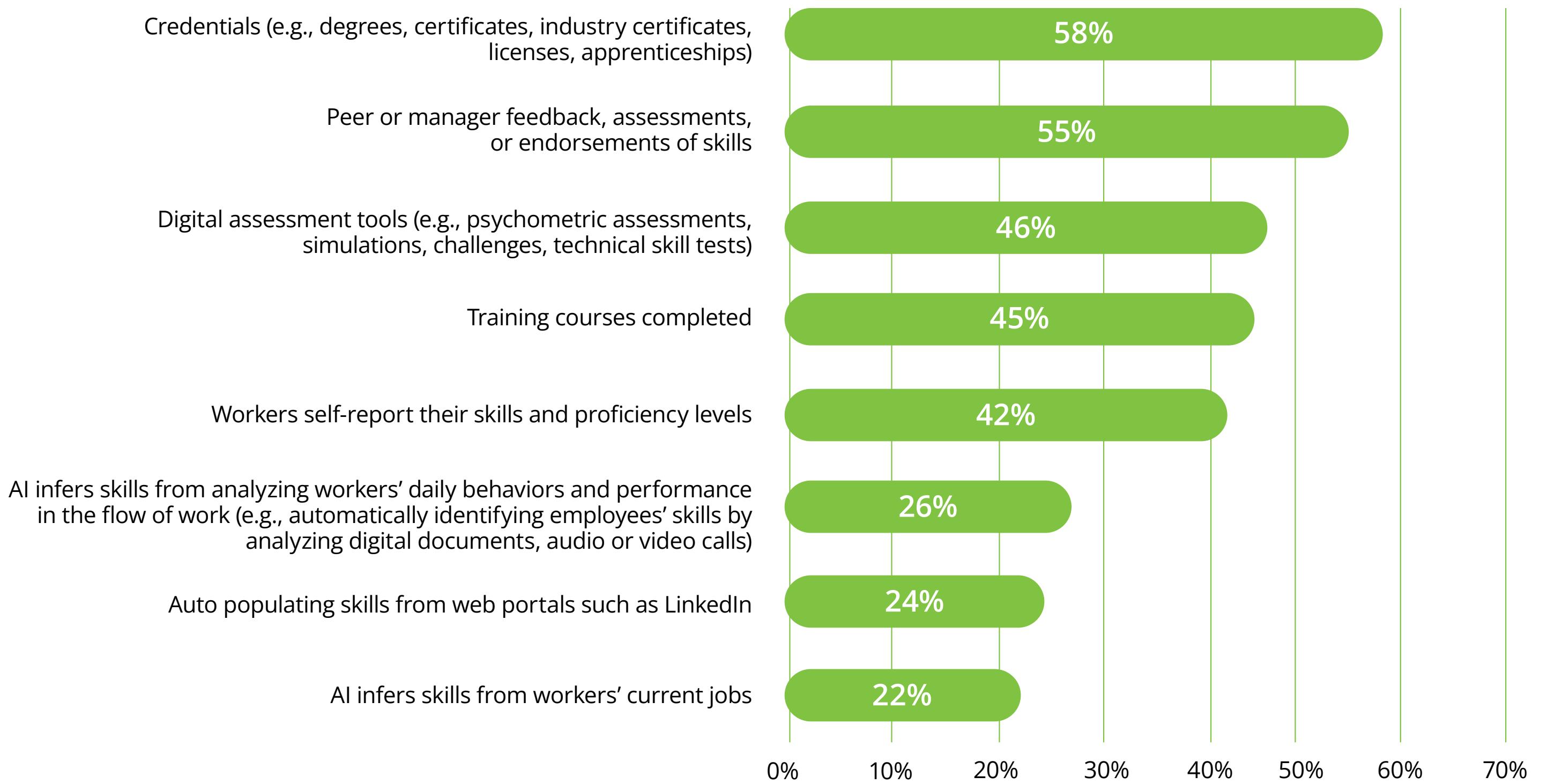
are **very confident**

How organizations document and validate workers' skills and capabilities

Many organizations continue to rely on workers self-reporting their skills and proficiency levels, as compared to more valid ways of confirming skills.

Category	Percentage
Credentials (e.g., degrees, certificates, industry certificates, licenses, apprenticeships)	58%
Peer or manager feedback, assessments, or endorsements of skills	55%
Digital assessment tools (e.g., psychometric assessments, simulations, challenges, technical skill tests)	46%
Training courses completed	45%
Workers self-report their skills and proficiency levels	42%
AI infers skills from analyzing workers' daily behaviors and performance in the flow of work (e.g., automatically identifying employees' skills by analyzing digital documents, audio or video calls)	26%
Auto populating skills from web portals such as LinkedIn	24%
AI infers skills from workers' current jobs	22%

(Chart x-axis: 0% 10% 20% 30% 40% 50% 60% 70%)

**Living proof:
Global food organization**

A global food organization is piloting a validated psychometric assessment offered by Deloitte to validate workers' human capabilities.[44]
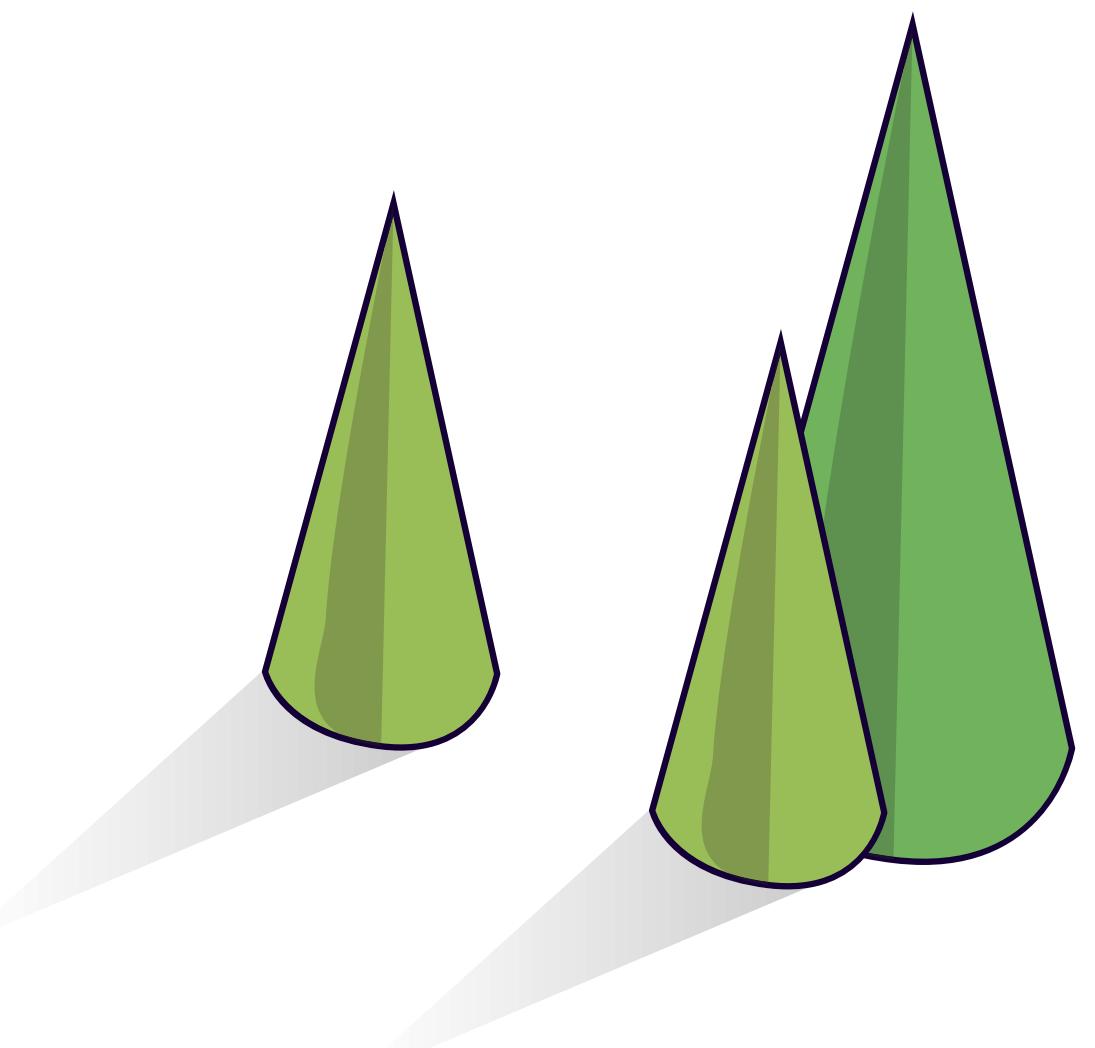
**Living proof:
American natural resources company**

At one U.S. natural resources company, employees can take on gig assignments to acquire new skills, with managers assessing skill attainment.[45]

Getting data on workers' skills depends on workers' willingness to share their data—whether that data is self-reported or collected by the employer in a variety of ways.

79%

of workers are open to having their **employer capture skills data** about them to make decisions, such as matching them to work
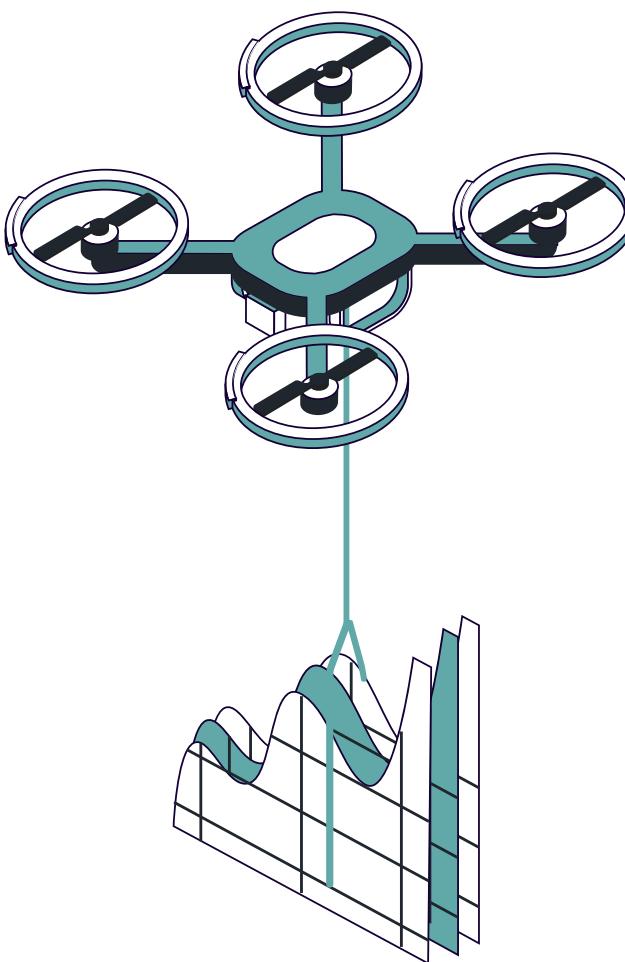
Making skills visible to everyone in the organization is critical to becoming a skills-based organization, yet:

It is also critical to use technology in service of skills. Yet, organizations still feel they have a lot of work to do to take full advantage of such technologies:

HR executives reporting they are effective at using technology in the service of skills:

48% **business and HR** executives say workers' skills are visible to everyone in the organization
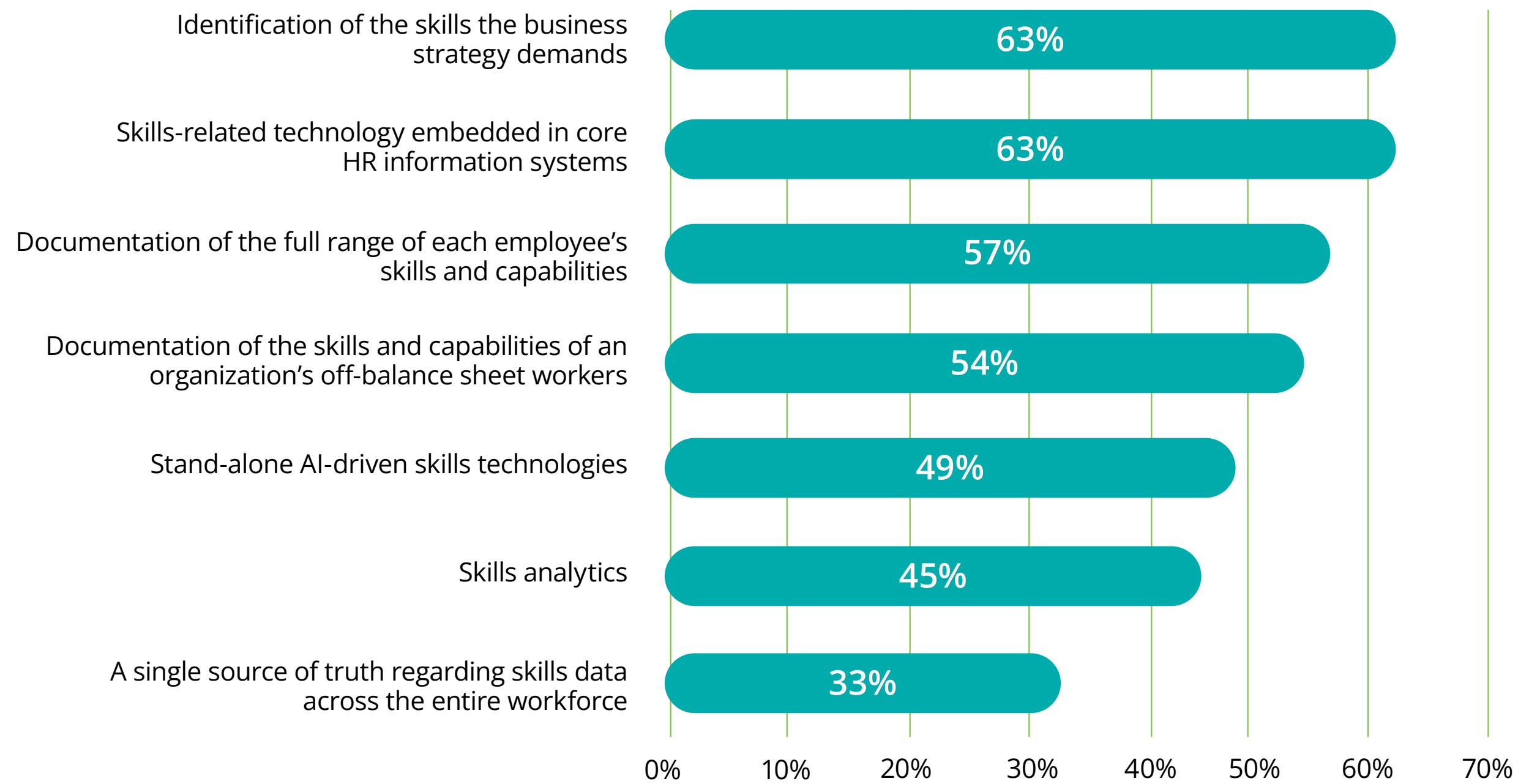
72% of workers agree that **their own skills are visible** to everyone in the organization, while **31% strongly agree**

Identification of the skills the business strategy demands	63%
Skills-related technology embedded in core HR information systems	63%
Documentation of the full range of each employee's skills and capabilities	57%
Documentation of the skills and capabilities of an organization's off-balance sheet workers	54%
Stand-alone AI-driven skills technologies	49%
Skills analytics	45%
A single source of truth regarding skills data across the entire workforce	33%

0% 10% 20% 30% 40% 50% 60% 70%

Source: Deloitte Skills-Based Organization Survey, May–June 2022

10

Obstacles to skills-based organizations

What's keeping organizations from making the transition?

Obstacles to skills-based models cited by business and HR executives

"What are the top three barriers you observe in transforming into a skills-based organization?"

Obstacle	Percentage
Legacy mindsets and practices	46%
Difficulty keeping up with changing skills needed by the business	32%
Compensation practices restricting us from rewarding people for the skills they possess or develop	32%
Inability to move skills to business priorities	29%
Complexity and difficulty of managing skills-based practices	28%
Lack of common definition or taxonomy of skills	26%
Insufficient skills data	20%
Inability to evaluate performance based on skills	20%
Recruiters or hiring managers not knowing how to source or evaluate skills	18%
Lack of effective skills-related technology	18%

0% 5% 10% 15% 20% 25% 30% 35% 40% 45% 50%

Established mindsets and structures are usually the biggest obstacle to organizational change. In this case, that makes sense: It's no small matter to dismantle the paradigms and practices of jobs with which we've lived for more than a century.

Source: Deloitte Skills-Based Organization Survey, May–June 2022

11

**The future of
skills-based
organizations**
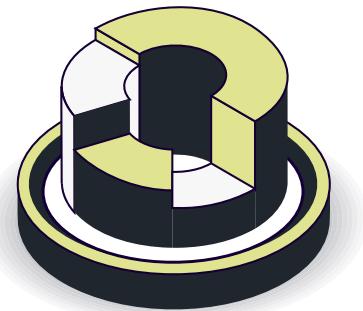
As skills-based organizations evolve and mature,

leaders will likely face new and sometimes unsettling questions, such as: Who owns the data on people's skills? Can we "over-index" on skills? How far do we go to balance worker autonomy and choice with organizational needs?

Ultimately, it is up to us as leaders to make the decisions now. No longer is the future of work merely an evolution of the predictable past. Instead, it is a set of new opportunities and choices that can create a better collective future.

Who owns skills data, and how can it be made portable?
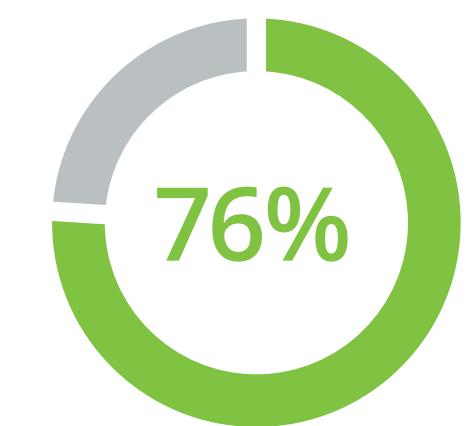
Today, most data on the skills of workers—especially employer-verified data—sits inside of a company. But when workers leave, their verified records are left behind, hindering their ability to easily move between permanent roles, projects, or gigs in different companies or industries. Organizations that hire these workers are forced to rely on self-reported skills, which may not be reliable, or reassess the worker's skills on their own.

But there is another way: letting workers own their employer-verified skills data so they can take it with them when they leave.

Not everyone is on the same page regarding who owns data on skills, project history and reviews, digital badges, and learning and training history:

76% and **55%**
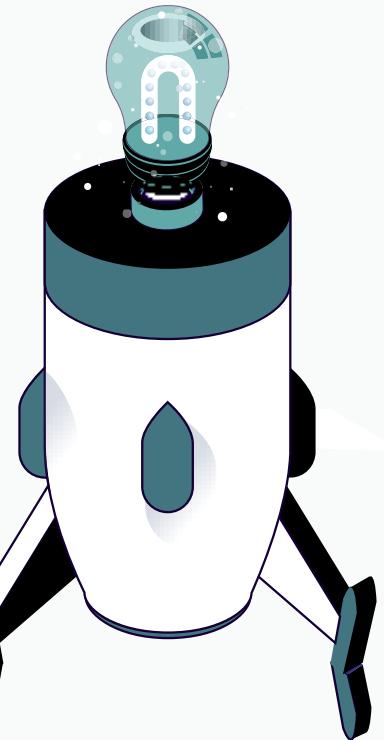
of workers say they want their **employer-verified skills** and work-related data to be portable, enabling them to share the data with others once they leave
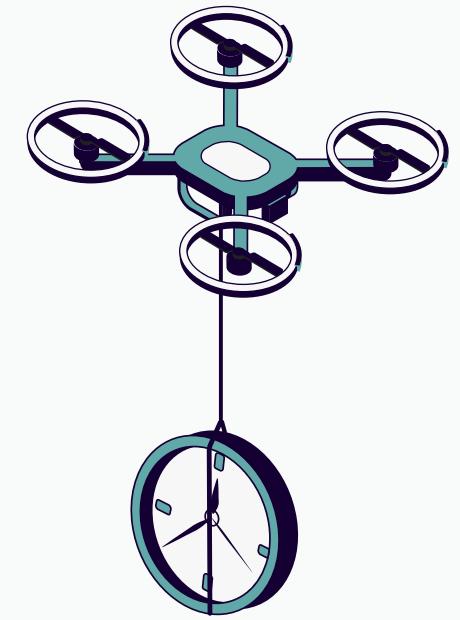
of **business and HR** leaders are open to it

What is needed to make worker skills transparency and portability work at scale is a cross-company language of skills and, more critically, secure, credible, and reliable skills data that people could take from project to project, employer to employer. Global skills passports could empower workers with mobility and personal agency. Organizations could employ blockchain-based solutions that enable verified skills data.
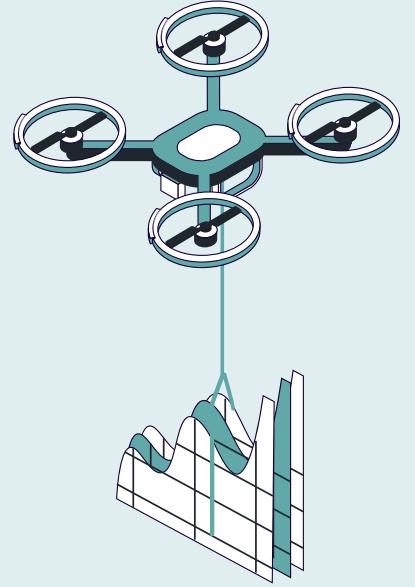
Living proof: SpringRole

SpringRole built a professional reputation network, powered by AI and blockchain technology, aimed at giving users a place to store verified information on work experience and endorsements.[46]
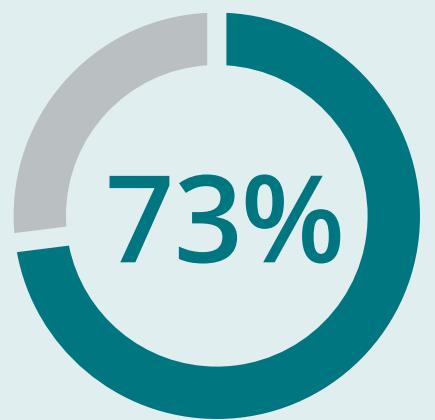
Living proof: Peoplewave

Singapore-based Peoplewave allows workers to store blockchain-secured information on performance and training.[47]

Should organizations share their aggregate skills data?

73%
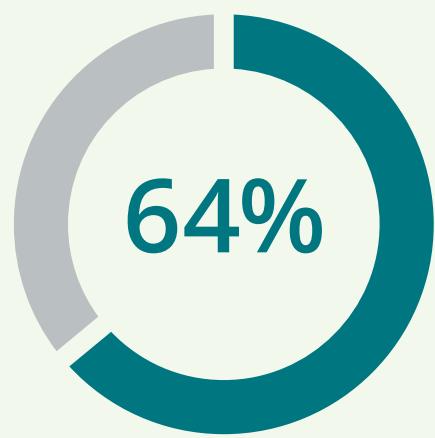
of business leaders agree that organizations should measure and publicly report on their skills supply, demand, and skill gaps

Can we over-index on skills?

Skills are important to make decisions about work and the workforce:

64% of business and HR leaders say skills are the most important data we can collect on workers (beyond what is needed for compliance reasons)

Of all the criteria that could be used to match workers to work, workers want their skills to be considered first.

However, we see a shift to making decisions on work and the workforce based more on skills than on jobs as the first step of an evolutionary journey toward making decisions on a whole host of factors that make individuals unique. Eventually, we envision that the concept of the skills-based organization will become short-hand for more granularly defining workers as unique, whole individuals unboxed from jobs—with a variety of skills, interests, passions, motivations, work and cultural styles, location preferences and needs, and more.

Living proof:
Forum One

As part of an effort to improve DEI, agency Forum One updated its skills matrix to go beyond traditional skills to also include worker interests, preferences, and professional development objectives. The goal? To provide a holistic understanding of a person's strengths and growth trajectory.[48]
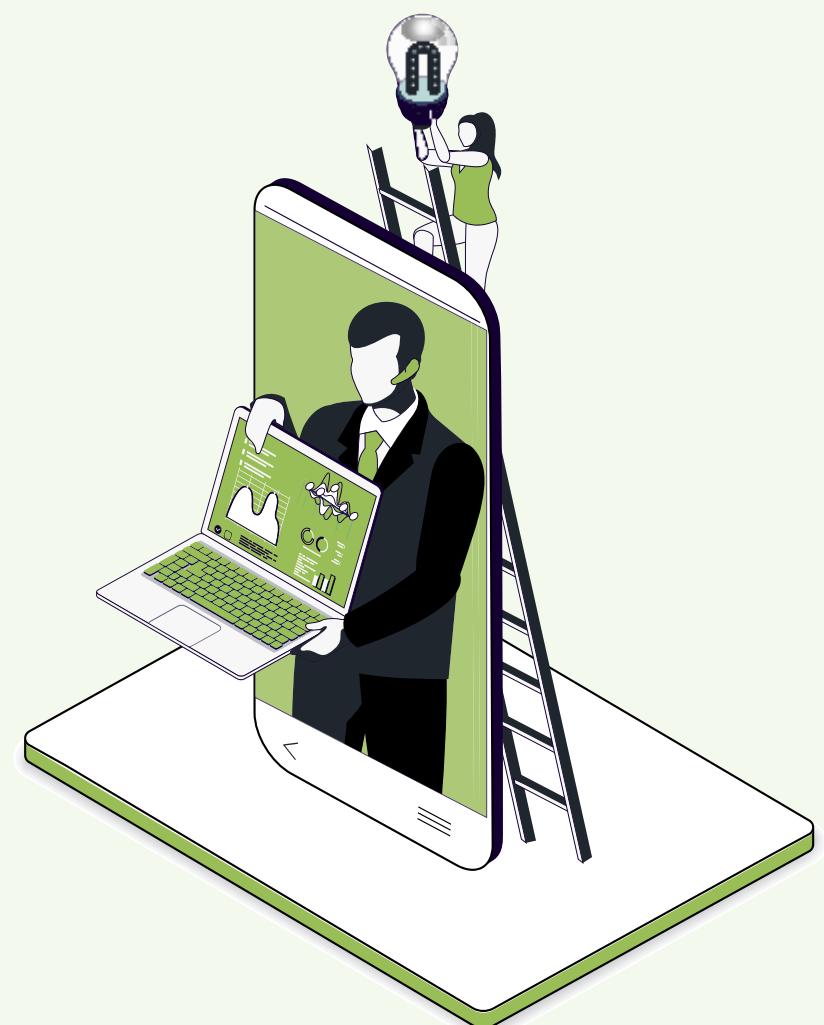
"I think it's important, as you evolve to being a skills-based organization, to make sure that other important aspects aren't lost. When all is said and done, we're talking about our people—humans with varying interests, motivations, mindsets, lived experiences—and skills are just one part of the human performance equation."[49]

– Julie Dervin, former head of Global Learning and Development at global food company Cargill

Workers and leaders alike want a variety of data — including and beyond skills — to make decisions about work and the workforce.
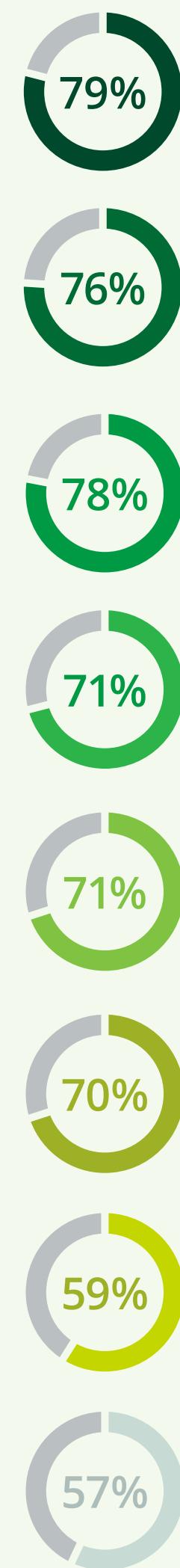
Workers rank the following types of data as being the best criteria organizations should use to make decisions about hiring and deploying workers to work. They also indicate which data they are open to being collected about them:
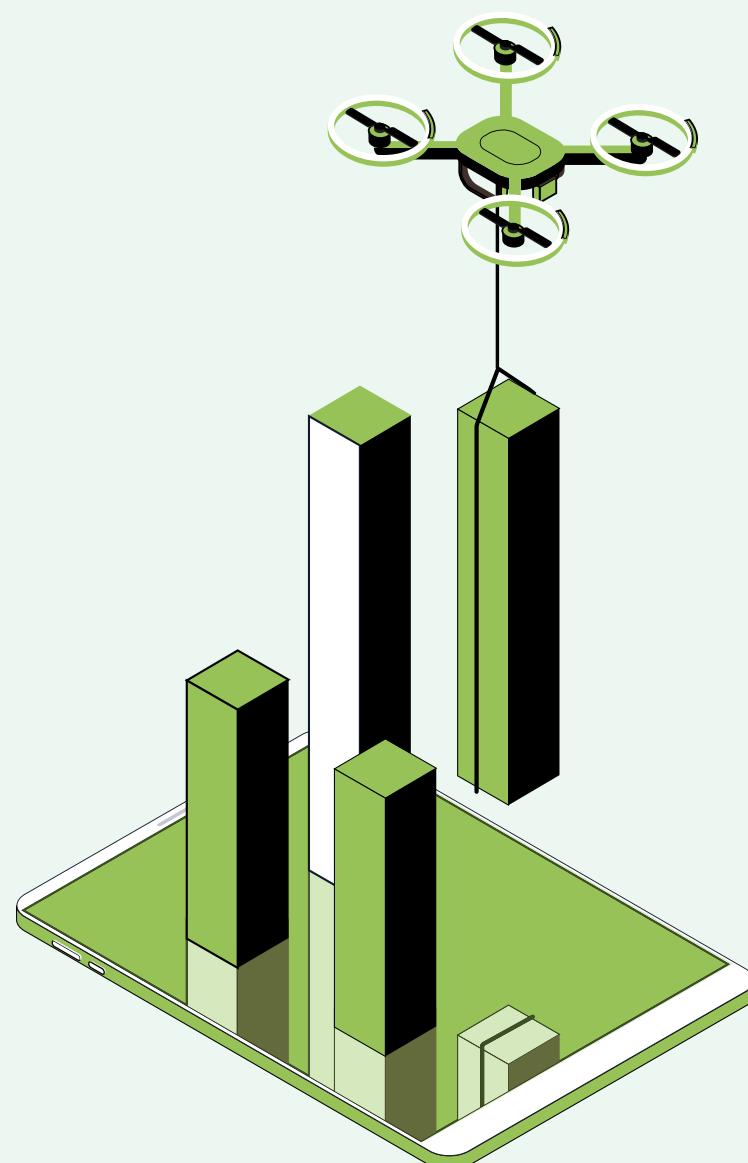
**Type of data
(ranked in order of importance):**

**Workers who are
open to sharing it**

1   **Demonstrated skills** and capabilities

79%

2   **Adjacent** skills

76%

3   Skills workers **want to develop**

78%

4   **Potential**

71%

5   Location, schedule, and flexibility **preferences**

71%

6   **Teaming and collaboration** style and preferences

70%

7   Interests and **passions**

59%

8   Performance on internal gigs and projects **not directly related to the job**

57%

Business and HR leaders rank the following types of data as being very valuable in making decisions about the workforce, such as matching people to work, and indicate which data they are collecting:

Type of data (ranked in order of

Organizations that collect it
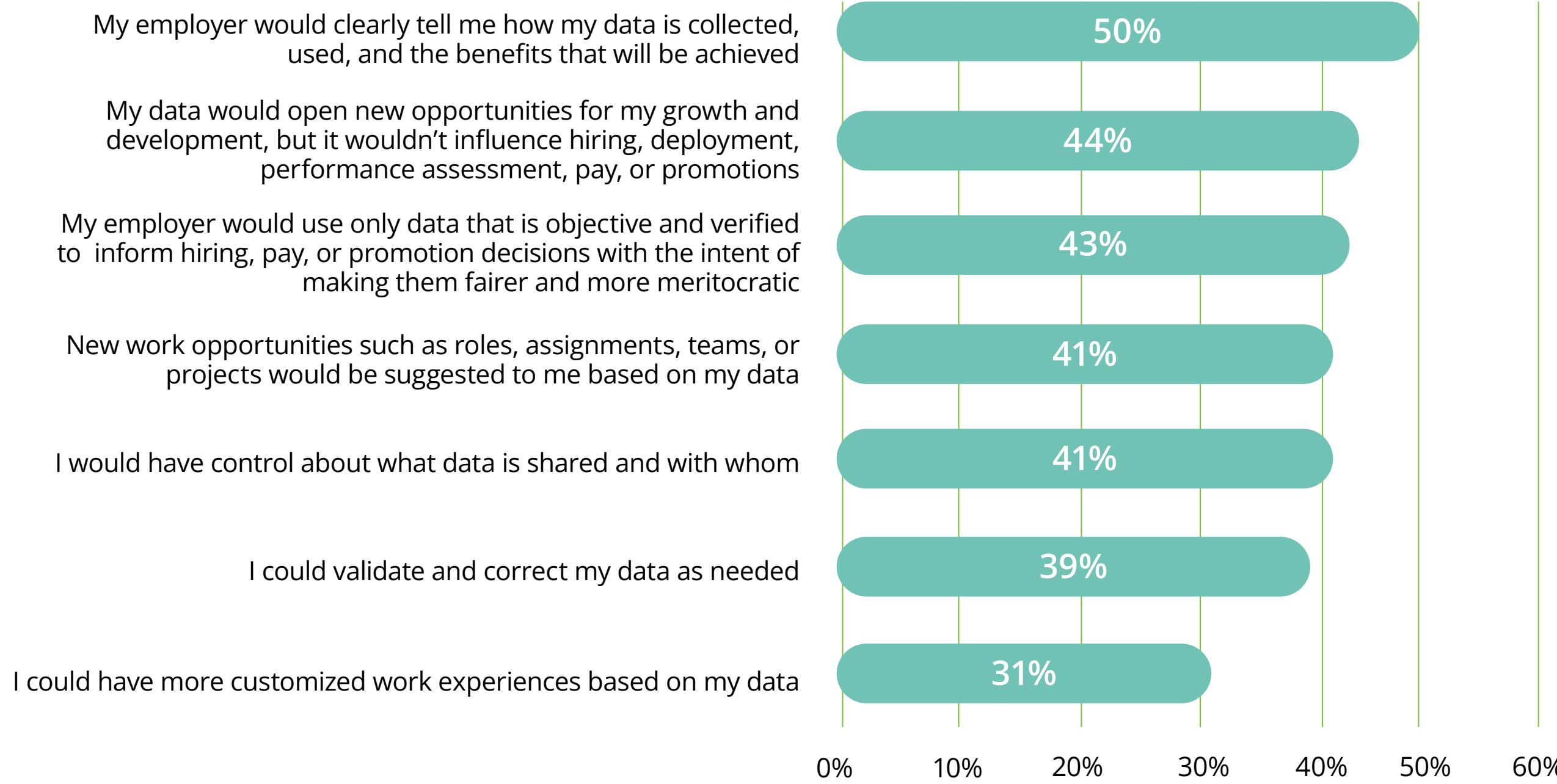
#	Type of data	Organizations that collect it
1	**Potential**	77%
2	Location, schedule, and flexibility **preferences**	78%
3	**Demonstrated skills** and capabilities	67%
4	**Teaming and collaboration** style and preferences	58%
5	Skills workers **want to develop**	66%
6	Adjacent skills	52%
7	Interests and **passions**	47%
8	Performance on internal gigs and projects **not directly related to the job**	15%
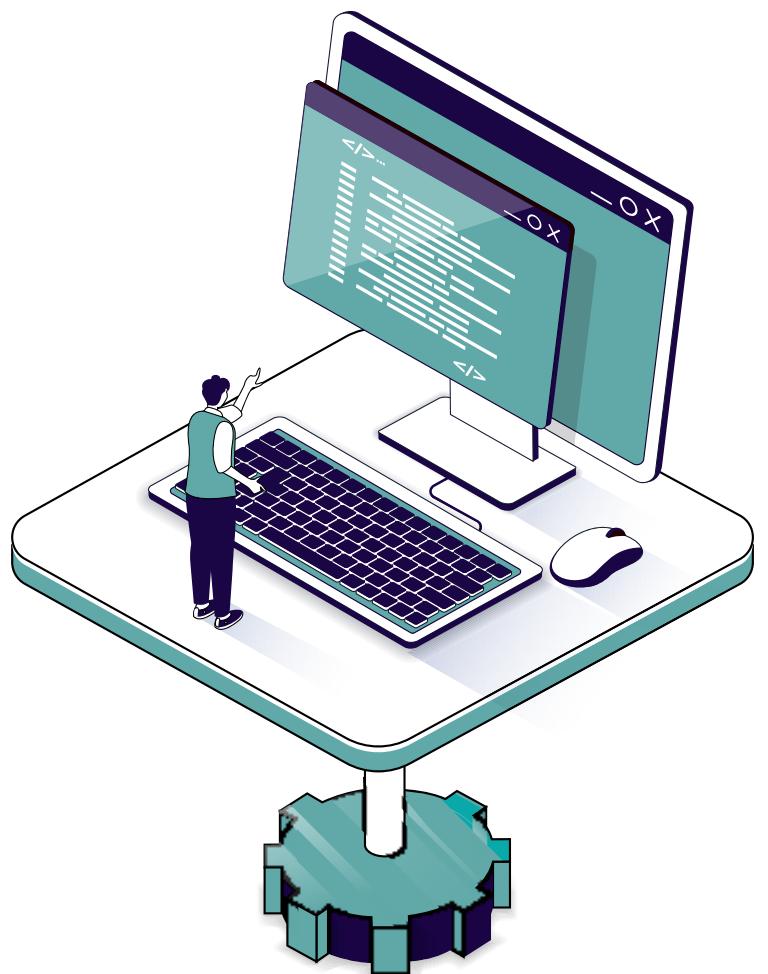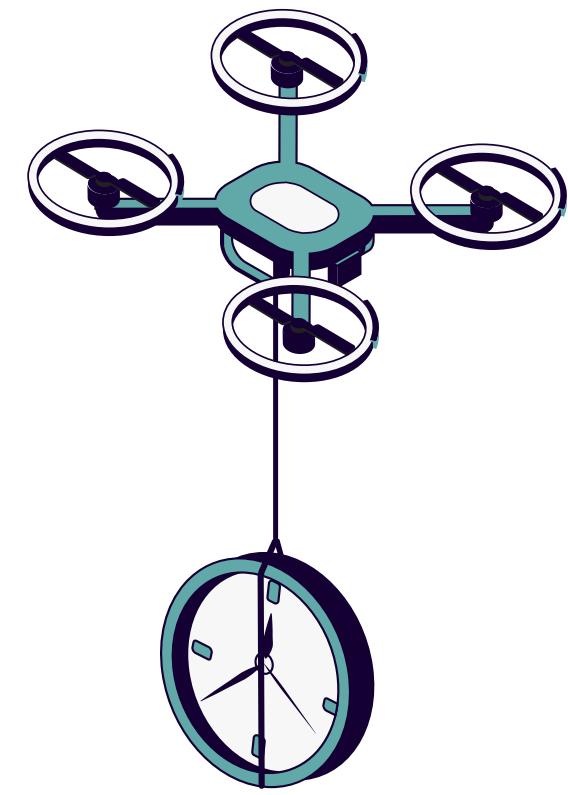
A small portion of workers say that whether they share their data depends on how their data is used and the benefits they will receive:

"You marked 'it depends' whether you want to share your data. What would it depend upon?"

Statement	Percentage
My employer would clearly tell me how my data is collected, used, and the benefits that will be achieved	50%
My data would open new opportunities for my growth and development, but it wouldn't influence hiring, deployment, performance assessment, pay, or promotions	44%
My employer would use only data that is objective and verified to inform hiring, pay, or promotion decisions with the intent of making them fairer and more meritocratic	43%
New work opportunities such as roles, assignments, teams, or projects would be suggested to me based on my data	41%
I would have control about what data is shared and with whom	41%
I could validate and correct my data as needed	39%
I could have more customized work experiences based on my data	31%

Employers should ensure they collect workers' data with minimal intrusion—and assure people that new systems are harnessing the power of AI technologies responsibly. Employees are generally open to sharing information—if their organization clearly explains both how that data will be used and the expected benefits.

Source: Deloitte Skills-Based Organization Survey, May–June 2022

Will we create positive — or potentially unintended negative — consequences

when fully embracing skills-based organization principles and practices?

As you consider the future of skills-based organizations, which of the following would be a positive or negative development, or neither?

Business and HR leaders

Workers

	Business and HR leaders	Workers
Collecting skills data by passively mining information about workers as they work (e.g., email, digital work products, audio or video calls)	44% positive / 28% negative / 28% neither	53% positive / 20% negative / 27% neither
Skills-based pay and transparency regarding what skills are worth	79% positive / 4% negative / 17% neither	74% positive / 4% negative / 22% neither
Utilizing skills as a way to evaluate workers in performance reviews	76% positive / 1% negative / 23% neither	73% positive / 3% negative / 24% neither
Organizations becoming hyper-meritocracies (in which the most highly skilled are more easily discovered and better rewarded)	60% positive / 11% negative / 29% neither	61% positive / 9% negative / 30% neither
Internal talent marketplaces in which workers are involuntarily assigned projects and tasks based on their skills at the discretion of leaders, managers, or algorithms	33% positive / 37% negative / 30% neither	54% positive / 16% negative / 30% neither
Providing workers with more autonomy, agency, and choice in the work to which they apply their skills, with subsequent less centralized control by the organization	70% positive / 4% negative / 26% neither	

Source: Deloitte Skills-Based Organization Survey, May–June 2022

12

Getting started

When it comes to shifting to skills-based work, think evolution, not revolution.
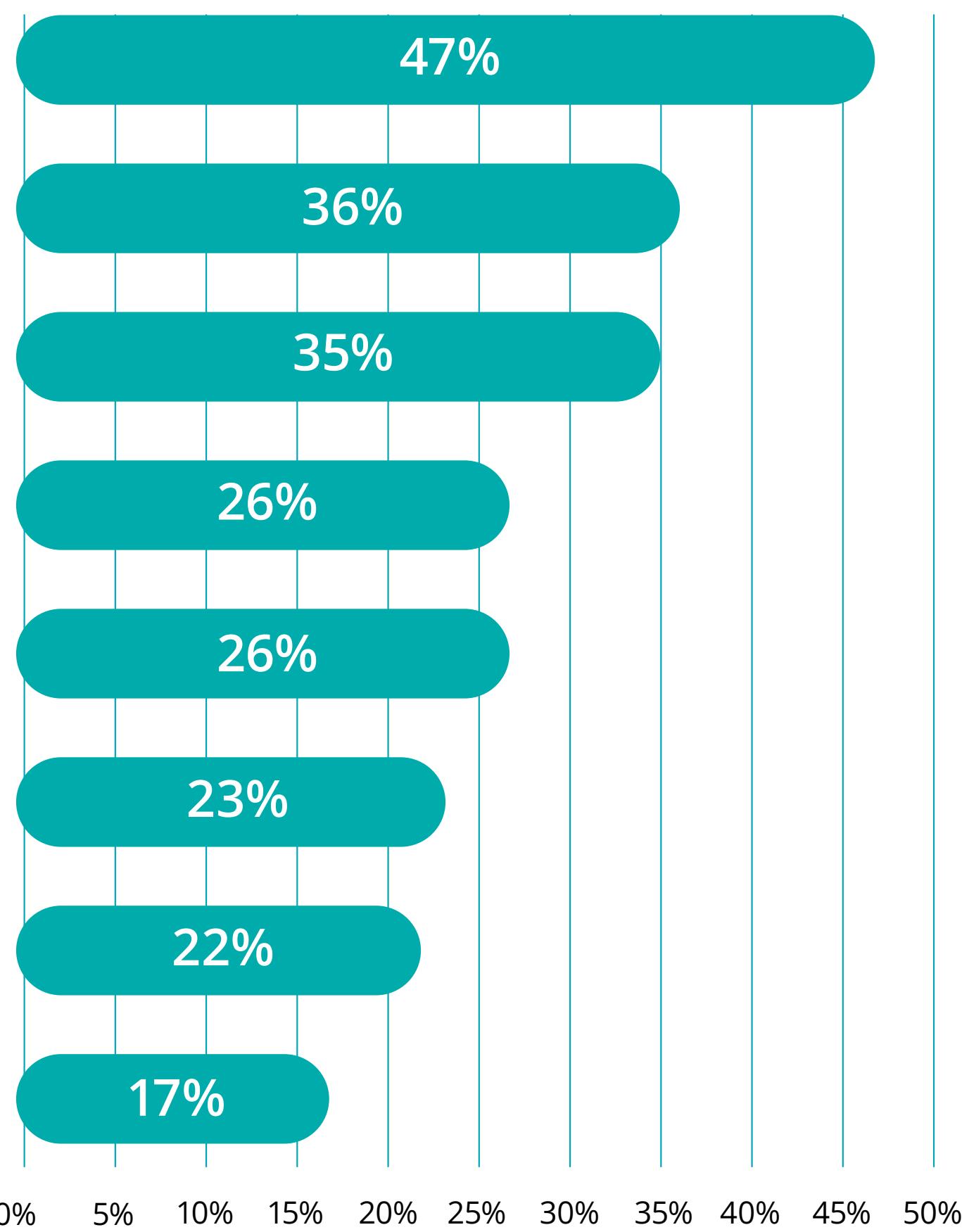
Most organizations start small and build out, experimenting with a specific workforce practice before even beginning broader discussions about reorganizing work beyond formal jobs.

HR leaders are starting with skills-based learning and hiring.
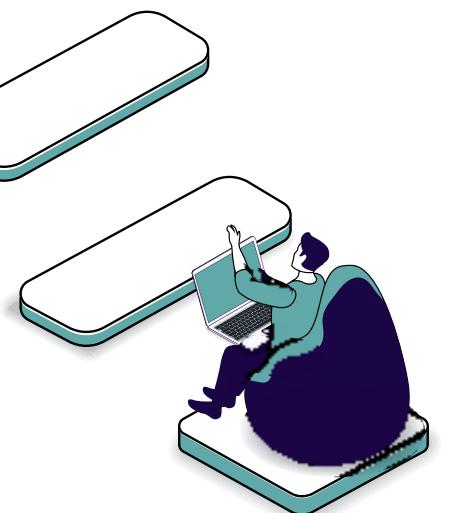
"Where are you investing most? (Select the top three)"

Category	Percentage
Skills-based learning and development	47%
Skills-based hiring	36%
Skills-based talent philosophy	35%
Skills-based workforce planning	26%
Matching skills to internal projects, roles, tasks, or teams	26%
Common language and framework for skills	23%
Skills-related data and technology	22%
Skills-based rewards	17%

0% 5% 10% 15% 20% 25% 30% 35% 40% 45% 50%
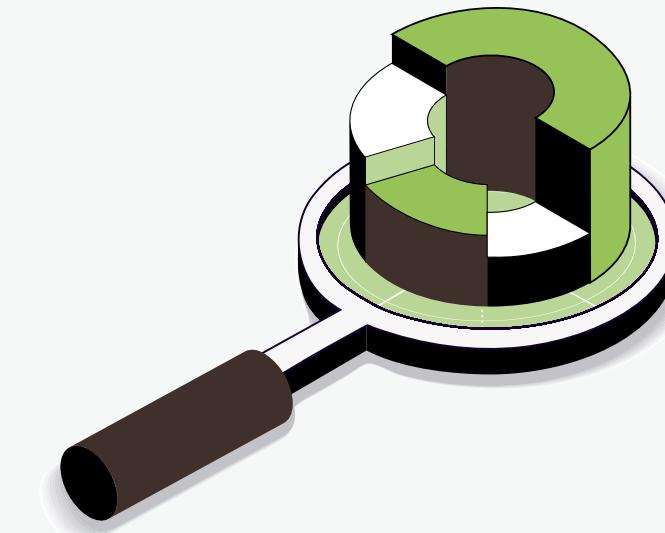
Organizations are beginning with practices that have the clearest connection to skills. In the future, we expect to see many examples of companies converting pilot projects to broader practice across the organization.

Living proof:
Cargill

Cargill started by transforming learning and development to be based more on skills and less on suggesting learning and development opportunities based on people's jobs. As it proceeded to also adopt skills-based hiring and a skills-based talent marketplace, Cargill realized it had core skills hub work to do to realize the vision. It embarked on an initiative to develop an enterprise-wide skills framework, enabling the company to use skills as a unit of measurement to better acquire, manage, and develop their people going forward.[50]

From insights to action

Even if few leaders of multinationals are likely to go all-in anytime soon and scrap the entire idea of jobs, organizations can get started now by gradually embracing the concept of making decisions about people based less on jobs and more on skills. Here are some ways to begin the journey to a skills-based organization:

- **Transform a workforce practice that has the biggest pain point.**
  Many organizations already emphasize the value of skills—not just degrees or experience when hiring — both in response to a tight labor market and to improve diversity, equity, and workplace culture.

- **Start with practices that have the clearest connection to skills.**
  Learning and development, internal mobility, and talent acquisition, for example, already have a close connection to skills. Transforming these practices first may be easier, as organizations may be able to use mature technologies as readily available upgrades to existing HR information systems, such as talent marketplaces.

- **Get your own skills house in order.**
  By defining a skills taxonomy or framework and a common way of validating skills, organizations can lay the groundwork for making decisions about work and workers based more on skills and less on jobs. They can expand from there by transforming one talent practice at a time, or experimenting with new ways of organizing work so workers can flexibly flow to the work based on their skills.

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The authors would like to thank Joi Bruce, Denise Moulton, Chelsea Taylor, Rebecca Greenberg, Frances Symes, and Laura Durando for their contributions to this article.

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