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Skills as the New Currency of Organizations mmmake x TUM

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01
Intro

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Menschen

Marken

Maschinen

To translate this conviction into strong services, we operate along our three services consisting of

ACT

AGENCY
CONSULTING
TECHNOLOGY

We are part of the Schwarz Digits

Would you hire yourself — and how would you even know?

Key Drivers of a Skills-powered Organization

Why Organizations are betting on Skills

Evolution of Work

- Building **talent agility** is the #1 challenge — yet only **5% of organizations** have an effective upskilling program.
- Skills-based practices drive **workforce agility, productivity** — and **73% of employees** stay longer where development is prioritized.

Impact of AI

- Technologies will change **39% of core skills** by 2030.
- Skills gap = **#1 barrier** to transformation — cited by **63% of employers**.
- Skills-based orgs are **107% better** at placing people in the right roles.
- Better skill development improves **retention.**

Regulatory Requirements

- **EU Pay Transparency** (2026): Job Architecture becomes a legal necessity.
- **Corporate Sustainability Reporting Directive**: Skills data becomes a compliance asset.
- **EU Gender Balance Directive**: Transparent, skills-based criteria mandatory.

It's not a trend — it's a structural shift. And it affects every organization you'll ever work for.

02
Modul #1 - Job Architecture

Job Architecture

Description

A job architecture is a structured framework that defines and organizes roles within an organization, including their hierarchy and relationships to other positions. It helps standardize job titles, responsibilities, and pay across different teams and departments, ensuring clarity and consistency.

Job Architecture

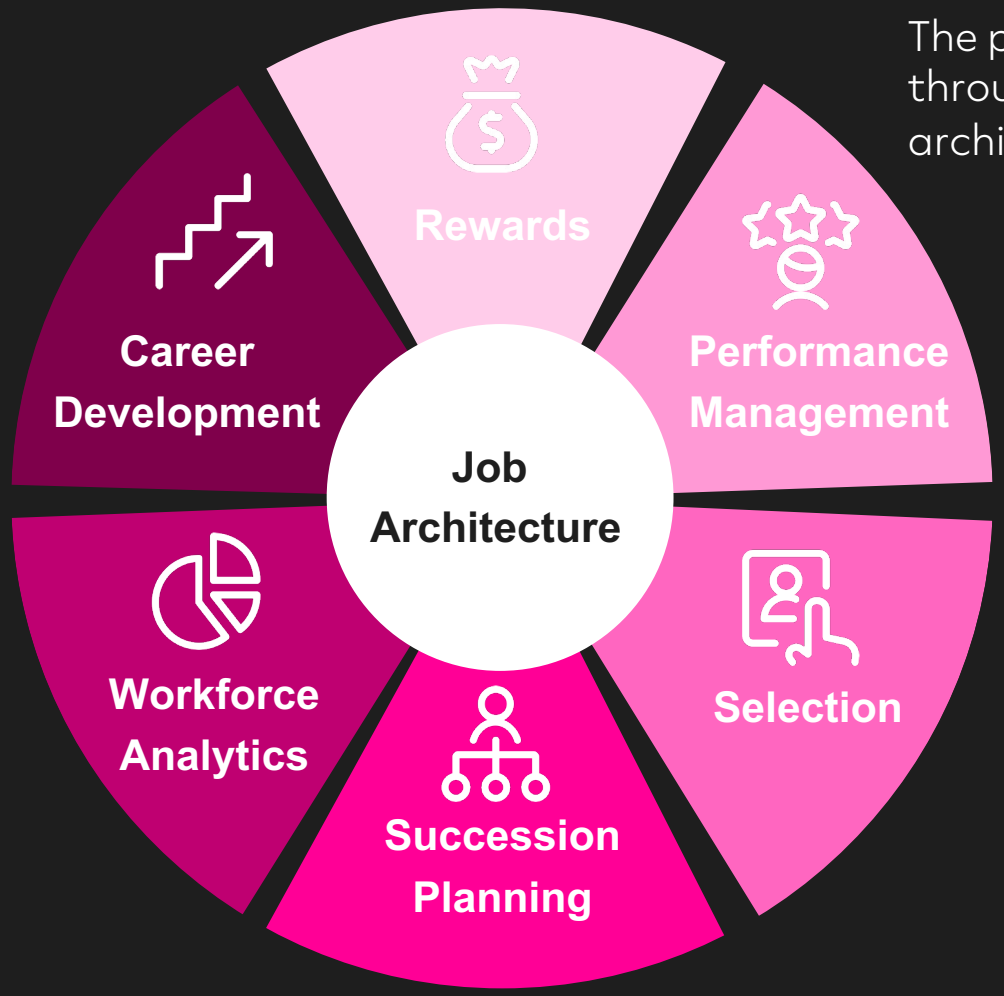
Alignment with HR Processes Overview

A well developed, clearly articulated job architecture serves as an anchor to many other HR programs and processes.

The success of the job architecture is determined by the strength of the linkages to other HR process, and likewise the success of other HR processes is enhanced by a clear linkage to the career framework.

Job Architecture

Alignment with HR Processes Overview



The purpose of the career framework is to build workforce capabilities through proactive and deliberate career management strategies. A job architecture is the foundation of a career framework.

- Articulate a **career philosophy** that supports strategic goals
- Develop/ align **job families, competencies, and accountabilities** across the organization
- Define **critical experiences, knowledge, and skills** necessary for career progression
- Identify flexible **career paths** not only within functions but across the organization
- Empower managers to support employees through **effective conversations**
- Empower employees to **actively manage** their career choices
- Use your career framework to anchor **other HR processes**

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Job Architecture

Deep-Dive Job & career architecture

ORGANIZATION / BUSINESS STRATEGY

CHANGE MANAGEMENT AND COMMUNICATION

People & Culture Philosophy

A well-defined job architecture and career architecture, anchored in organizational structure, competencies and skills, and compensation and benefits, empowers employees with transparent growth paths and equitable opportunities, fostering a culture of clarity, continuous development.

JOB & CAREER ARCHITECTURE

ORGANIZATIONAL STRUCTURE

JOB FUNCTION
Broad categorization of work types within an organization

JOB FAMILIES / SUB-FAMILIES
Grouping of jobs based on core capabilities

JOB LEVELS
A tier in the organizational hierarchy that describes the level of responsibility, complexity, and influence of a particular role

JOB GRADES
A classification assigned to jobs that indicates their relative value or pay range within the organization's compensation structure

CAREER STREAMS
Types of careers / dual career path
E.g. Mgmt, Prof, Sppt and Exec

JOB / EMPLOYEE MAPPING

COMPETENCIES & SKILLS

CORE COMPETENCIES
Critical behaviours aligned with business needs applied to all jobs across the org

FUNCTIONAL COMPETENCIES
Knowledge and skills required to perform a certain type of work effectively and unique to job family/functional area

JOBSPECIFIC COMPETENCIES & SKILLS
One page summary of expectations for job responsibilities and competency/skill proficiency levels

ROLE PROFILES
One page summary of expectations for job responsibilities and competency proficiency levels

CAREER PROGRESSION
Opportunities for talent to move within or across job families and functions based on overlap in functional and jobspecific competencies and skills

CAREER DESIGN

COMPENSATION & BENEFITS

JOB GRADES
A classification assigned to jobs that indicates their relative value or pay range within the organization's compensation structure.

SALARY BANDS
Defined by job grades and levels, which standardize pay ranges for roles with similar responsibilities, skills, and experience. Uses job architecture to benchmark against external roles in similar functions and levels, ensuring competitive pay and retention.

REWARDS
Often tiered based on job levels and tied to specific roles or functions, rewarding performance relative to responsibilities and impact

REWARDS DESIGN

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Job Architecture

Main pillars of a hollistic job architecture

ORGANIZATIONAL STRUCTURE

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CAREER STREAMS
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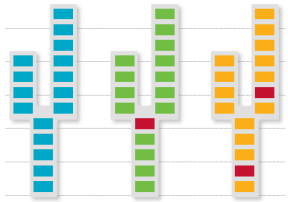
E.g. Mgmt, Prof, Sppt and Exec

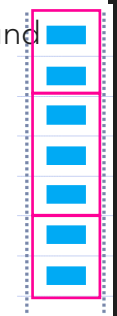
Job Function & Job Families

- **Job functions** are the highest level in the organization requiring broadly similar technical skills and abilities.
- **Job families** are series of jobs that require a unique set of technical competencies
- Example:
  - Job functions: Services, Engineering
  - Job families: Legal, HR, Business Development



Job Levels

- **Job levels** are hierarchical position of a job within a career stream.
- Recognizes incremental changes in job scope and responsibilities.
- Example:
  - Entry Level
  - Professional Level
  - Senior/Management Level
  - Executive Level

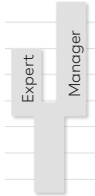


Job Grades

- **Job grades** are specific compensation levels within a job level and describe the salary range of a position.
- They relate to the market value, skills and contribution to the organization, regardless of hierarchical level
- Example:
  - M1 = Entry-level management for team leaders (e.g. Marketing Team Lead)
  - M2 = Department Head (e.g. Marketing Manager)

Career Streams

- With **career streams**, employees understand the unique responsibilities associated with progression.
- Career growth can also apply to those who don't want to manage others.
- Example:
  - Expert/Specialist
  - Management
  - Project



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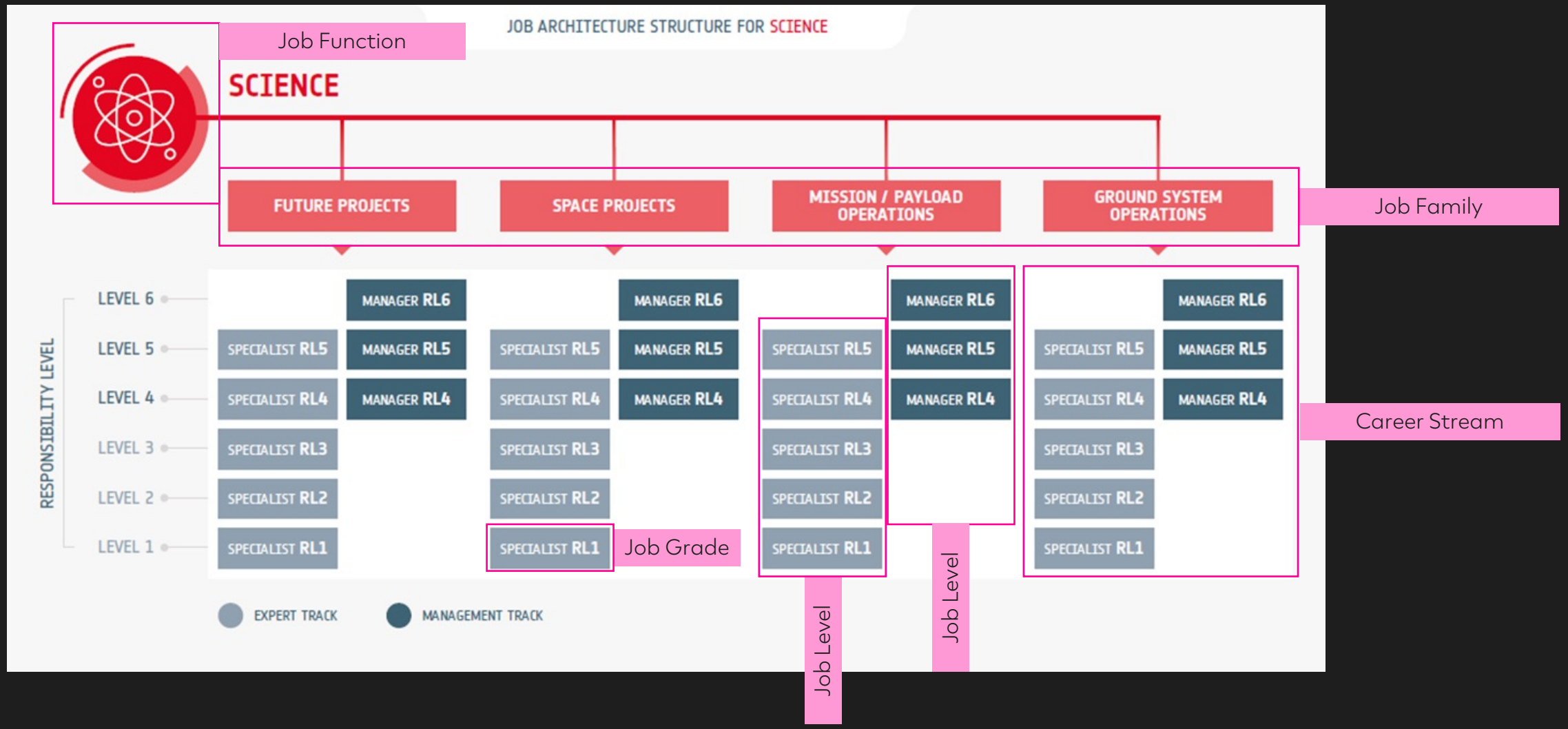
Job Architecture

Example



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03
Exercise #1

Exercise #1: Clustering Job Families

Context

PayStream is a Berlin-based FinTech founded in 2016 with 800 employees, offering digital payment solutions for online retailers. Growing from 40 to 800 in six years, the job landscape evolved without planning: teams named their own roles, often just to justify salary increases — today, no one can say which roles actually do the same thing. Two forces are now demanding a clean-up: the EU Pay Transparency Directive and high turnover due to a lack of visible career paths.

Your turn!

Imagine you are the HR Strategy Team at PayStream. In front of you are **15 historically grown job titles** — unsorted. **Cluster** them into **meaningful job families** and give each **cluster a name**. Use the paper and pens provided. Each group will present their results to the plenary — appoint a spokesperson or present as a team.

20 min. **teamwork**

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Exercise #1: Clustering Job Families

Overview of 15 Job Positions

Senior Backend Engineer	Risk Analyst	Compliance Officer
Full-Stack Developer	DevOps / SRE Engineer	Legal Counsel
Assitant to the Board	UX/UI Designer	Growth Marketing Manager
Product Manager - Payments	Machine Learning Engineer	Engineering Manager
Account Executive (B2B)	Technical Product Manager	Customer Success Manager

How did you cluster the titles, and where did you get stuck?

Which titles were hardest to place — and what does that tell you?

How to create Job Families

Creating Job Families based on existing organisational functions such as HR, IT, Fincance, etc.

By Function

By Occupation

Creating Job Families based on certain occupations such as Engineers and Research Scientists

Creating Job Families based on business units such as call centres or production units.

By Business Unit

By Skills or Capability

Creating Job Families based on skills or capabilities such as Project Management.

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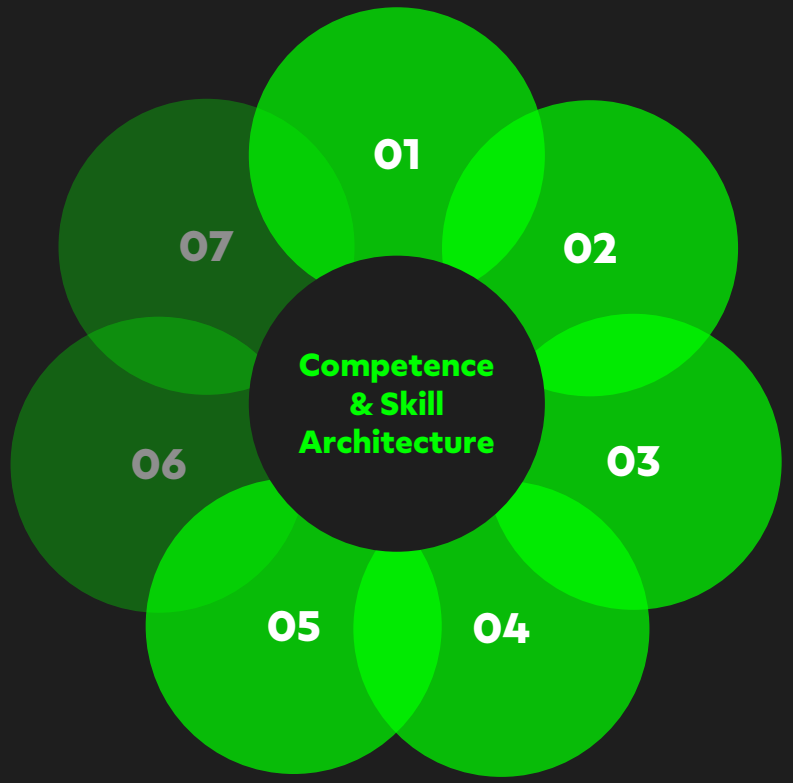
04
Modul #2 - Skill Framework

Competence & Skill Architecture

How we define the basis of the model

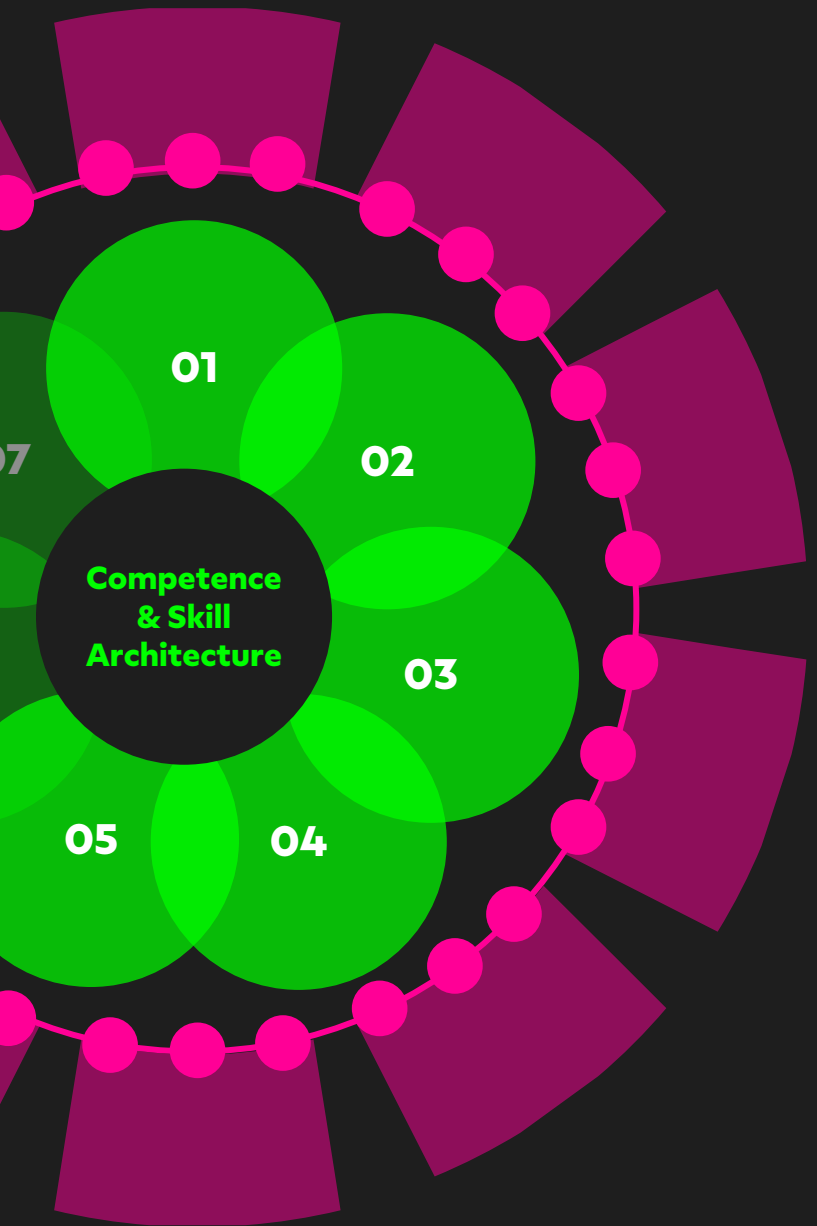


Core competencies *are key competencies that apply across the entire company and are relevant to all employees, regardless of their role, position, or location. They form the cultural and value-based framework within which behavior, decisions, and collaboration within the company should take place. They create a common basis for leadership, communication, and further development and are essential for promoting a coherent corporate culture.*

Psychological aspect: 7 ± 2

•On average, human short-term memory can actively process 5 to 9 items at a time.

•Therefore, core competencies should be limited to 5–7 key competencies – otherwise, orientation is lost.

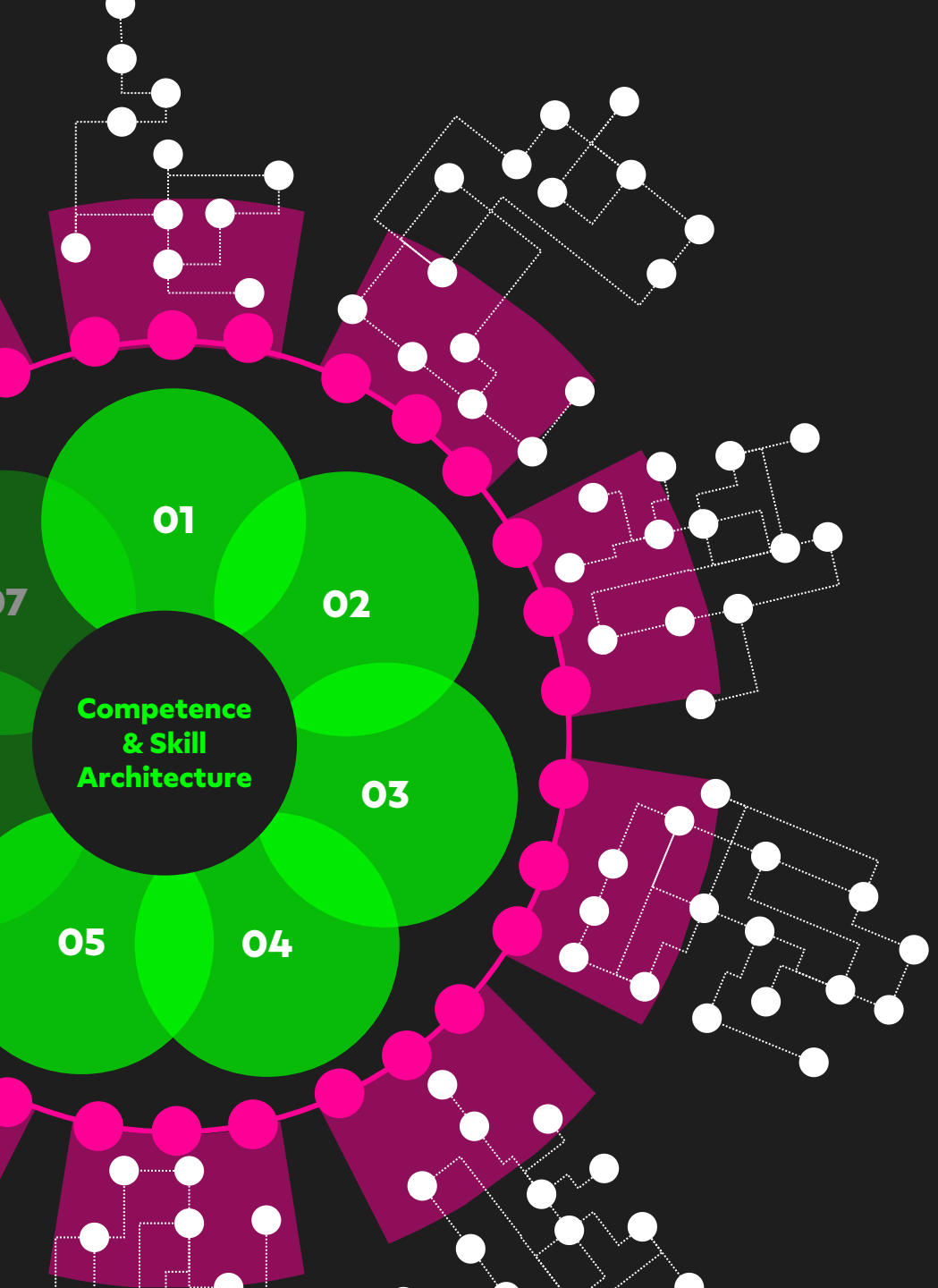


Competence & Skill Architecture

How we define the middle level of the model

Functional competencies and job family competencies *form the middle level in a competency architecture—they specify what employees need to be particularly good at, depending on their function or role family, beyond the general core competencies.*
Functional competencies refer to competencies that are necessary for a specific function or field, e.g., finance, HR, IT, or sales.
Job family competencies, on the other hand, describe competencies that apply to a specific role family, regardless of the function in which this role is performed, e.g., project management, people leadership, or business development.

Suggestion
- Prioritization of functional competencies as a structuring layer
- Maximum of 3-4 additional competencies



Competence & Skill Architecture

How we define the outermost layer of the model

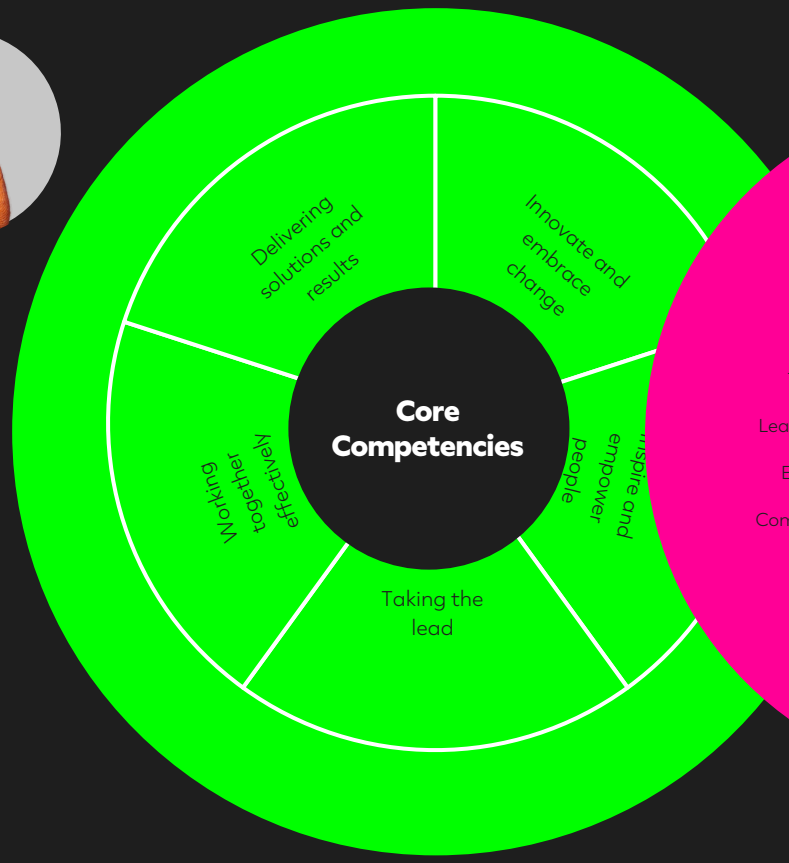
The outermost level of the competency architecture consists of **role- or position-specific competencies and skills**.
These describe in concrete terms the abilities, knowledge, and behaviors required for a specific role within the company. Unlike core or functional competencies, which are broader in scope, these go into greater depth and take into account the individual requirements of specific jobs.
Each role has its own competency profile—not only in terms of the type of competencies required, but also in terms of their degree of development.

Skill categorization

- Cognitive Skills
- Physical Abilities
- Engagement Skills
- Self-Efficiancy Skills
- Management Skills
- Working with Others
- Technological Skills

Competence & Skill Architecture

How the different levels form a holistic picture



Corporate (HR)

Talent Acquisition	Org Development
Learning & Development	HRIT
Employee Relations	HR Analytics
Compensation & Benefits	Compliance & Legal

HR BP

Strategic Thinking & Planning
(Cognitive, Management, Self-Efficancy)

Employee Development & Coaching
(Engagement, Management, Working with others)

Data Analysis & HR Metrics
(Cognitive, Technological, Self-Efficiancy)

Project Management
(Management, Cognitive, Working with Others)

Ethical Practice
(Engagement, Self-Efficiancy)

Our core competencies should be embodied by all employees and require me to consider how I can implement them in my specific role.

I have the same functional competencies as my colleagues in my department. The level of maturity depends on our stage within the HR career path.

My skills are specifically tailored to my role as HR BP, and I need them to perform my role successfully and develop into future roles.

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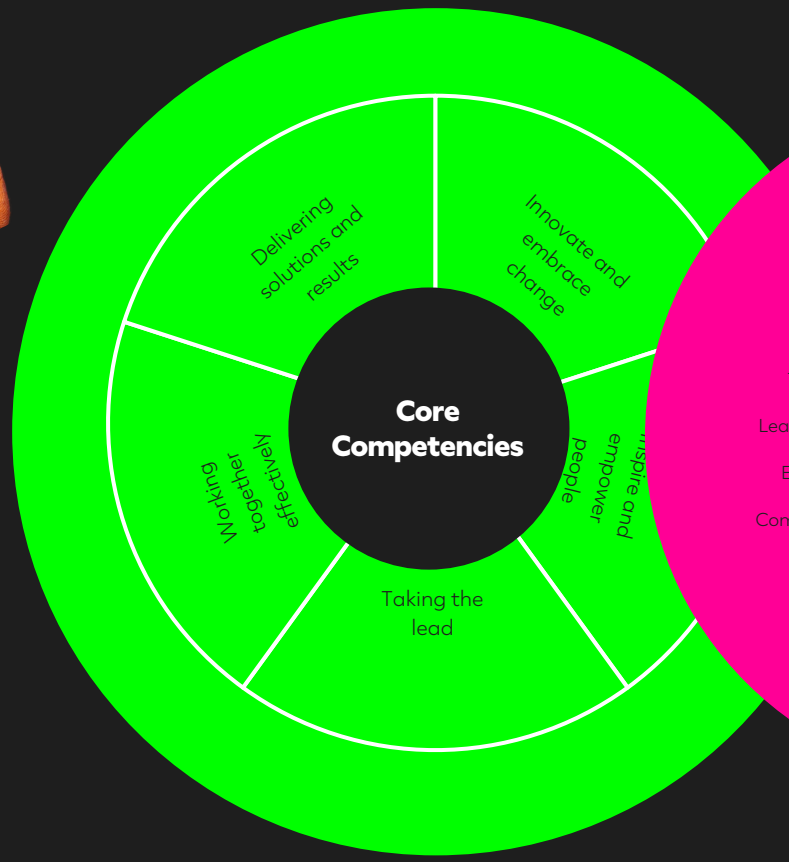
Competence & Skill Architecture

How the different levels form a holistic picture



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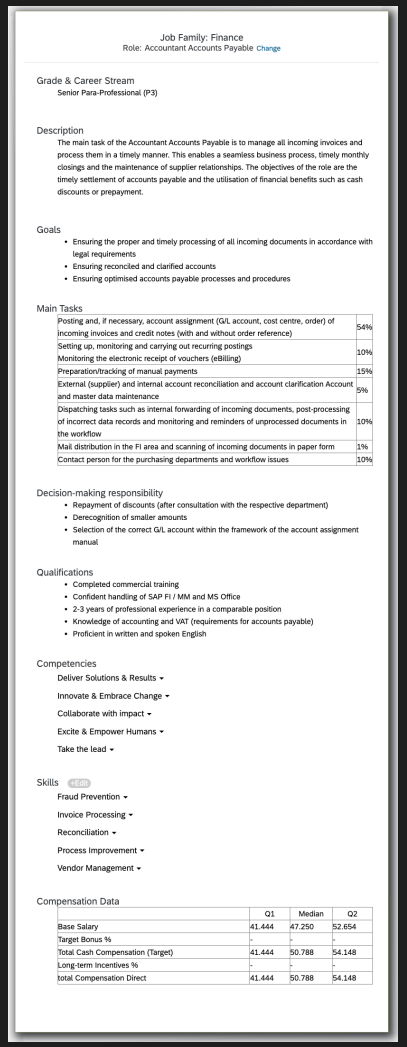

Job Family: Finance
Role: Accountant Accounts Payable Change

Grade & Career Stream
Senior Para-Professional (P3)

Description
The main task of the Accountant Accounts Payable is to manage all incoming invoices and process them in a timely manner. This enables a seamless business process, timely monthly closings and the maintenance of supplier relationships. The objectives of the role are the timely settlement of accounts payable and the utilisation of financial benefits such as cash discounts or prepayment.

Goals
- Ensuring the proper and timely processing of all incoming documents in accordance with legal requirements
- Ensuring reconciled and clarified accounts
- Ensuring optimised accounts payable processes and procedures

Main Tasks

Posting and, if necessary, account assignment (G/L account, cost centre, order) of incoming invoices and credit notes (with and without order reference)	54%
Setting up, monitoring and carrying out recurring postings Monitoring the electronic receipt of vouchers (eBilling)	10%
Preparation/tracking of manual payments	15%
External (supplier) and internal account reconciliation and account clarification Account and master data maintenance	5%
Dispatching tasks such as internal forwarding of incoming documents, post-processing of incorrect data records and monitoring and reminders of unprocessed documents in the workflow	10%
Mail distribution in the FI area and scanning of incoming documents in paper form	1%
Contact person for the purchasing departments and workflow issues	10%

Decision-making responsibility
- Repayment of discounts (after consultation with the respective department)
- Derecognition of smaller amounts
- Selection of the correct G/L account within the framework of the account assignment manual

Qualifications
- Completed commercial training
- Confident handling of SAP FI / MM and MS Office
- 2-3 years of professional experience in a comparable position
- Knowledge of accounting and VAT (requirements for accounts payable)
- Proficient in written and spoken English

Competencies
Deliver Solutions & Results
Innovate & Embrace Change
Collaborate with impact
Excite & Empower Humans
Take the lead

Skills Edit
Fraud Prevention
Invoice Processing
Reconciliation
Process Improvement
Vendor Management

Compensation Data

	Q1	Median	Q2
Base Salary	41.444	47.250	52.654
Target Bonus %	-	-	-
Total Cash Compensation (Target)	41.444	50.788	54.148
Long-term Incentives %	-	-	-
total Compensation Direct	41.444	50.788	54.148

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Skills themselves are the currency of the future.

Alex Kaplan
Global Leader Blockchain & AI for Industry Credentials @ IBM

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”

Companies that focus on skills as the currency and shift from only using signals like where someone went to their previous company will create a more dynamic and equitable labor market.

Ryan Roslansky
CEO LinkedIn

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Competence & Skill Architecture

Distinction between skills and competencies

Skills: refer to practical knowledge that a person has acquired through training, experience or education. These skills are usually specific and can be applied in different areas.

Competencies: are broader and relate to a person's ability to perform certain tasks or roles successfully. They often integrate a combination of skills, behaviors and knowledge and include the ability to use them.

Communication skills
(The ability to communicate clearly and effectively, whether verbally or in writing)

Technical skills
(The knowledge and skill in using tech. tools or software, such as programming, data analysis or graphic design)

Problem solving
(The ability to identify challenges, develop alternative solutions and select the best option)

Leadership
(The ability to motivate, inspire and lead others to achieve common goals)

Intercultural competence
(The ability to interact and communicate effectively with people from different cultural backgrounds)

Customer orientation
(The ability to understand the needs and expectations of customers and act accordingly to ensure their satisfaction)

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What is the value of competencies?

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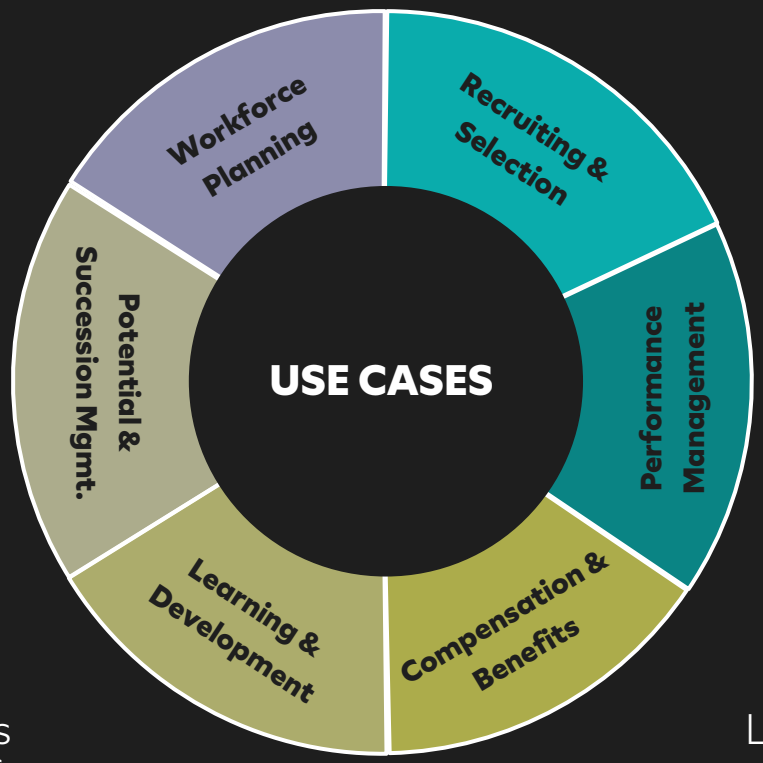
Competence & Skill Architecture

What are the resulting use cases

Strategic demand planning for transparent personnel requirements across organizational areas

Strategic talent acquisition by deriving future requirements and communicating them in job profiles



Talent assessment and succession planning based on clearly defined criteria

Feedback and performance evaluation based on uniform and binding criteria

Definition of clear development paths and derivation of target group-specific learning opportunities

Linking “payment for performance” to competencies/skills

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Organizational performance

Org / work design:
Restructure roles around required skills.

Strategic workforce planning:
Forecast both headcount and future skill gaps.

Talent deployment:
Flexibly match people to projects and gigs.

Performance management:
Align business goals with skill capabilities.

Job-Architecture

Framework for organizing, evaluating and designing jobs

Job-Functions | Job Families | Job Sub-Families

Career Levels, Grades, Streams, Roles ...

Skills-powered Job-Architektur

Skill-Architecture

Organizes the skills required to perform work across the organization

Skill-Types, Proficiencies, Taxonomy | Ontology, ...

Talent performance

Talent acquisition:
Hire for proven skills and experience.

Learning and development:
Connect training to business needs and career paths.

Talent management:
Promote and develop critical skill sets.

Rewards
Tie transparent pay and equity to skill value.

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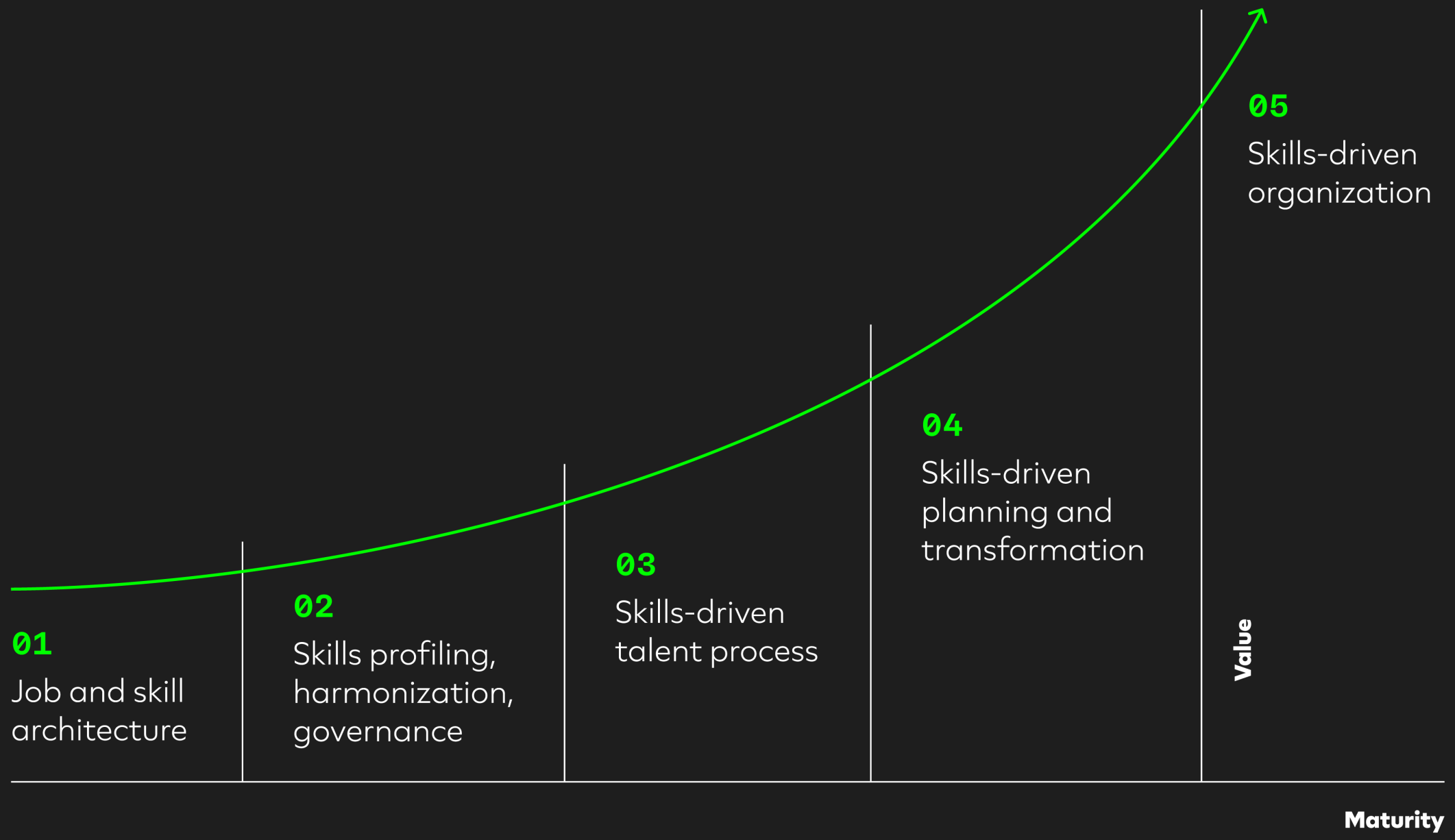
01
Job and skill architecture
02
Skills profiling, harmonization, governance
03
Skills-driven talent process
04
Skills-driven planning and transformation
05
Skills-driven organization
Value
Maturity

05
Exercise #2

Exercise #2: Building a Skill Profile

Context

The job families are in place — but defining a family does not yet tell us what people within it actually need to know and do. That is precisely what the EU Pay Transparency Directive requires: a shift away from job titles towards criteria that are objective and comparable across the organisation.

Your turn!

Select **one job family from Exercise #1** and **one specific role** within it. Develop a **skill profile** for that role across **three layers**:

(1) Core Competencies: 3 competencies that apply to all employees at PayStream

(2) Job Family Skills: 3 functional skills relevant across the entire job family

(3) Role specific Skills: 3 skills that distinguish this particular role

e.g., Backend Engineer – Learning agility (1), systems thinking (2), API-Design (3)

20 min. **teamwork**

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Exercise #2: Building a Skill Profile

Job Familiy: _____ **Role:** _____

(1) Core Competencies	(2) Job Family Skills	(3) Role specific Skills

Competence & Skill Architecture

Proficiency Levels — How to measure skill depth

Theoretical Foundation: Dreyfus Model of Skill Acquisition (Dreyfus & Dreyfus, 1980) — originally developed for chess players and pilots, now foundational in HR

LEVEL 1
Novice
Follows rules rigidly. No context judgment. Needs supervision for all tasks.
Example: First week on the job.

LEVEL 2
Advanced Beginner
Recognizes patterns from experience. Still relies on guidelines but adapts slightly.
Example: Junior after 6 months. Handles standard cases.

LEVEL 3
Competent
Plans ahead. Chooses deliberately from options. Works independently on most tasks.
Example: Mid-level professional, 2–4 years exp.

LEVEL 4
Proficient
Sees situations holistically. Adapts fluidly. Mentors others and challenges existing approaches.
Example: Senior with domain ownership, leads peers.

LEVEL 5
Expert
Acts intuitively from deep pattern recognition. Redefines the field. No longer follows rules — creates them.
Example: Principal engineer, thought leader, recognized externally.

In practice: Most organisations use 3–5 levels in skill frameworks. The key is consistent, behavioural descriptions — not just labels. Each level must answer: "What does this look like in action?"

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Competence & Skill Architecture

Proficiency Levels — How to measure skill depth

1 Follow

Performs routine tasks under close supervision, follows instructions, and requires guidance to complete their work. Learns and applies basic skills and knowledge.

2 Assist

Provides assistance to others, works under routine supervision, and uses their discretion to address routine problems. Actively learns through training and on-the-job experiences.

3 Apply

Performs varied tasks, sometimes complex and non-routine, using standard methods and procedures. Works under general direction, exercises discretion, and manages own work within deadlines. Proactively enhances skills and impact in the workplace.

4 Enable

Performs diverse complex activities, supports and guides others, delegates tasks when appropriate, works autonomously under general direction, and contributes expertise to deliver team objectives.

5 Ensure, advise

Provides authoritative guidance in their field and works under broad direction. Accountable for delivering significant work outcomes, from analysis through execution to evaluation.

6 Initiate, influence

Has significant organisational influence, makes high-level decisions, shapes policies, demonstrates leadership, promotes organisational collaboration, and accepts accountability in key areas.

7 Set strategy, inspire, mobilise

Operates at the highest organisational level, determines overall organisational vision and strategy, and assumes accountability for overall success.

https://sfia-online.org/de/sfia-9/sfia-9

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05
Exercise #3

Exercise #3: Proficiency in Action

Context

PayStream has defined its skill framework. Now the HR team must decide: for each role, what does "good" actually look like?

Without proficiency levels, a skill profile is just a list. Levels turn it into a development tool — and a fair basis for pay and promotion decisions.

Your turn!

Take the skill profile you built in Exercise #2. Select **one skill** from each layer and define what it looks like at **3 proficiency levels**:

Basic — what can a junior do with this skill?
Proficient — what does a senior do independently?
Expert — what does a thought leader do that nobody else can?

Use the worksheet on the next slide. Write in observable, behavioural terms — not "understands X" but "independently does X in context Y."

15 min. **teamwork**

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Exercise #3: Proficiency in Action

Job Family: _____ **Role:** _____ **Skill chosen:** _____

Skill Layer	Basic (Novice)	Proficient	Expert
(1) Core Competency Skill: _____			
(2) Job Family Skill Skill: _____			
(3) Role-specific Skill Skill: _____			

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You just built a skill profile for someone else — **now let's look at the human side**

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06
Impact on People

How would you feel if your employer created a skill profile for you — and used it to make decisions about your salary?

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Impact on People

01 | Identity & Role

THE CHALLENGE

"I am a Software Engineer"

vs.

"I can Java, system design & UX."

Role identity is deeply anchored in how people describe themselves. When organisations shift to skill-based language, employees can experience a loss of professional identity — even when the change is meant positively.

THEORY | ROLE IDENTITY (STRYKER)

Identity Theory (Stryker, 1980) suggests professional roles form a core part of self-concept. The more central a role is to someone's identity, the more threatening it is to have that role questioned or replaced.

Implication: Skills transitions require active change management — not just a new taxonomy.

SO WHAT? FOR ORGANIZATIONS

→ Communicate the "why" behind skill frameworks early and transparently.

→ Involve employees in skill definition — co-creation reduces resistance.

→ Reframe: skills don't replace your role — they make it visible.

Impact on People

02 | Motivation

Self-Determination Theory (Deci & Ryan, 1985) — Three needs that drive intrinsic motivation

Autonomy

Skill transparency can strengthen autonomy — when employees understand what they need to grow.

Risk: If skills are defined top-down without dialogue, it creates control — not autonomy.

Competence

Clear skill expectations give employees a concrete sense of growth and mastery.

Risk: Skill gaps made visible without support can trigger fear and disengagement.

Relatedness

Shared skill language across teams can strengthen collaboration and belonging.

Risk: Ranking employees by skills can create internal competition and erode trust.

Key question for organisations: Do skill frameworks empower or surveil? The answer depends entirely on implementation.

Impact on People

03 | Fairness & Bias

THE FAIRNESS PROBLEM

Skills sound objective. But who decides which skills matter?

→ Historically undervalued skills (care work, communication, coordination) are often underrepresented in skill taxonomies — reflecting existing power structures, not objective value.

→ Algorithmic skill matching can amplify existing biases at scale — if trained on historical data that reflects past inequity.

→ EU Pay Transparency Directive (2026) demands objective criteria — but "objective" still requires a human definition of value.

THE OPPORTUNITY

Well-designed skill frameworks can reduce bias by shifting decisions from gut-feel to evidence: hiring, promotions, and pay become more defensible.

Data-based talent decisions are 107% better at placing people in the right roles — when built with fairness in mind.

DESIGN PRINCIPLES FOR FAIRNESS

→ Involve diverse groups in defining which skills matter

→ Audit AI-based skill tools for bias regularly

→ Make skill criteria transparent and appealable

Impact on People

04 | Employability

73%

of employees say stronger development opportunities would make them stay longer.

Source: LinkedIn Workforce Learning Report

THE SHIFT IN RESPONSIBILITY

Skills as personal capital) frames employability as an individual asset — not just an organizational need.

When skill visibility increases, employees can better navigate careers — but the burden of development increasingly shifts to the individual.

FOR EMPLOYEES

→ Skills make your value visible beyond your current role

→ Enable lateral career moves — not just vertical promotions

Watch out: Without employer support, skill responsibility becomes burden

FOR ORGANISATIONS

→ Invest in L&D to match the skill transparency you create

→ Connect skill profiles to real career paths — not just job descriptions

→ 39% of core skills will change by 2030 — upskilling is not optional

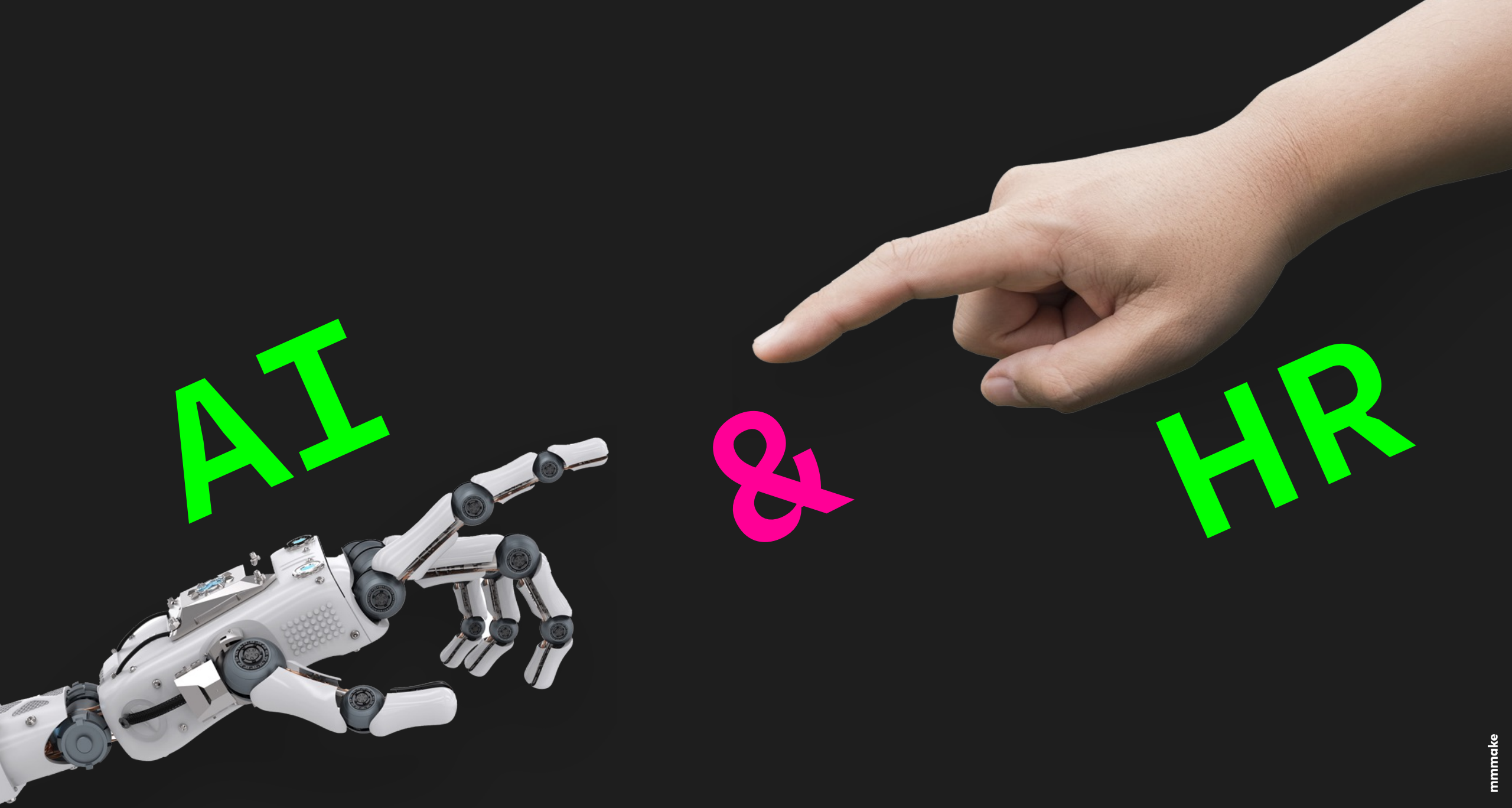
”

Nothing we do is more important than hiring and developing people. At the end of the day, you bet on people, not on strategies.

Lawrence Bossidy
ehem. CEO Honeywell

07
AI as an Enabler

AI & HR



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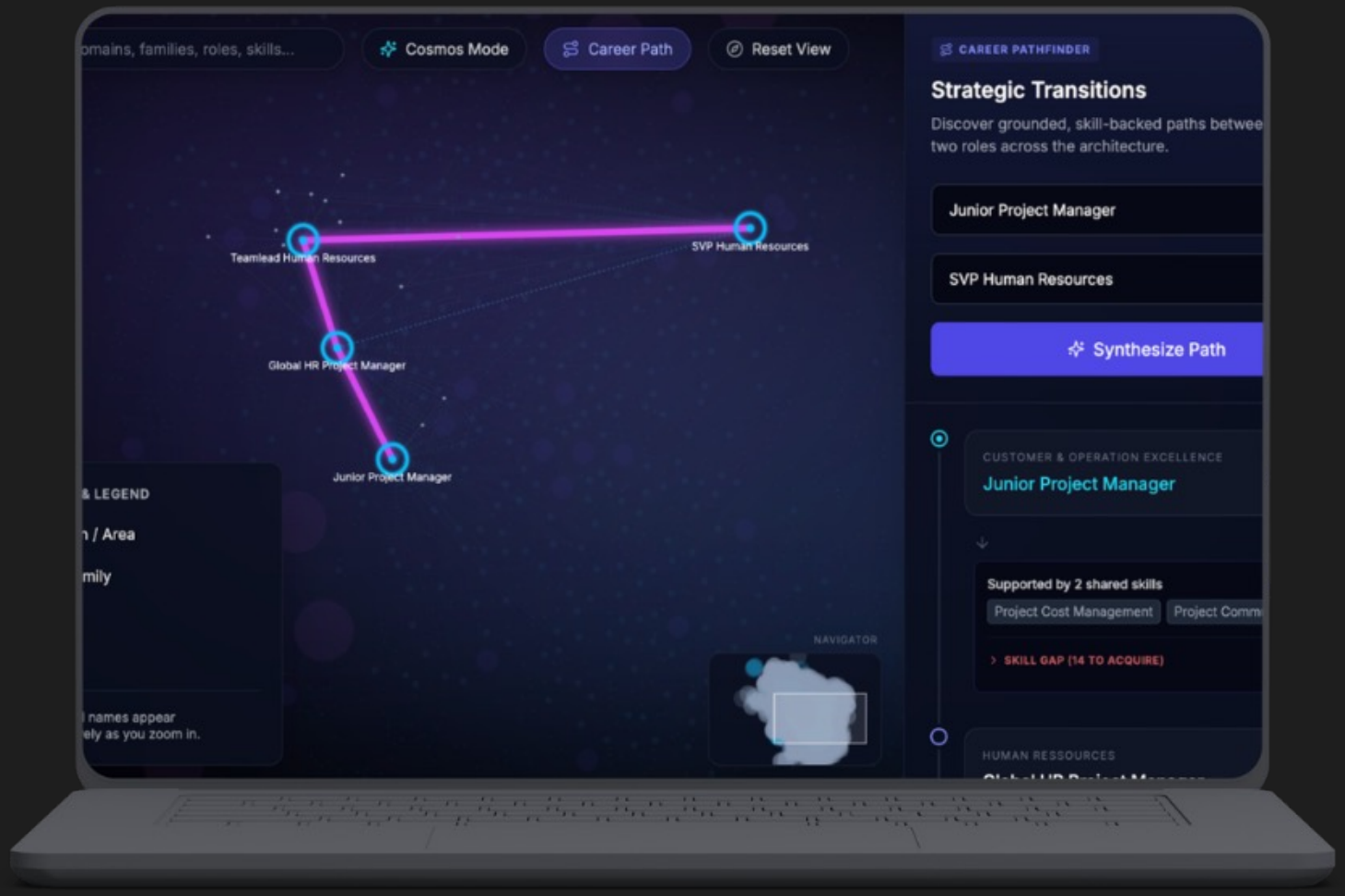
Live Demo

Skill Extractor



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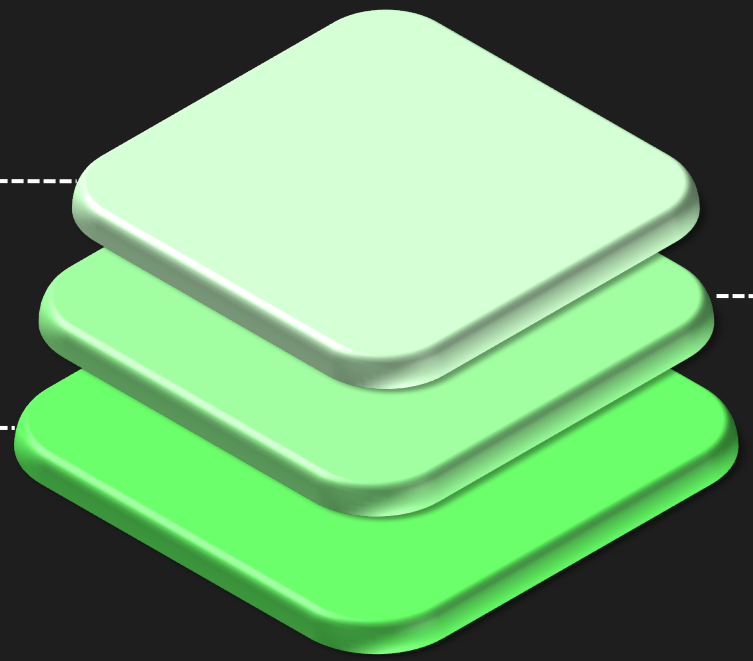
What you have just seen:

Talent Universe
incl. career paths, connections between roles based on skills

3

Comprehensive skill profile
incl. expected proficiency level and skill category

1



2

Detailed role profile
with job purpose, responsibilities, tasks, etc.

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Technology
Purpose
TRANSFORMATION
People

08
Wrap-Up & Discussion

Please complete the following sentence

„The key requirement for Skill-based Organizations to succeed is…“

Thank you for your time and interest!

And now? Time for questions!

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