Credly

How to Reimagine Talent Management in a Skills-Based Organization

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EXECUTIVE SUMMARY

Talent Management for a Changing Workforce

If the global pandemic taught us anything, it's that we need to prepare for whatever gets thrown our way. Whether it's changing the way we work, integrating new ways of connecting with customers, or pivoting to meet emerging demand, organizations must identify and develop the skills required to execute its mission.

Talent management allows workforce planning teams to ensure their organization is aware of potential skills gaps and has the right talent to meet today's and tomorrow's challenges—essentially future-proofing for whatever opportunities may arise. However, traditional talent management is an inexact science based on unverifiable channels—preventing true visibility into the skills you have and the skills you need.

Building a skills-based culture with verifiable credentials, such as digital credentials and certifications, allows HR professionals to make data-driven decisions around developing and acquiring skills its workforce needs to succeed. It gives them visibility into existing skills sets and uncovers existing gaps while providing actionable insights into how to close those skills gaps.

The result? A nimble, skills-ready organization that can meet any challenge or opportunity that may pop up. Read on to learn how HR professionals and workforce planning teams can enable and empower their employees through skills-based talent management.

The Need to be Agile and Prepared

Agile companies need agile workforces that can quickly develop or acquire the skills necessary to adapt to dynamic market, customer, and technology changes. A successful talent management strategy can future-proof your organization while improving retention and reducing rehiring costs.

Future-Proofing Through Talent Management

Talent management allows workplace planning teams to ensure their organization has the in-house skills they need today and in the future. These skills can include proficiency in coding languages, expertise with equipment, and "soft skills" such as management, communications, and creativity. If the greatest corporate asset is its people, talent management is the strategy we use to optimize the value employees can bring to the table.

Improving Retention With Talent Mobility

At the same time, investing in employee development and career growth leads to higher job satisfaction, morale, loyalty, and ultimately, retention. Providing employees with opportunities to develop skills makes them feel that their employer cares about their careers. Companies that encourage their employees to upskill when the need for new roles arise, rather than scour through hundreds of resumes for replacements, are seen as open to developing talent from within. Organizations with this quality give their workforce the feeling they are coveted and considered critical to organizational success.

According to a recent report on the main causes of the Great Resignation, 60% of people considering changing jobs are looking for new skills. Employers that offer their employees the opportunity to upskill show them that it's possible to continue growing together.

The Cost of Losing an Employee

According to Gallup, the cost of replacing an individual employee can range from one-half to two times an employee's annual salary, potentially amounting to more than two million dollars in cost savings per year for a 100-person company. Every departure means additional HR processing, recruitment advertising, screening, onboarding, and training a replacement. Other stakeholders, from the hiring manager to team members, are also needed to sit in on interviews and help train, taking time and focus away from their core responsibilities. Soft costs include the lower productivity of a dissatisfied, outgoing employee and from other employees who have to cover responsibilities until a replacement is found, as well as a hit on morale across the organization among employees who may be wondering if they should also look for external opportunities.

Given an average annual salary of $50,000 and a 25% turnover rate, a 100-person company can expect to spend anywhere from $660,000 to more than $2 million per year on employee replacement costs. Contrast that with the relatively low cost of training, employee recognition, and other retention programs, it's a relative bargain to simply give employees the job satisfaction they crave.

Key Takeaways:

- Organizations need an agile skills management strategy to future-proof the company for whatever gets thrown its way.
- A successful skills management strategy helps employees feel appreciated, leading to higher morale and retention.
- The cost of not investing in employee upskilling can add up to nearly $2 million a year in turnover expense for a 100-person company.

How Verifiable Credentials Build Skills-Based Organizations

A skills-based approach to talent management provides visibility into existing skills, uncovers the gaps between where you are today and where you want to be tomorrow, and maps out the gaps by identifying existing employees who are in reach of those desired skills and external hires that can round out your workforce.

The Challenges of Talent Management

Talent management is an inaccurate science. Skills assessments are often done through unverifiable channels—most often from casual conversations with hiring managers or gut feelings based on the most recent hires. And, it's hard for HR managers and hiring managers to assess the skills that have been mastered by an employee who's been with the company for years, especially if the original hiring was done by someone else. Scale that up to hundreds or thousands of employees, and it's easy to see how a lack of visibility into verifiable skills data can hamper an organization's ability to execute its mission.

A Skills-Based Culture Centered on Verifiable Credentials

Taking a data-based approach to talent management removes guesses and assumptions. Relying on verified data helps to identify existing skills, determine gaps between where you are today and where you want to be tomorrow. And, it can guide learning and development teams on where to focus training to fill those gaps through upskilling existing employees, as well as assist talent acquisition teams in hiring the right candidates with the right skills. Relying on verifiable skills provides the visibility HR teams need to create a skills-based culture throughout the organization.

Digital credentials can provide this clear, data-based approach to skills management. Earning a digital credentials is an objective, measurable way to determine existing skills and gaps while providing incentives for employees to develop needed skills. This is especially critical for IT organizations that need coders and network administrators with the appropriate, verified credentials.

Digital badges awarded internally can be just as valuable, allowing workforce planning teams to quantify and qualify the talent in the organization. In a way, digital badges can tell the story of an employee's time at the company and where they want their career to go. Since digital credentials are backed by metadata, they can illustrate the level of effort required to acquire the skill. Knowing that an employee put 10 to 15 hours into developing a new skill shows they are committed, curious, and interested in bettering themselves.

Focus On Learning and Development

A skills-based talent management strategy also allows organizations to measure proficiency. Someone can say that they are an expert in Python—or that assumption can be gleaned from someone's resume or LinkedIn profile—but without a certification from a reputable certification provider, it's unclear whether that employee is suited to take on a critical project.

These kinds of situations are why skills development is just as important as learning. Anyone can learn a skill, but workforce planning teams need to know whether an employee can apply what they learned to improve or increase their productivity. The right credentialing program offers varying degrees of skill development. Taking an entry-level course may earn them a basic badge while expanding on that knowledge and proving proficiency can be rewarded with further recognition.

Investing in Employee Growth Is a Bet You Should Make

But wait. Job stability is at its lowest in decades. Why should an organization invest in an employee who's likely to jump ship to a competitor after a few years? After all, we are in the midst of a major workforce transition coming out of the pandemic, right? Well, yes. There's always a risk when investing in a resource, whether it's capital or human. But, as outlined above, the benefits of investing in employees' career growth far outweigh the costs. Instead, organizations should build skills in people and move them into roles where they can use those skills and continue to thrive based on their passion and interests. Retention will improve if you put people in a position to succeed.

And organizations are starting to recognize the role that talent mobility has on their culture, potential, and bottom line. According to Korn Ferry's Future of Work Trends in 2022 report, 69% of the world's most admired companies value learning agility and curiosity over career history and experience when it comes to hiring. Organizations with high retention look for employees who can adapt to their dynamic talent needs.

Key Takeaways:

- A lack of visibility into current skill sets prevents organizations from maintaining and acquiring the skills they need to succeed today and in the future.
- Building a skills-based culture centered around verifiable skills gives organizations visibility into existing skills and gaps.
- Investing in employee development and growth is a surefire way to close the skills gap and future-proof organizations in a cost-efficient way.

Building a Skills-Based Organization Requires the Right Tools and Strategy

Here are three criteria that organizations should consider when developing a skills-based talent management solution:

1. Measurable, Equitable, and Transparent

A successful skills management strategy needs to be based on verifiable information that can be measured, rather than relying on assumptions, gut feelings, or informal conversations with managers and HR reps. By using data to quantify and qualify existing skills, talent management and workforce planning teams can make less biased, skills-based talent decisions. Verifiable data can include digital credentials earned while at the company or a previous employer, or from external sources, like certification providers, coding academies, higher education, or professional associations. Verified credentials measure proficiency and democratize career opportunities, providing candidates and employees equitable and transparent access to job opportunities that aren't available when just looking at resumes.

2. Lead To Actionable Insights

Visibility into talent across your organization is one thing, taking action is another. Moving at the speed of business requires workforce planning teams to quickly identify the skills needed to take advantage of an opportunity, find the appropriate talent within the organization, and move people into a position where they can put those skills to good use. The ability to take well-informed action enables true business agility that allows organizations to make data-driven decisions and move on opportunities quickly. You never know when a new market will open up or how developments in ground-breaking technology will change customer expectations. The ability to internally staff your workforce with the necessary skills future-proofs the business and allows it to react appropriately when needed.

3. Personalized, Frictionless Experience

Unfortunately, building a skills-based culture is moot unless it is embraced by employees from across the organization. According to Right Management, learning and development (L&D) teams need to "*actively facilitate a learning journey designed to help employees develop new capabilities and knowledge while providing long-term career growth opportunities.*" Learning should be frictionless, intuitive, and embedded in an employee's day-to-day responsibilities. A big part of this comes down to how managers encourage skills development among their direct reports. Murielle Tiambo, a well-known workforce development consultant with PwC, argues that leaders must create space for regular and consistent trust-building conversations with employees. The discussions around career advancement, skills development, and personal growth can result in mutually beneficial relationships in which leaders can begin to get comfortable delegating responsibilities and employees can ask for appropriate advice.

Key Takeaways:

- Verifiable credentials enable the kind of data-driven decision-making that empowers business strategy and leads to more equitable opportunities for employees.
- The quicker workforce planning teams act on skills data, the more agile their organizations can be.
- Managers are a critical part of implementing a successful skills management strategy, working with direct reports to upskill and assign projects based on those skills.

Align Tools and Strategy

Today's innovative organizations need to take a two-pronged approach to skills-based talent management. Credly Workforce allows you to recognize employee learning with digital credentials and tap into external credential data to assess your workforce's skills. Credly Talent Match helps you implement skills-based hiring when you need to find external talent.

Two-Pronged Approach

We've established that talent mobility within organizations is a much more efficient method of closing skills gaps, but existing skills may not always match up. If that's the case, you'll need to explore options outside your organization. Credly has you covered either way.

Credly Workforce

Credly Workforce gives organizations visibility into the verified skills and credential data of their workforce, helping workforce planning teams use a skills-based approach to manage talent. And, it helps employers create a culture of recognition by issuing digital credentials for internal learning. Unique workforce insights then allow you to optimize L&D initiatives, engage employees, and surface internal opportunities for talent.

Organizations on Credly's expansive network have issued more than 50 million digital credentials, and our network is home to 95% of the top IT certifications. With Credly Workforce, you'll be the first to know when your people get certified in new skills based on the digital credentials they earn.

Credly Talent Match

Credly Talent Match helps talent acquisition teams and hiring managers find the most qualified candidates to fill their most demanding job openings. We put skills and credentials at the forefront of sourcing candidates—instead of outdated proxies—to reduce hiring bias. With Credly Talent Match, you'll get access to high-quality candidates with verified skills before anyone else.

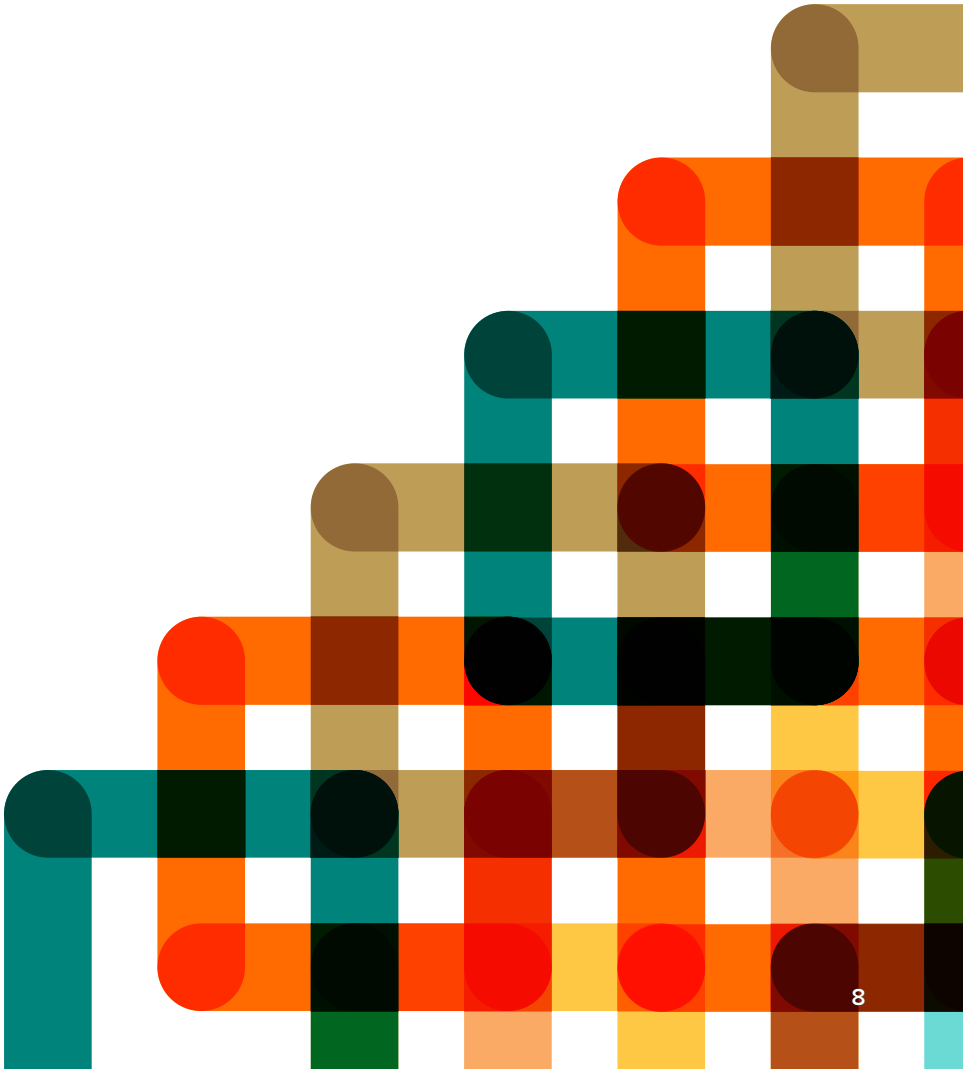
Credly is the network of choice for more than 2,000 certification, assessment, and training providers that issue credentials. Ninety-five percent of the top IT skills are issued on Credly, including Azure, AWS, Kubernetes, HashiCorp Terraform, and CISSP. Discover top tech talent across thousands of skills and certifications.

Key Takeaways:

- Building a skills-based organization requires a two-pronged approach for developing talent in-house while acquiring the right skills externally when necessary.
- Credly Workforce provides a centralized view of the skills inside your organization, allowing you to make data-driven talent and business strategy decisions.
- Credly Talent Match allows you to find the most qualified candidates to close skills gaps that you can't source from internal candidates.

Conclusion

Business today requires agile workforces that can quickly develop and acquire the skills necessary to succeed. Reach out today to learn how Credly can help you build a skills-based organization.



About Credly

Credly is helping the world speak a common language about people's knowledge, skills, and abilities. Thousands of employers, training organizations, associations, certification programs, and workforce development initiatives use Credly to help individuals translate their learning experiences into professional opportunities using trusted, portable, digital credentials. Credly empowers organizations to attract, engage, develop, and retain talent with enterprise-class tools that generate data-driven insights to address skills gaps and highlight opportunities through an unmatched global network of credential issuers.