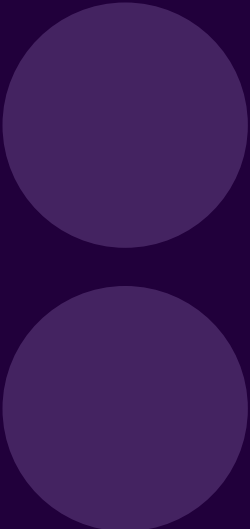


Future of Skills

How to get out of the grunt work and start solving talent problems with skills



Introduction

Everyone is talking about becoming a skills-based organization—from analysts, consultants, and vendors to HR leaders and business executives. For CHROs and senior HR leaders, the promises and benefits of being a skills-based org are compelling, but the path to get there is less clear. And for many leaders who have started investing in skills technologies, their organizations have yet to see transformative results.

In this paper, we aim to prepare your organization for the future of skills by considering a different approach to the skills-based journey. We'll look at how you can get out of the grunt work of skills systems and focus on solving talent challenges to see ROI faster. We'll also dive into important considerations for partnering with business leaders and AI technology vendors, and explore common challenges you can expect to face on your journey. Finally, we'll look at where you can get started today and how SeekOut can offer help.



How many of my
<software engineers>
have <cloud>
experience?

Key Takeaways

To meet the fast-evolving needs of business, organizations are shifting towards being “skills-based”—valuing employees’ capabilities and learning potential over formal qualifications like degrees or past job titles.

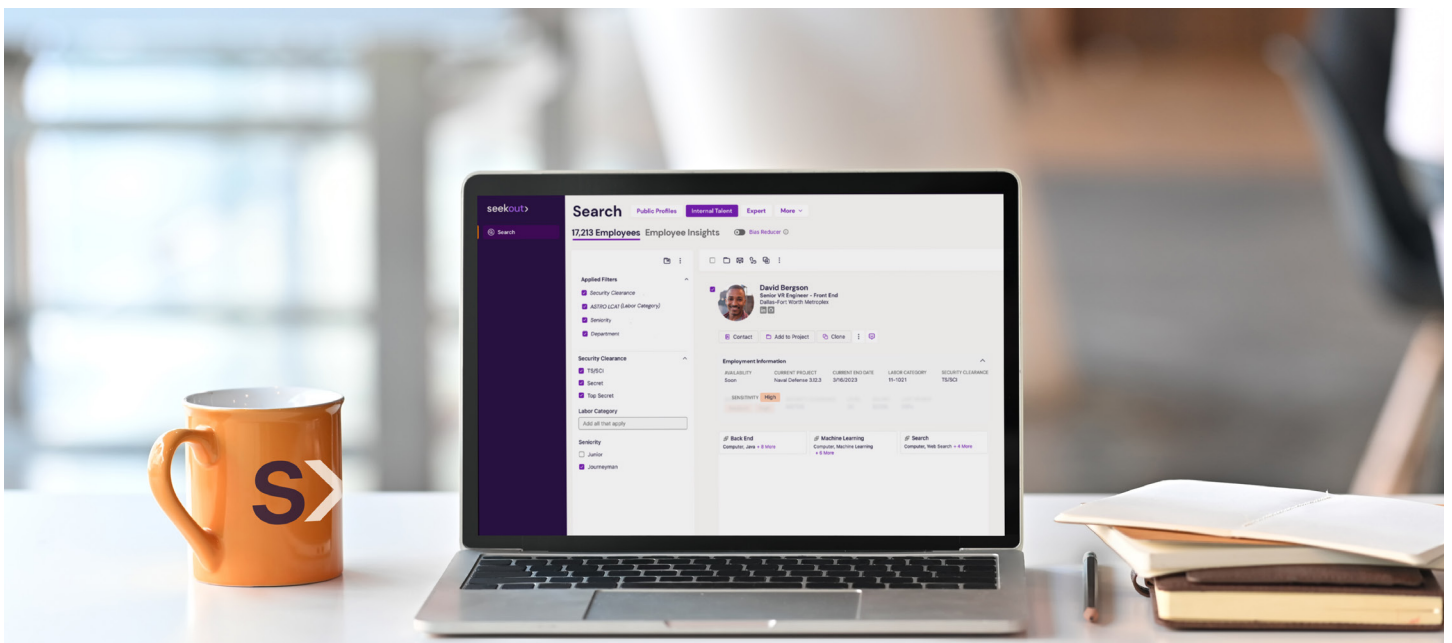
Don’t spend the time and resources to manually identify and categorize the tens of thousands of skills you have and need in your organization. Instead, use AI-enabled, dynamic technologies to automate foundational tasks related to understanding skills.

Start with addressing specific business challenges such as talent shortages, skills gaps, or improving employee retention through targeted initiatives like skills-based hiring, upskilling, or career development.

Becoming a skills-based organization demands changes in processes, technology, and culture—and careful management. On your journey, you’ll need the right business partners and technology vendors to prove ROI, build trust, and combat legacy mindsets.

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What does it mean to become a “skills-based organization?”

The concept of transforming into a “skills-based organization” has gained significant traction among HR leaders in recent years. However, the reality is that there’s no universally accepted definition or model of what a skills-based organization looks like.

In theory, it means prioritizing the skills, capabilities, and learning potential that employees bring to the table, rather than limiting a person’s qualification to the pedigree of degrees or previous job titles. This approach is particularly appealing today when the ability to rapidly adapt and reskill is crucial. Plus, it promises more diverse, adaptable, and innovative teams.

However, transitioning talent practices and work to be skills-centric raises many questions and challenges. How will work be structured and compensated in a world without traditional job structures? How will skills dictate an employee’s career path, responsibilities, and salary, if not job titles and job descriptions?

There’s also the challenge of accurately identifying, measuring, and developing the right skills. Unlike job titles, which are relatively straightforward to categorize and understand, skills can be more nuanced and harder to quantify, especially as the context of skills changes in various applications. As the nature of work evolves, so will the skills that are in demand—requiring continuous learning and adaptation from both employees and organizations.

Promises of being a skills-based org

Despite the many unknowns and challenges, there are clear benefits to adopting a skills-based approach that are driving many organizations to make investments in skills technologies.

Greater business agility

Understanding people’s skills helps leaders and managers adjust team sizes and realign talent to focus on top priorities, rather than rely on hiring and outsourcing.

Increased innovation

Skills-based organizations will prioritize constant learning and growth potential over narrow expertise and strictly defined roles.

More equitable workforce

A skills-centric approach to how opportunities are presented, discovered, and filled relies less on “who you know” and creates more inclusivity.

Stronger employee engagement

Leading with skills means employees are free to explore their full range of capabilities, increasing their satisfaction and engagement at work.

Skills-based organizations are:

57%

more likely to anticipate change and respond effectively and efficiently

47%

more likely to provide an inclusive environment

57%

more likely to innovate

98%

more likely to retain high performers

Source: Deloitte [“The skills-based organization: A new operating model for work and the workforce”](#)

For HR and talent teams specifically, focusing on skills allows them to accurately determine and assess the necessary qualifications for work, as well as identify adjacent and transferable skills to encourage talent mobility. That all sounds great—but it’s not been the reality for many companies making investments in skills.

Don't start your skills journey on the wrong foot

Why are many of today's skills investments failing?

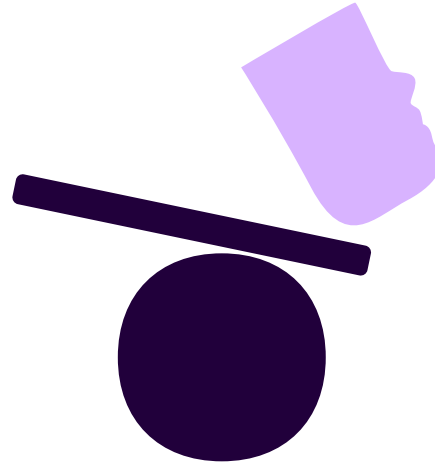
When it comes to embarking on a skills-based journey, you may begin where most organizations start: trying to understand the skills your organization needs. But to do this, you also must first understand what skills your organization already has.

Unfortunately, most companies don't have an inventory of their people's skills. Everything that had qualified an applicant to be hired—all the work the candidate did to showcase their skills and experiences—is lost when they become an employee.

Many talent leaders are inclined to begin with a skills taxonomy, creating a structured dataset to capture all the skills your company has today and need in the future. This offers HR, managers, and employees some structure and consistency when communicating about individual and collective competencies.

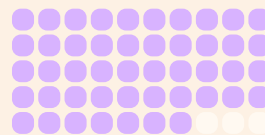
Off-the-shelf skills taxonomies don't have enough coverage or granularity of skills that your company has, making this a substantial investment whether you decide to build or buy. Plus, you face an ongoing process to keep it accurate and relevant as your business and employees' skills evolve.

The next big hurdle is to update your job architecture with required skills, potentially mapping tens of thousands of skills to thousands of job profiles. What adds to the complexity is that most companies have a very messy job architecture, inevitably requiring cleanup. Whether it's done with internal experts or external consultants, it is an effort that typically takes 12-18 months.



45%

of companies have a taxonomy that represents some or all of their organization's skills.



47%

of HR leaders have made progress in identifying the skills needed for specific jobs, while only 28% have mapped skills to their employees.



8%

of organizations are using AI to infer skills, while 22% have no formalized process for capturing skills.

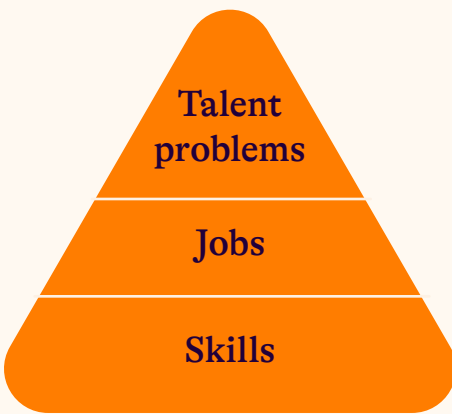
Source: Mercer [2023/2024 Skills Snapshot Survey Report](#)

Once you have the skills taxonomy and job architecture update, it's time to evaluate employees' skills against this framework. Asking employees may not be enough—you may want feedback from managers or peers to validate these skills. It's a lot of organizational effort for a potentially incomplete picture of your people's skills.

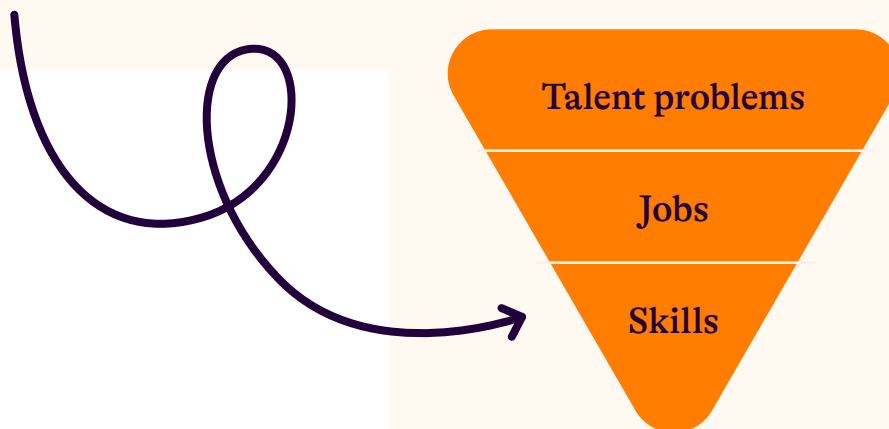
Finally, with this foundational work in place, you can start to address talent problems with a skills-centric approach. But what we've found through many conversations with customers and industry analysts is that organizations can be so absorbed by all this "foundational" work that they aren't super clear on which problems they're trying to solve. Months or even years can go by without moving the needle on your talent problems—and you've invested a ton of money and resources in a solution whose skills data is constantly at risk of becoming irrelevant.

There's a better way—start with your talent problems

Rather than investing in a skills taxonomy and mapping skills to jobs, you can flip this approach upside down and begin with identifying the talent problems you want to solve, and letting technology do the heavy lifting of the "foundational" work.



This will help you get out of the grunt work of skills and focus on solving critical challenges. You'll see ROI faster and build more momentum with skills in your organization. First, let's look at why we should think differently about skills to create business impact, and how AI has evolved to enable this approach.



Evolving how we think about skills

Most of the conversations about building organizational talent strategies based on skills are framed from the HR viewpoint. However, for business leaders, a successful talent strategy begins with specific business objectives—like increasing revenue, strengthening a competitive position in the market, expanding into a new market, etc.

You can break down business goals into key initiatives to understand the jobs to be done, and evaluate the teams, roles, and skills needed to execute the work. From this perspective, the most critical characteristics to look for in job candidates are likely not the same hard skills and attributes that hiring managers and HR spend so much time aligning on. Rather, it's the soft skills, capabilities, and experiences—attributes that speak to how skills are used in context—that determine how successful people are in achieving business goals.

Consider the following descriptions of skills:

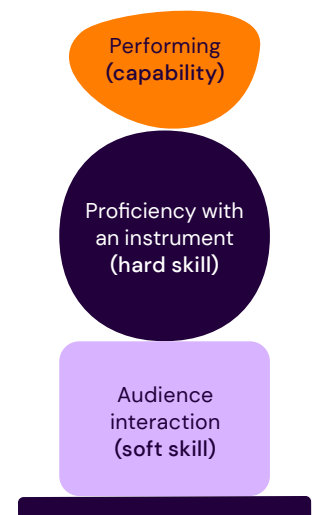
- **Hard skills** demonstrate the ability to perform a task through technical, operational, or functional proficiencies. Hard skills are not a predictor of one's success—they're table stakes to qualify for a role. This type of knowledge should be used to screen out candidates—do they know this coding language, this medical procedure, this marketing operation, etc.?
- **Soft skills** demonstrate a candidate's ability related to how they interact with others, solve problems, and manage their work. Soft skills—like leadership, communication, collaboration—are often hard to assess from a resume but can be examined during an interview process through behavioral and attitude questions.
- **Capabilities** are the ability to apply a collection of hard skills, soft skills, and knowledge in a particular context, toward solving a problem, to achieve a certain outcome. Skills are the foundational building block of capabilities and can be transferable from one job to another. For example, the skill of active listening is critical for a UX researcher and can also be transferred to the job of a Customer Success Manager.

Unfortunately, because it's difficult to assess capability without observing someone's work over time, people often use experience, education, or even tenure at a specific employer as a proxy to capabilities during the recruiting process. These kinds of inferences can be tricky, especially without knowing what kinds of problems your candidates have solved and the outcomes they were able to achieve.

For example, reading a candidate's resume that states they "managed teams of engineers," it could be tempting to make some assumptions about their skills. On the other hand, if a resume reports "managed front-end and full-stack engineers to increase productivity, ensure reliability, and set design standards," then you're starting with a stronger indication of what kinds of problems this candidate solved and the outcomes they were able to achieve.

With this in mind, you could say it's less helpful to think of a skill as nouns—instead, it's more helpful to think of skills as verbs, applying context to how their skills and capabilities were used to drive outcomes. Skills don't just check a box—what was the context for using that skill? What did they accomplish as a result?

Managing skills in this way not only demands thinking differently about people and their skills, but also requires more advanced technology to understand skills in the context of what people have done, not simply extracting keywords as skills.



Performing at a concert is a capability, and it requires skills such as proficiency with an instrument (hard skill), stress management (soft skill), and audience interaction (soft skill).

AI is ushering in a new era for skills

The way our human brains can think about skills to make talent decisions today is vastly more complex than what most skills technology has been able to offer. But now, thanks to generative AI, that gap is closing—bringing with it the opportunity to build skills-based organizations with an entirely different approach.

You shouldn't have to spend a lot of time and manual effort trying to get the perfect skills taxonomy built or mapping skills to every job role in your company. The right AI-assisted technology can make your skills journey a lot simpler and help you focus on solving talent problems and creating impact.

Why should you skip the skills taxonomy?

Historically, traditional skills taxonomies have been fixed and static, with each of its tens of thousands of skills corresponding to a specific definition, ability, or credential. The more comprehensive, the better it will match a candidate's skills to the requirements in a job description. While natural language processing (NLP) has improved semantic understanding for stronger keyword matching capabilities—for example, a search for “project management” can match a resume stating “leads projects”—there's still no context into the problem you're trying to solve.




Today, generative AI enables a dynamic skills system that understands skills at the semantics level similarly to how our brains would, and listens to all of the external and internal signals to continuously update the skills that your company has and needs.

“The amount of effort it takes to build and maintain taxonomy updates is wasteful because as soon as the model is built, the skills and technologies have already changed. SeekOut's AI tracks all our employees' skills and allows them to update in real time.”

—Cari Bohley
VP of Talent Management, Peraton

Why is AI the way forward?

Advancements in AI are enabling new insights at scale by aggregating data to get a holistic view of a workforce's skills. Today, seeing a complete picture of your talent requires unifying a huge amount of disparate data across varying sources:

-  **Internal HR systems** like your HRIS, ATS, LMS, and salary, performance, and other internal data;
-  **Internal productivity tools** like GitHub, Jira, Salesforce, and others;
-  **External sources** like public LinkedIn profiles, GitHub, Stack Overflow, papers and patents, federal and state licensing board data, and more.

Connecting and making sense of this much data is a much simpler task for AI, where it would require weeks or months of work for humans to manually join these data sources in a way that's useful.

Generative AI also goes beyond keywords to provide a deeper understanding of skills and the impact a candidate employee has had. For example, AI may infer whether certain projects involved cross-departmental collaboration, or where skills adjacencies exist that were not captured and represented explicitly on a resume or in your HRIS.

Finally, another huge value of AI is the ability to enrich this information on an ongoing basis without a heavy manual lift. This means you spend less time on maintenance and focus more on strategic applications of skills—like market analysis, recruiting, internal development, workforce planning, and strengthening your competitive positioning.

As AI-assisted technologies continue to advance, the possibilities seem endless. However, the right technology is just one critical component on your skills journey. Even with the best possible AI solution, you'll need to navigate organizational and cultural barriers to see success.

Overcoming challenges on your skills journey

Bring in partners from the business to share ownership

Becoming a skills-based organization is a complex journey that HR can't own and navigate alone on an island. HR can show up as the leader, but to get buy-in, you'll need to frame the talent problem with the appropriate business context. Ultimately, talent is a lever to pull for solving business problems, so you want your initiatives to resonate with functional business leaders.

Perhaps your goal is to grow revenue by 20% over the year, strengthen your competitive position in the market, or expand into an adjacent market. Connecting your talent initiatives to business challenges to get them on board—and in return, functional leaders can offer you deep knowledge of their teams' problems and the skills required to solve them.

You'll also want an executive sponsor to provide visible leadership and to advocate for skills-based approaches as fundamental businesses strategy, not just HR initiatives. This sponsorship is vital for securing necessary resources, facilitating cross-departmental collaboration, driving alignment, and helping address cultural challenges.

Overcome legacy mindsets by proving the value of skills-based approaches

To combat long-held beliefs and entrenched processes, you'll want a compelling narrative that links your skills-based approach to tangible business outcomes. To demonstrate ROI from your efforts, establish benchmarks for the metrics you expect to improve, and measure impact tied to revenue.

For example, if your goal is to improve retention and reduce turnover, you might demonstrate savings to the business through reduced expenses from severances and recouped opportunity costs from faster redeployment. Or, you may want to explain how staffing people more fluidly based on skills will reduce downtime and increase employee utilization and engagement.

Celebrate initial successes to gain momentum and integrate training to ease transitions. Identify and empower advocates within teams to gather feedback and encourage adoption, fostering a sense of ownership and openness to change.



“HR challenges compete with a lot of priorities, but if you can show how your solutions align with business goals—how you're helping the organization generate revenue and take care of talent, customers, and partners—the C-suite will start to pay attention. Then it's easier to get the green light to implement solutions for the business.”

—Dustin Cann
Sr. Director of Talent Acquisition Strategy & Enablement, Splunk

Build trust in AI technology—the right provider can help

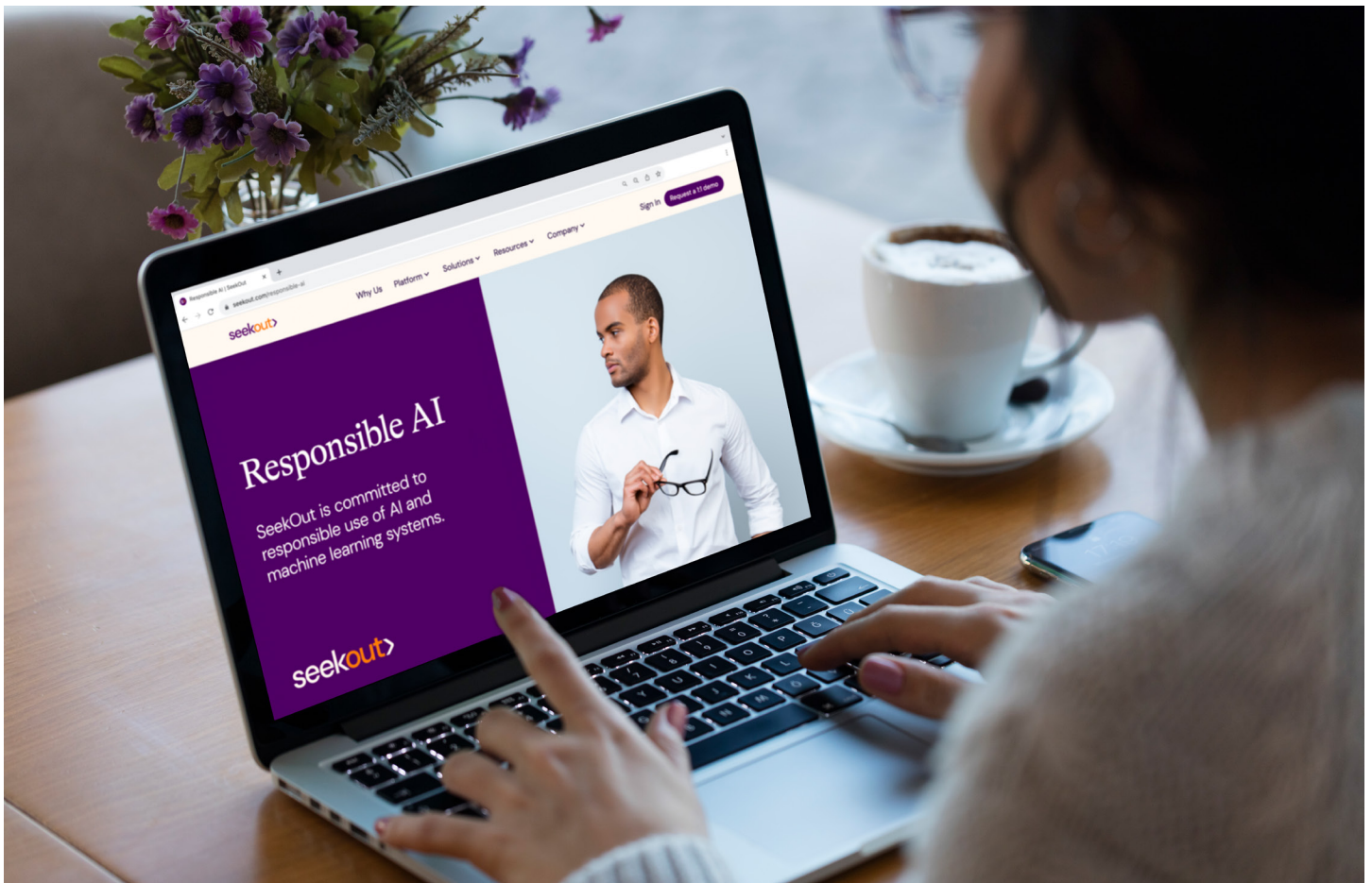
Selecting an AI technology partner goes beyond features; it's about navigating ethical concerns and building organizational trust. Transparency and explainability of AI recommendations are paramount. Compliance with evolving regulations are critical to protect your organization, employees, and customers. Choose partners committed to minimizing bias through diverse data and regular audits, and that ensure human oversight.

Finally, educate your workforce about AI, its benefits, and how it's being used in your organization. Understanding AI reduces fear and skepticism. Share success stories where AI-driven insights led to effective hiring or internal movements. Highlight instances where AI identified candidates with adjacent skills who were overlooked in traditional processes.

Don't lose focus on people and humanity

Remember to keep people at the center of everything, and don't over-index on skills or lose sight of people's aspirations and goals. Don't lean too heavily into AI and automation. Every opportunity to demonstrate kindness, compassion, and generosity is a competitive advantage for your employer brand.

Also, avoid creating a skills meritocracy where only the most skilled individuals receive the majority of rewards and opportunities. Aim for a balanced strategy that recognizes current capabilities and invests in growth to foster a more inclusive and dynamic work environment.



Where can you get started today?

Global analyst and thought leader Josh Bersin recommends “[falling in love with the problem](#)” rather than building out a skills taxonomy for your entire organization. This means identifying a specific business challenge that you want to use a skills-centric approach to solve and starting with a smaller project.

Your goal should be to learn which skills data, systems, architectures, and processes are most helpful before scaling efforts to the broader business. From there, you can also discover where additional integrations of your skills data can provide more value to the organization.

Effective places to start with a skills project include:

- **Solving for a talent shortage through skills-based hiring:** Let’s say you want to get functional leaders on board with skills-based hiring instead of falling back on pedigree, like degrees or past job titles. You may start with a workshop to identify the skills of the best people who are already doing the job and determine which legacy criteria or qualifications aren’t as important. This will help to expand your talent pool when sourcing candidates for competitive or hard-to-fill roles.
- **Addressing a skills gap through redeployment or upskilling:** Perhaps you’ve identified a skill set that your organization is at risk of losing through departures or a retirement cliff, or a skill set that your organization needs to build to tackle a transformation initiative. By identifying adjacent and transferable skills, you can redeploy or upskill employees to help mitigate the skills gap without relying entirely on hiring.
- **Increasing retention through employee career development:** You may learn through an employee engagement survey that people feel they lack growth opportunities within your organization. Consider a talent marketplace that can help people find short-term projects or explore roles internally. Start with one team or area of the business before going company wide.

“Just 17% of companies support managers in encouraging their team to pursue other opportunities within the organization.”

“Only 14% of companies encourage employees to advance their career internally based on current skills and aspirations.”

—Josh Bersin

[“Why Are Some Companies More Agile Than Others”](#)

You’re on the path to a huge cultural shift—remember that it’s a journey, not a destination.

You’re working toward a future where leaders embrace potential over experience, and the ability to learn over proficiency in a singular role. It may be a while before we get there. This shift won’t happen overnight and will require iteration as you develop and scale new solutions.

Some final advice as you embrace your skills-based journey:

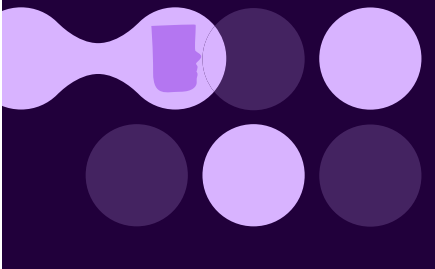
- Don’t jump into big initiatives or investments without understanding what problems the business needs to solve, and your desired outcomes.
- Help business leaders articulate clear expectations for job functions and build capability matrices for key roles to use consistently across hiring, performance management, and growth conversations.
- Put in place a system that makes it easy for employees to discover growth opportunities, from L&D content and stretch projects that will help them build new capabilities, to people connections who can offer guidance in exploring potential career paths.
- Help managers guide employees through a self-discovery process to define the kinds of problems they want to solve and the outcomes they want to achieve—rather than focusing on prescribing new skills for their employees to learn.

Meet the SeekOut talent intelligence platform: your dynamic skills system

At SeekOut, we believe in a more human and connected workforce powered by brilliant minds. We help thousands of leading companies and their people grow together with a platform that uniquely unifies talent acquisition, talent management, and talent analytics. Our powerful talent intelligence engine brings together data from your siloed HR systems and external data sources to offer a complete picture of talent with actionable insights.


Address your most pressing talent problems with SeekOut

Skills-based hiring

A graphic for 'Skills-based hiring' featuring a dark purple background with several light purple circles of varying sizes and a stylized purple shape resembling a person's head and shoulders.

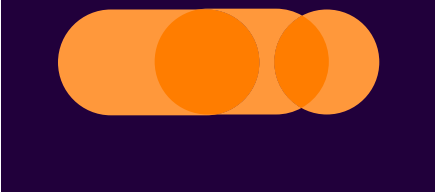
01 Find specialized, diverse talent with a skills-based hiring approach. SeekOut extracts the requirements of your role and builds a targeted candidate search with relevant and related skills and job titles. You have full control to adjust the search criteria and define required and preferred skills. In a matter of a few seconds, SeekOut returns a list of highly qualified candidates across the public passive candidate pool, your company's alumni, your ATS and CRM, and internal employees.

Upskilling and redeployment

A graphic for 'Upskilling and redeployment' featuring a dark purple background with a teal shape resembling a person's head and shoulders.

02 Understand skills in the market, at competitors, and within your organization. Compare your employees' skills to industry pacesetters and identify skills gaps. Simulate and analyze build vs. buy strategies for redeployment, upskilling, and hiring. Push learning recommendations to specific cohorts of employees to put your skills initiatives into action.

Employee career development

A graphic for 'Employee career development' featuring a dark purple background with three overlapping orange circles.

03 Empower employees with personalized recommendations of tailored content and courses, short-term projects, and internal jobs. Connect with peers and mentors with relevant skills and career paths. Help managers to have more meaningful career conversations with employees as they explore potential career paths within your organization.



We looked at a lot of vendors, and what made SeekOut the right solution for us was how the platform powers both talent acquisition and talent management. For a company like ours, hiring external talent and redeploying internal talent must be tied together.

—Alison Paris, SVP of Talent Acquisition, Peraton

Customer Spotlight:

Peraton

The next-generation national security company invested in SeekOut to support both external talent and internal talent needs. Peraton deployed SeekOut's AI-powered talent marketplace solution to more than 17,000 employees, giving its workforce greater visibility into skills, jobs, and learning opportunities. The organization has increased retention and cost savings by redeploying internal talent faster.

[Read the full case study](#) →

Why SeekOut?



Powerful talent intelligence — SeekOut helps you get a comprehensive picture of your workforce. Create a holistic, data-driven talent acquisition and talent management across recruiting, upskilling and reskilling, employee development and retention, workforce planning, diversity initiatives, and more.



Valuable insights on Day 1 — SeekOut automatically pulls experiences and skills from internal and external data so you get immediate and actionable insights into your workforce—without burdening employees to manually create profiles from scratch.



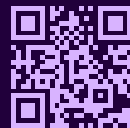
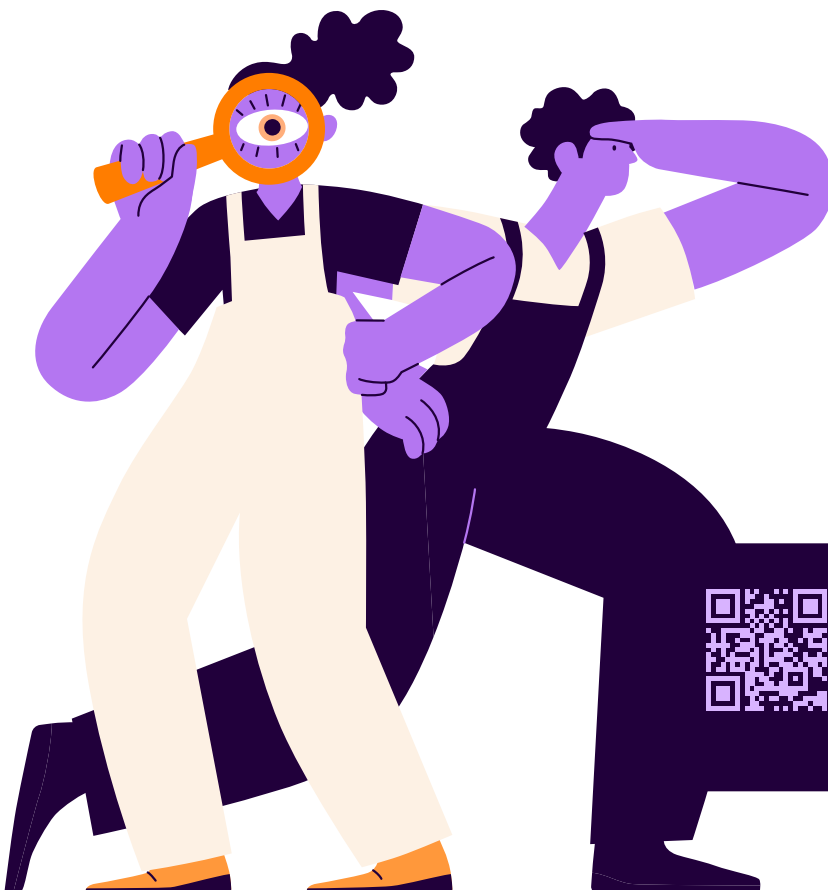
Human-centered, AI-assisted — SeekOut is committed to the responsible use of AI and we keep people at the center of our user experience. We believe AI should augment, not replace, human decision making. We prioritize compliance and mitigating bias, reserving AI and automation for what it's best at: surfacing insights and improving efficiency.



Flexibility and customization — SeekOut offers solutions that are highly configurable to meet your organization's unique needs and workflows. We'll work with your team to determine the data that matters to you, as well as how it's surfaced in SeekOut and shared to other systems or outputs.



Proactive data privacy and compliance — At SeekOut, we take compliance and data privacy very seriously. Our Microsoft Azure architecture—including private customer and candidate data—is protected by enterprise-grade security. SeekOut also offers a Privacy Control Center, a custom and confidential GPT-4 AI integration, and deploys proactive AI bias audits.



Learn more about how SeekOut can help you address your greatest talent challenges with a skills-based approach. [Request a personalized demo today.](#)