MPI LESSONS LEARNED

Cultivating a Skills-Based Culture

Business Roundtable

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Introduction

In an effort to remain competitive in the hiring market and meet ever-evolving workforce needs, employers increasingly are adopting skills-based hiring and mobility practices.[1] According to a 2024 Burning Glass Institute report, the number of jobs for which large U.S. employers did not require an advanced degree increased nearly fourfold between 2014 and 2023. This growth demonstrates that employers see the business value of skills-based hiring strategies, which enable them to broaden their talent pools, expand employee diversity, improve retention rates and overcome skill shortages.[2]

Many employers involved in Business Roundtable's Multiple Pathways Initiative have identified company culture as a key accelerator or barrier to achieving a successful skills-based talent strategy. This is unsurprising, given the well-documented importance of culture to a company's success in achieving a range of strategic business goals.[3,4,5]

Where does culture fit in a skills-based talent strategy?

Policies, practices and resource allocations are the most visible elements of a company's talent system. Thus, they are the first elements a company typically updates when launching a skills-based talent strategy. For example, companies may review job descriptions and remove unnecessary degree requirements (policy change), launch a new approach to candidate interviews (practice change) and designate a human resources leader to coordinate such efforts (resource allocation).

The act of making these changes, however, does not necessarily result in a shift of company culture to embrace skills-based talent strategies. Company culture reflects the relationships and power dynamics between employees.[6] Culture is also informed by the mental models or viewpoints held by employees, such as the view that "qualified talent must have a four-year degree." Changes in interpersonal relationships and viewpoints are difficult to assess but play a significant role in building a supportive culture for a skills-based talent strategy. In sum, skills-based talent strategies that focus solely on company policies and practices, but ignore culture, may fall short of the intended outcomes.*

* Key elements that build culture within a company are defined in the Systems Change Triangle, as illustrated in the Appendix and outlined in Kania, J., Kramer, M., and Senge, P. The Water of Systems Change. (May 2018). FSG.

Building a Supportive Company Culture

This resource is intended to support companies in their efforts to build a culture that supports skills-based talent practices. Recommendations and examples are based on the lessons and experiences of companies from a wide range of industries that participated in Business Roundtable's Multiple Pathways Initiative Culture Change Action Cohort. These recommendations are not not meant to be a comprehensive set of instructions for building a culture supportive of a skills-based talent strategy. However, they represent the early lessons from companies that have worked to cultivate such a culture that supports skills-based talent practices and offer insights for other companies seeking to do the same.

1. Clarify the "Why" Behind Skills-Based Talent Practices

A key element of achieving buy-in across an enterprise is to effectively communicate to internal audiences the business case for embracing a skills-based talent strategy and how it can be beneficial across teams. As with any change management practice, it is important for company leaders to articulate across the enterprise why the change is occurring, how that change will take place, what is being asked of employees and how the program aligns with the company's purpose, values and goals.

Leverage qualitative and quantitative data.

Employers can build the business case for their skills-based strategy by underscoring how the strategy can advance the company's talent-related goals such as turnover, time to hire and diversity that the company seeks to address. Employee feedback also can be valuable data for validating the adoption of skill-based practices.

+ When developing a skills-based apprenticeship program, **Accenture**, a global professional services company, examined its talent data to identify roles that were hard to fill or where the company saw higher-than-usual attrition. As a result, Accenture leaders were able to clearly articulate how the company's apprenticeship program — a year-long, paid "earn and learn" program that provides structured, on-the-job training — was a key part of a talent

"Focusing on skills-based hiring does not remove the importance of education, but it allows leaders to define what success looks like more broadly, therefore creating a larger talent pool, often with greater success."

Carrie Kirby
Executive Vice President and
Chief Aministrative Officer
Vistra

attraction and retention strategy that would deliver value to the business. Most individuals who completed the apprenticeship program transitioned into full-time roles.

+ Through a series of listening sessions, Texas-based power company, **Vistra**, learned that its employees were looking for broader opportunities for growth and internal mobility. This was one factor that led the company to pilot new skills-based hiring practices, which are discussed further below.

Tailor the "why" to different stakeholders.

Teams are more likely to adopt skills-based practices if it is clear as to how those practices contribute to the success of the company and specific teams. In the absence of a clear and specific "why," new efforts can easily be de-prioritized or perceived as performative social change initiatives instead of essential to the business strategy.

+ For **ADP**, a leading global technology company providing human capital management (HCM) solutions, data plays a central role in decision-making processes. When developing a skills-based talent program, company leaders leveraged data from all areas of the business, considering the distinct priorities and performance metrics of different business units to craft tailored strategies. This analysis helped company leaders make the case across business units for expanding the company's skills-based talent efforts.

2. Communicate and Educate

While companies are increasingly taking a skills-based approach to hiring and promotion, employees outside of human resources (HR) departments are generally less familiar with this new business strategy. Once leaders have honed the firm's business case for skills-based employment, they might consider communicating it across the company and educating key stakeholders on how to operationalize it.

Utilize internal communications channels and storytelling opportunities.

Leaders of a skills-based talent strategy can integrate messaging about their program into existing company forums, providing opportunities to build buy-in beyond employees directly engaged in the strategy.

+ **Accenture**'s apprenticeship program leads hosted conversations and learning sessions with company leaders who could, in turn, advocate for the business value of the program to their respective teams across the firm. Apprenticeship program leads also leveraged existing forums such as regional office meetings to share about the benefits of the skills-based apprenticeship program. Accenture captured and communicated apprentices'

stories and created opportunities for the apprentices themselves to share their experiences directly with firm leaders and during regional office meetings.

Engage hesitant team members.

As with any major change, the adoption of skills-based hiring may be met with hesitancy or skepticism and may require time to obtain broad buy-in. For example, some employees who earned a degree may learn about the new strategy and assume the company no longer values their hard-earned credentials. Likewise, employees without a college degree may not believe the company is committed to opening new opportunities to them. Taking the time to understand employees' points of view, validate their concerns and equip managers to explain the "why" can help lay a foundation for buy-in over time.

+ When **Vistra** launched a skills-based internal mobility program, the company had to overcome skepticism from employees who previously had been overlooked for opportunities because they lacked once-required credentials. The transparency and consistency in the process was key to creating trust. Outcomes were not always positive for applicants, but with a consistent and transparent process that included meaningful feedback, employees were encouraged to re-apply for roles they previously had sought.

3. Build Systems and Processes

Cultivating a workplace culture that embraces a skills-based talent strategy first requires well-designed and executed talent policies, practices and resources. Well-designed systems and processes can help employees throughout the organization adopt this new approach and contribute to its success over time.

Standardize job descriptions.

In some companies, hiring managers are responsible for customizing job requisitions. This approach may allow for a manager's own biases, however inadvertent, to drive hiring. For example, if managers believe that a four-year degree is the best predictor of success in a role, they may overlook candidates who lack this credential but hold necessary skills gained through other means such as military service. To avoid this situation, companies may consider moving to a process in which HR representatives partner with hiring managers to write job descriptions.

+ **Vistra** created a policy that requires a review and approval process for any changes to job descriptions to ensure consistency across the company.

Re-design HR processes for consistent execution.

Adopting new policies and procedures inevitably involves a learning curve for the employees tasked with implementation. To support hiring managers and mitigate inconsistencies in implementation, companies may consider new steps or tools for use in the hiring process as well as coaching for hiring managers.

+ **Accenture** designed a program "experience blueprint" that outlines the consistent experience that the firm expects all apprentices to receive, regardless of their location or role. The blueprint helps guide managers to provide a consistent experience to their apprentices.

+ **Steelcase** is redesigning its evidence-based selection process to better predict the performance of prospective hires by using assessments to measure a candidate's foundational competencies and career interests relative to those needed for performance and engagement in the job. This approach will expand talent pools by allowing the company to look more holistically at a candidate's potential and transferrable skills and reducing the company's reliance on education and prior experience.

+ **Vistra** instituted "hiring conferences" consisting of the hiring manager for a role, the recruiter, an HR liaison for the hiring manager and other internal stakeholders. The interview process for each role also included an individual from outside the immediate hiring department. Building a team of internal stakeholders into the hiring process generated meaningful discussions and helped hiring managers better understand the importance of a skills-based talent strategy to the business.

Collect feedback for continuous improvement.

Just as companies highlight the *successful* elements of their skills-based strategies, it is equally important to document what is *not* working and why, and to identify strategies for improvement.

+ **Western Union**, a global financial services company, rolled out an internal full-time and short-term job marketplace to highlight internal mobility opportunities for employees. Western Union incorporated feedback throughout the implementation phase of the platform, using surveys to understand who was utilizing it, what motivated those individuals to engage and whether an employee would recommend the platform to a colleague. Company leaders then used that information to improve the platform over time.[7]

Train leaders on their role in culture change.

Supervisors may not be aware of how their leadership styles and practices impact team and company culture. Training can address these knowledge gaps.

+ **Progressive**, an insurance company, developed a training program for how to lead inclusively, cultivate trust, build emotional intelligence and coach others. The training sets expectations for what Progressive values and requires of its leaders, whether they are new to people management or experienced leaders new to Progressive.

> **"The key is being clear on what you value in your leaders, getting aligned support to create a course, transitioning the course concept into an engaging learning experience, and having/building a culture that supports these leadership expectations and competencies when the new leader returns to the workplace."**
>
> John Hoppes
> Business Leader – Talent Management
> Progressive Insurance

4. Engage and Equip Stakeholders Throughout the Company

Developing a culture that supports skills-based talent strategies cannot be achieved by a single individual or team. It requires buy-in across an organization, including from the below groups.

- **Leadership:** In a successful change management process, leaders model the behaviors they aspire for the rest of the company to adopt. CEOs can play a pivotal role by articulating a commitment to and rationale for skills-based strategy adoption, catalyzing new mindsets and attitudes for what "qualified" talent means within the company, and sustaining momentum for adoption and implementation.

- **Recruiters:** Recruiters within the talent acquisition team are typically on the "front lines" of skills-based strategy adoption. At the same time, these employees often are juggling multiple priorities with limited supporting staff. By providing them with additional resources and staff to help implement the company's skills-based hiring and advancement strategy, they can, in turn, train hiring managers to do the same.

- **Hiring managers:** Hiring managers are critical, given the decision-making role they hold related to hiring and promoting staff. They can face barriers that make adoption of skills-based practices challenging, including limited capacity, lack of training and misaligned

priorities.[8] One approach is to provide hiring managers with ongoing skills training and invest in the systems and processes to support their role in the hiring process.

- **Frontline supervisors:** Supervisors play a defining role in an employees' experience. They are responsible for on-the-job training, setting work schedules and ensuring employees feel connected to the company. It is unsurprising that a poor relationship with a supervisor is one of the top reasons frontline employees quit their jobs.[9] Similar to hiring managers, it is important to educate and train frontline supervisors on how best to support and develop the talent of those with less than a four-year degree.

- **Employees:** Employees outside of human resources are a key stakeholder group, particularly with respect to adoption of skills-based internal mobility programs. For example, many companies are developing technology platforms to help increase awareness and uptake of skills-based advancement opportunities among current employees. A strong communications plan to accompany the rollout of new platforms can help drive employee adoption and enable their progression.

5. Lay the Groundwork for Measurement

Measuring the success of a skills-based talent strategy can be relatively straightforward and help companies gauge what has worked and where the company can improve. On the other hand, measuring a corporate culture that supports this strategy can be both a challenging and elusive process. Current tools and surveys available to quantify culture often fall short.[10] Proxy measures to consider include both leading and lagging metrics.

- **Leading metrics** evaluate the inputs that contribute to a skills-based culture. Examples include measuring a recruiter's understanding of how the company implements skills-based practices or a hiring manager's confidence that skills-based hiring will help them find qualified candidates. In 2021, the Society for Human Resource Management (SHRM) and the SHRM Foundation surveyed executives, supervisors and HR professionals at U.S. companies to understand how they perceived skills-based talent strategies. As part of the survey, SHRM assessed the extent to which respondents agreed that individuals who hold alternative credentials bring value to the workplace and whether performance varied positively or negatively for employees with alternative credentials.[11]

- **Lagging metrics** evaluate the outcomes of a skills-based culture. Grads of Life's Skill-First Impact Measurement Framework offers 10 critical questions to help companies assess the impacts of skills-based practices, accompanied by suggested metrics (outlined further below).[12] For example, an increased sense of belonging is one lagging metric within the framework.

Top 10 Metrics to Understand Effectiveness

Key questions about skills-based strategies	Suggested metric to analyze biannually
Practice adoption	
1. Are we **expanding access to opportunity at our company** for job seekers?	#, % and % change of total job postings that do not require a 4-year degree or bachelor's equivalent
2. Are we **actually hiring more people based on skills**?	% of new hires without a 4-year degree or bachelor's equivalent out of total job postings that do not require a 4-year degree or bachelor's equivalent
3. Are we **diversifying our sourcing partners** and creating pathways into our company for non degree-holders?	% of entry-level hires coming from internship, apprenticeship or other work-based experience programs that do not require a 4-year degree
4. Are we **investing in scaling our skills-based strategy**?	$, % and % change of total HR budget allocation for non-traditional talent pipeline development/sourcing
Employee impact	
5. Are people **without a 4-year degree able to access a family-sustaining wage** at our company?	% of employees with/without a 4-year degree or bachelor's equivalent who earn a family sustaining wage
6. Are people **without a 4-year degree able to grow their careers meaningfully at our company**? How do the outcomes differ by race and gender?	#, % and % change in promotions among employees with/without a 4-year degree or bachelor's equivalent, disaggregated by race and gender
7. Are employees **with and without 4-year degrees engaged in their work and feel a sense of belonging in our company**? How does lived experience differ by race and gender?	Average employee engagement and belonging/ inclusion scores among employees with/without a 4-year degree or bachelor's equivalent, disaggregated by race and gender
Business impact	
8. Does **skills-based hiring improve fit for role and support employee productivity**?	Average time to proficiency/productivity or performance ratings among employees with/without a 4-year degree or bachelor's equivalent (or other preferred metric for employee performance)
9. Do upskilling **efforts and strengthened career paths** for non-degreed talent improve employee retention?	% change in retention of employees with/without a 4-year degree or bachelor's equivalent (company overall, by business unit, by level and disaggregated by race and gender)
10. Do our strengthened skills-based practices **increase the representation of diverse talent**?	% change in representation of people of color and women in the company overall, by business unit and by level

Conclusion

Building a culture that supports a company's skills-based talent strategy is essential to its success and to realizing its value for the business and individual workers. While the adoption of skills-based practices is more prevalent in companies than ever, there is still much to be learned about the specific strategies that can cultivate a successful skills-based culture. Questions to be explored in future research include:

- What other leading indicators can companies measure to understand if their culture is fostering a successful skills-based talent strategy?
- What types of development opportunities are most effective for training employees on how to implement consistent skills-based practices?
- How can technology be leveraged to accelerate and scale culture change within a company?

While these questions remain, evidence suggests that companies with successful skills-based talent strategies:

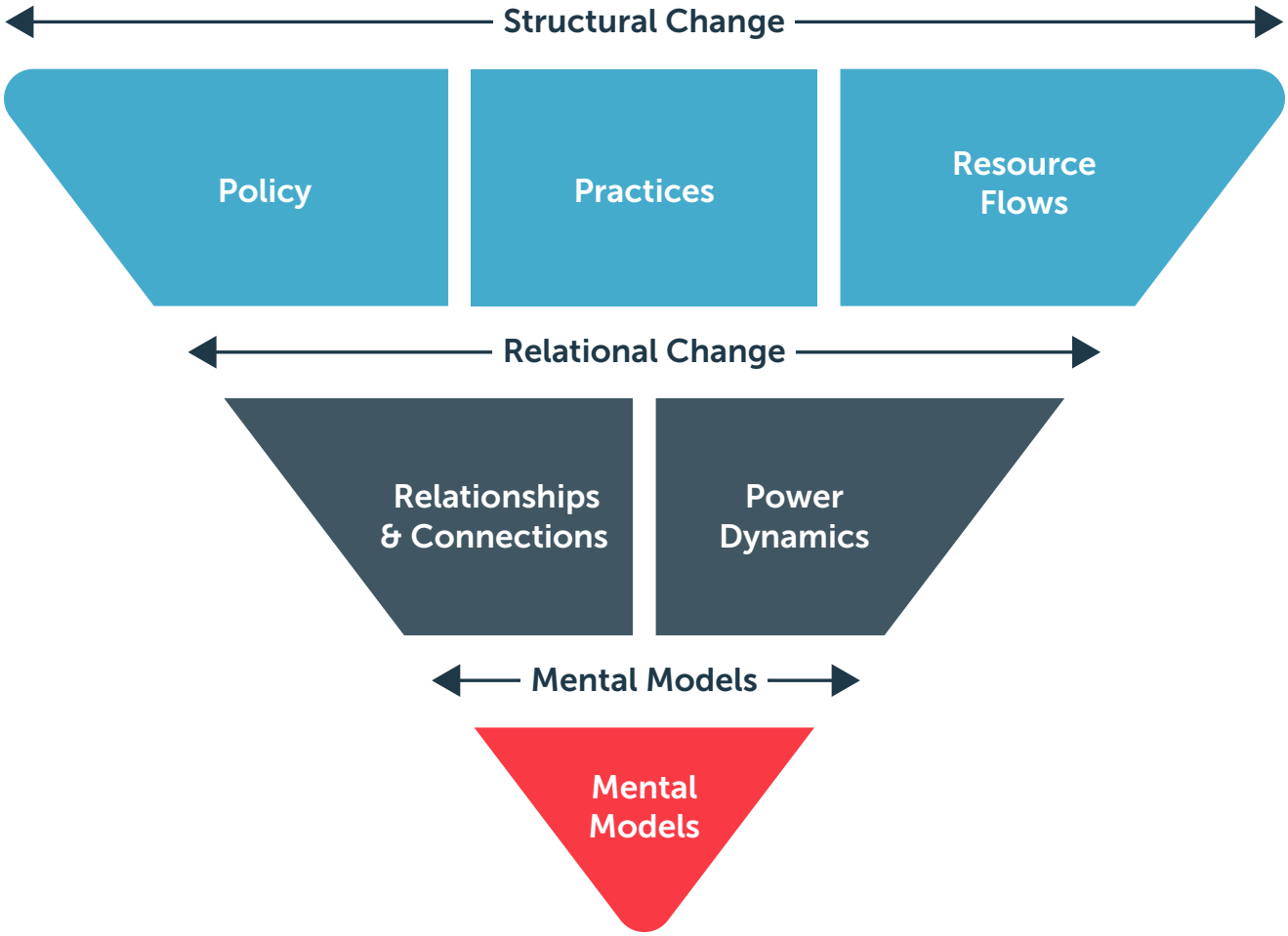
- Anchor and articulate their efforts with a clear "why";
- Take time to educate and train employees;
- Create systems and processes that enable this change; and
- Recognize that while leadership and other key stakeholders play a significant role in this endeavor, it takes individuals across the company — from recruiters to hiring managers — to ensure the strategy's success.

Building a culture conducive to a skills-based talent strategy not only results in benefits for the company, it also creates a workplace where individuals from a range of backgrounds and experiences have opportunities to continue to put their valuable skills to use and grow in their careers.

Appendix: Systems-Change Triangle

Systems-Change Triangle

Source: John Kaika, Mark Kramer and Peter Senge, *The Water of Systems Change*



Appendix: Resources for Further Learning

Title & Hyperlink: The Water of Systems Change
Author: John Kania, Mark Kramer and Peter Senge
Description: Stakeholders involved in systems change can increase their odds of success by focusing on the least explicit but most powerful conditions for change, while also turning the lens on themselves. This article aims to clarify what it means to shift these conditions.

Title & Hyperlink: How Change Happens
Author: Talent Rewire
Description: This resource introduces an actionable strategy for HR leaders designed to address the policies, practices, norms, narratives and relationships that often prevent culture change.

Title & Hyperlink: The Business Case for Skills-Based Hiring
Author: Opportunity@Work
Description: This resource provides an overview of how prioritizing skills in the hiring process can help companies develop a stronger talent strategy.

Title & Hyperlink: Why Skills First Hiring
Author: OneTen Coalition
Description: This resource demonstrates how hiring for skills, not just degrees, helps to advance more competitive and resilient businesses and greater economic mobility for workers.

Title & Hyperlink: Skills-Based Practices: A Journey Map for Employers
Author: Jobs for the Future
Description: This guide helps employers build business agility, workforce diversity and resilience through skills-based talent practices. It includes business cases for a skills-based approach and resources to assess a company's maturity and readiness to identify and adopt specific skills-based talent practices.

Title & Hyperlink: Measuring the Impact of Skills-Based Talent Practices
Author: Grads of Life
Description: This playbook provides a blueprint for how to measure the impact of key skills-based talent practices within a company. It also includes practical advice from companies that have used the framework.

Title & Hyperlink: Manager Mindsets
Author: Talent Rewire
Description: This resource shares best practices for engaging and supporting frontline supervisors in systems change for inclusive talent.

Title & Hyperlink: Apprenticeship in the United States
Author: Accenture
Description: This guide shares how apprenticeship programs are redefining the future of talent strategies and creating a more inclusive innovation economy and best practices to help other companies jumpstart their own programs.

Title & Hyperlink: Creating a Sense of Belonging
Author: Accenture
Description: This case study shares how a global retailer and Accenture co-created a multiyear inclusion and diversity strategy to facilitate a greater sense of belonging for their people.

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- Vistra

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- FSG/Talent Rewire

Supporting Partner:

- Jobs for the Future

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Endnotes

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