MPI LESSONS LEARNED

Applying Skills-Based Strategies in a Specific Region

Contents

November 2024

Introduction

The Rise of Skills-Based Talent Practices

Through the Multiple Pathways Initiative (MPI), Business Roundtable member companies participate in a multi-year, targeted effort to create pathways to hiring and promotion for Americans without college degrees. By emphasizing skills in addition to educational attainment, employers can broaden their talent pools, reduce hiring biases, improve retention and engagement, and align workforce capabilities with business needs. Moreover, this approach helps companies extend economic opportunity more broadly, including to underrepresented groups.

While the U.S. market is dynamic, talent shortages persist — particularly in health care, technology and skilled trades, where the demand for specialized skills outweighs the supply of qualified candidates. These shortages impede economic growth, diminish U.S. global competitiveness and limit career prospects for millions of Americans.

In response to this ongoing challenge, employers are increasingly overhauling their talent strategies to expand employment opportunities for candidates who may have otherwise been overlooked. In shifting focus to individuals' skills and competencies when making hiring decisions, companies recognize that talent can be cultivated through multiple pathways, including vocational training, self-directed learning and hands-on experience.

About This Resource

The Multiple Pathways Initiative convened an Action Cohort consisting of employers dedicated to implementing skills-based talent practices. Drawing from their insights and experiences, this playbook offers practical insights and strategies for corporate executives and Human Resources (HR) leaders. While it does not provide step-by-step directions for building a regional skills-based hiring strategy, it highlights key considerations, practical actions and potential risks associated with skills-based hiring. Designed for companies that are already familiar and/or experimenting with skills-based talent practices, this playbook aims to help employers cultivate community partnerships and expand opportunities for local workers in the communities where they operate.

SAP is moving towards a skills-based approach in their hiring processes. By prioritizing skills over degree-based and role-based hiring, SAP aims to create a more inclusive and diverse workforce that is best suited for success and reflective of the customers and communities it serves.

Why Take a Regional Approach to Skills-Based Hiring?

As companies grow their skills-based hiring strategies, many are beginning to recognize the competitive advantages of a regional or place-based approach. This is driven by a variety of factors, including the desire to foster deeper connections with the communities in which they operate and to make a tangible impact on local economic development. The benefits of this approach are realized by both the company and the local community. For example:

- **Talent Pool Access:** Companies gain access to a regional talent pool of individuals who have acquired skills aligned to industry demand through local education systems and training providers.

- **Established Partner Networks:** Companies can capitalize on existing local infrastructure and networks of educational institutions, training providers and community organizations that can serve as key partners for multiple sources of talent.

- **Economic Incentives:** Many state and local governments offer tax breaks, grants and training subsidies to companies that invest in regional hiring and development, which can further incentivize companies to prioritize regional initiatives.

- **Community Engagement:** Deep integration into the local community enhances a company's reputation and fosters brand loyalty among employees. This sense of connection and commitment contributes to a positive work environment and employee retention.

Workday, along with many other companies, believe in a skills-based future because they view it as a triple win. It supports employees in their career growth, opens opportunity to diverse talent pools, and helps organizations have a more agile, high-performing workforce.

Common Challenges of Implementing Regional Skills-Based Hiring

Standardization Issues

The absence of standardized skills-based requirements poses challenges for both employers and job seekers. Employers may struggle to accurately identify and assess candidates based on their skills and competencies, leading to inefficiencies in talent acquisition and workforce planning. Job seekers, on the other hand, may face difficulties in understanding and navigating career pathways available to them without clear standards for skills recognition and career progression.

Regulatory and Compliance Risks

Implementing a regional skills-based hiring strategy requires navigating complex regulatory environments that can impact employment eligibility and access to training resources. Occupational licensing boards often impose strict educational requirements that hinder the adoption of skills-based criteria, especially in fields like healthcare and engineering where specific degrees or credentials are mandatory. Additionally, local zoning regulations may restrict the establishment of vocational training centers, limiting access to essential skill-building resources in certain areas. These challenges can obstruct efforts to prioritize skills over formal education, making it crucial for organizations to carefully address these regulatory barriers.

Shifting job descriptions to focus on skills rather than degrees can also have broader regulatory implications, particularly concerning visa eligibility. For example, roles that require a specific qualification for H-1B visa eligibility might face complications if degree requirements are removed, potentially disqualifying international candidates. This shift could also require a review of compliance practices to ensure alignment with equal employment opportunity standards and other legal requirements. Understanding these compliance needs is essential for successfully implementing a skills-based hiring strategy while minimizing legal risks and disruptions to workforce planning.

Workday successfully navigated visa program challenges by working closely with legal experts to: 1) ensure H-1B roles continue to meet regulatory requirements, and 2) determine which roles outside of the H-1B sponsorship program are eligible for skills-first hiring to ensure immigration program compliance.

Relationship-Building in Local Communities

Launching a regional skills-based hiring strategy without strong local partnerships can be risky. Companies unfamiliar with the unique needs of local communities may struggle to identify and engage qualified talent, leading to inefficiencies in the hiring process. Building relationships with local educational institutions, workforce development agencies and community organizations is crucial. These partners offer valuable insights into the regional labor market, help navigate regulatory constraints and support the development of tailored recruitment strategies. Without such collaboration, companies risk misaligning their initiatives with local realities, resulting in recruitment challenges, regulatory issues, and a disconnect between the company's goals and the community's needs.

General Motors overcame logistical challenges in locations like Springhill, Tennessee; Arlington, Texas; and Austin, Texas by establishing a community-based approach with teams familiar with local dynamics and regulatory requirements.

Navigating the Local Economic Landscape

Economic fluctuations, such as downturns, often create mismatches between available talent and job opportunities, complicating recruitment efforts. Additionally, inadequate local infrastructure and high crime rates can affect talent attraction and retention by limiting access to job sites and training centers or deterring potential employees.

Understanding regional skills gaps and employment trends also presents challenges, especially when companies lack strong connections to local business and economic development organizations. Limited local knowledge can hinder effective recruitment and strategy execution, impacting the overall success of regional hiring initiatives. These factors are largely beyond the control of any single employer and can affect the viability and sustainability of regional hiring strategies.

Recommendations for an Effective Regional Skills-Based Hiring Strategy

Strategic Analysis and Planning

Crafting an effective regional skills-based hiring strategy necessitates a robust blend of data-driven analysis and human-centric planning. Approaches used by some employers to analyze the regional landscape and implement a skills-based hiring strategy include:

- **Assess Regional Talent Pool:** Take a comprehensive approach to evaluating the talent landscape within your target region. For example, analyze labor market data to identify emerging skills gaps, engage in conversations with local industry leaders to understand evolving workforce needs and build relationships with potential talent sources.

- **Focus on Key Roles:** Prioritize a select number of key roles based on strategic criteria. For instance, if your company operates in the health-care sector and is expanding its telemedicine services, prioritize roles such as telehealth nurses and remote patient care coordinators that align with your growth objectives and have a significant impact on improving access to healthcare services in the region.

- **Establish Standardized Technical Skills:** Develop a standardized list of technical skills for job profiles that encapsulate the critical skills, experiences and attributes of the ideal candidates for your identified roles. For example, if your company is hiring software developers for a regional tech hub, create a standardized set of the 10 to 12 most essential technical skills, such as proficiency in programming languages and experience with agile methodologies, as well as durable skills like problem solving and collaboration.

- **Measure Success and Impact:** Develop a vision for what successful regional skills-based implementation looks like and create a list of metrics that capture progress toward that vision. Align internal stakeholders around a plan for collecting, analyzing and disseminating data related to each of these metrics. For example, if your company is hoping that a regional skills-based initiative will result in a larger, more qualified pool of sales talent, you may want to track the number of open sales positions, number of applicants per position, time-to-fill for open positions and performance of new hires to measure the initiative's impact over time.

Internal Coordination and Proactive Engagement

Internal alignment and proactive engagement are vital components of a successful regional skills-based hiring initiative. Successful strategies for improving internal coordination and organizational engagement include:

- **Involve Recruiting Teams Early:** Engage recruiting teams from the outset of your regional hiring strategy to ensure its success. These teams provide essential insights into local talent pools and market conditions, which are crucial for aligning hiring forecasts with real-world dynamics. By involving recruiting teams early, you can effectively identify talent gaps and develop targeted recruitment strategies. Their early engagement helps in fine-tuning your approach to better match market realities and recruitment challenges. For instance, if there is a rising demand for cybersecurity professionals, recruiting teams are well-positioned to spearhead initiatives, such as forging partnerships with local universities to address these needs through specialized training programs.

- **Invest in Dedicated Staff for Regional Hiring:** Assign dedicated staff members to manage and execute your regional hiring strategy. These individuals are crucial for navigating the unique workforce challenges and opportunities within specific regions, whether you are entering new markets or optimizing existing ones. They act as local experts, building and maintaining relationships with key stakeholders such as business associations and government agencies. Their role includes facilitating partnerships with local training providers and educational institutions, which can enhance your company's presence and effectiveness in the region.

- **Anticipate Implications:** Be mindful of the broader implications of changes to hiring practices and consult legal counsel, as needed. For instance, if your company decides to remove degree requirements for certain roles to promote skills-based hiring, proactively assess the impact on H-1B visa eligibility for foreign workers and other potential legal implications. Collaborate closely with legal and compliance teams to develop strategies for mitigating risks and ensuring regulatory compliance.

Industry and Workforce Training Partnerships

Strategic collaboration is instrumental in scaling regional skills-based hiring efforts. With a holistic view of the regional landscape, companies can form targeted partnerships with organizations that have existing, complementary programs. Successful regional partnership strategies include:

- **Industry Collaboratives:** Leverage industry consortia or regional talent coalitions to collaborate with peers on addressing common workforce challenges and driving collective impact. For example, if your company operates in the manufacturing sector and is facing a shortage of skilled machinists, collaborate with other manufacturers to develop apprenticeship programs and share best practices for training and workforce development.

- **Cross-Industry Partnerships:** Explore partnerships with companies operating in complementary industries to leverage each other's strengths to address shared talent needs. For example, a technology provider might collaborate with local healthcare organizations to develop specialized training programs for healthcare IT professionals. This approach combines your technological expertise with their domain knowledge, creating a mutually beneficial arrangement and a broader talent pool.

Deloitte. **Deloitte** is a member of a regional talent coalition in New York City that collaborates with local businesses and educational institutions to develop apprenticeship programs and share leading practices.

Next Steps for Implementing a Regional Skills-Based Hiring Strategy

For companies interested in starting or expanding a regional skills-based hiring program, here are some practical next steps to consider:

1. **Conduct Regional Talent Assessments:** Using the recommendations above, begin by conducting thorough assessments of regional talent pools to understand local skill availability and needs. Engage with local postsecondary institutions, training programs and community organizations to establish partnerships and build robust talent pipelines.

2. **Develop Targeted Recruitment Strategies:** Tailor job listings and recruitment efforts to reflect regional needs and preferences. Utilize technology solutions such as applicant tracking systems (ATS) and data analytics to streamline recruitment processes and identify suitable candidates within the local talent pool.

3. **Foster Community Partnerships:** Leverage local business and economic development organizations to cultivate relationships and build trust within the community. Engage with community leaders and participate in relevant events to foster mutually beneficial partnerships and enhance community engagement.

4. **Invest in Regional Training Initiatives:** Collaborate with educational institutions and training providers to develop relevant curriculum and training programs. Consider offering apprenticeships, internships or certification programs to upskill local talent and address specific regional skills gaps.

Key Risks and Costs to Consider

When embarking on a regional skills-based hiring strategy, employers should be mindful of:

+ **Initial Investment:** Establishing regional hiring initiatives may require upfront investments in resources, staff, technology and infrastructure.

+ **Training and Development Costs:** Developing regional talent pipelines and upskilling local workers can incur training and development expenses.

+ **Economic Fluctuations:** Regional economic downturns or fluctuations may impact hiring plans and workforce stability.

Conclusion

In today's dynamic business landscape, the adoption of skills-based hiring practices has emerged as a transformative strategy for companies seeking to unlock the full potential of their workforce. By prioritizing skills and competencies over traditional qualifications, businesses can access a diverse talent pool, reduce biases in hiring and align workforce capabilities with evolving business needs.

However, the journey toward successful skills-based hiring in a specific region is not without its challenges, as outlined in these pages. These challenges include logistical complexities, standardization issues and regulatory risks.

Yet, the rewards of embracing regional skills-based hiring are immense. By investing in targeted recruitment strategies, regional training initiatives and community partnerships, businesses can drive positive change and unlock sustainable growth in the regions they serve.

Appendix: Additional Resources

- JFF's **skills-based employer journey map** supports companies in assessing their skills-first maturity and determining next steps for skills-first implementation.

- The **Rework America Alliance**, recently acquired by JFF, has a variety of resources for employers implementing skills-first practices, including live and virtual trainings, a sourcing and hiring playbook and a tool to "skill-itize" job descriptions.

- The **New York Jobs CEO Council** is an example of a regional employer-driven workforce collaboration advancing skills-first talent practices.

- The U.S. Chamber of Commerce Foundation developed a **Talent Pipeline Management curriculum** to help employers and training providers work together to develop scalable regional talent pipelines.

- Grads of Life and Business Roundtable developed an **Impact Measurement Framework** to help employers evaluate which metrics to track for measuring skills-first impact.

- Talent Rewire's **How Change Happens** report can help companies navigate change management considerations when aligning key stakeholders around regional skills-first initiatives.

- SHRM Foundation's toolkit, "**Ready for Success: Adopting a Skills Mindset in Employment Practices**," provides employers with 12 actions they take to further the adoption of skills-based practices in their organizations.

- Opportunity@Work's **research** on employees who are "skilled through alternative routes" (STARs) can help companies build a business case for skills-based talent practices.

- **Lightcast** and **Western Governors University** both have skills libraries for employers hoping to create a skills taxonomy, conduct a skills inventory and rewrite job descriptions to focus on skills.

- LinkedIn Learning's course, "**Becoming a Skills-First Organization**," supports companies in adopting skills-based talent practices at each phase of the talent life cycle.

- Grads of Life's **Occupation Review** tool can help employers leverage labor market data to prioritize roles for recredentialing and identify sourcing strategies for candidates with critical skills.

Acknowledgments

The Regional Skills-Based Strategies Action Cohort was created through a collaboration of Business Roundtable member company leaders, other company leaders and expert partners as part of the Multiple Pathways Initiative.

Action Cohort Companies:

- Deloitte
- General Motors
- Okta
- Visa, Inc.
- SAP
- Workday (Chair)

Implementation Lead:

- Jobs for the Future

Coalition Partners:

- Business Roundtable

With Support From:

- Workday Foundation

This Action Cohort was facilitated by Molly Blankenship, Claire Dorn and Lisa Durkin of Jobs for the Future.