The Reskilling Imperative

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The nature of work is changing… quickly

Digitization is projected to create 20-50 million jobs globally

25% of **CEOs' time** is currently spent on activities that machines could do

Automation can partially replace 50% of U.S. jobs today using existing technologies

85% of **baby boomers** expect to work past traditional retirement age

As the first digitally native generation, **millennials** bring new skills, attitudes and expectations

By 2020, the **gig economy** will represent over 40% of the workforce

Organizations are undergoing unprecedented shifts

Disruption by new business models

Traditional value chains being upended by "any-to-any" ecosystem players

Disruption by automation

Robotic process automation; smart work-flows; machine learning; natural language processing; and cognitive agents

Digital transformations

Customer, employee experiences and company processes moving to digital channels

Reorganized for agility

Cross-functional teams empowered with decision authority while leaders encourage and enable

Continuous transformation

Major transformation shifting from once-in-a-career to the new normal

These shifts will have a direct impact on skills required in the workforce – we have identified 5 key categories

We mapped workforce activities to skills across…

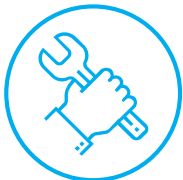~2,000 activities

25 skills

~800 occupations

We verified the quantitative results with qualitative analysis across…
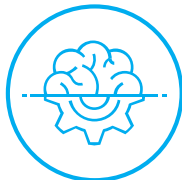
14 sectors

7 countries

>3,000 business leaders

Workforce skills categories identified (with 25 skills across them)

Physical and manual skills

Basic cognitive skills

Higher cognitive skills

Social and emotional skills

Technological skills

By 2030 there will be a shift from physical and basic skills to higher and social and emotional skills...

-X% Change in hours spent by 2030, %

-40% less ●●● 80% more

○○ Number of hours worked in 2016, billion

United States and Western Europe example
Percent change in time spent using skill

Skill category		Banking and insurance	Energy and mining	Healthcare	Manufacturing	Retail
Physical and manual skills	-14%	●	●	●	●	●
Basic cognitive skills	-15%	●	●	●	●	●
Higher cognitive skills	+8%	●	●	●	●	●
Social and emotional skills	+24%	●	●	●	●	●
Technological skills	+55%	●	●	●	●	●
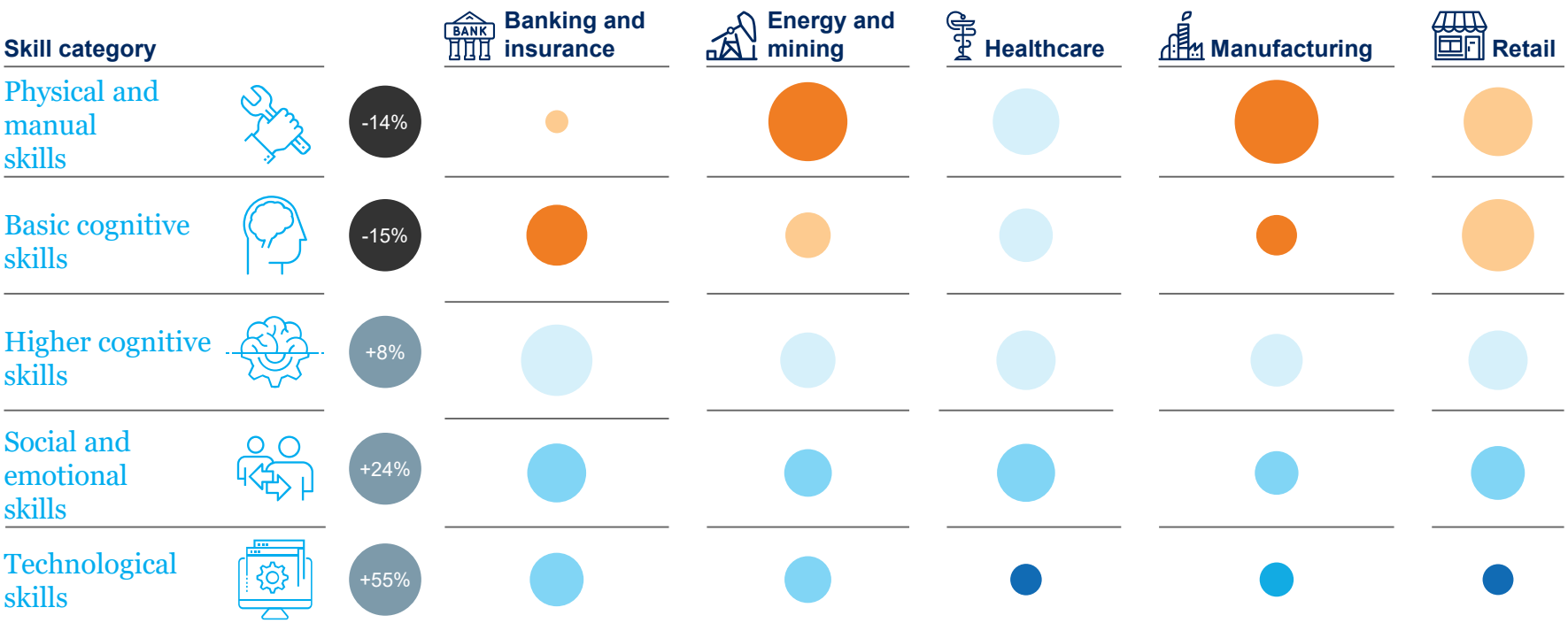
...and many occupations will see growing demand while other occupations will shrink

Net impact of automation and seven catalysts of labor demand, 2016–30
Percent change (+/–), step-up labor demand, midpoint automation

% change in FTEs
- -35 or less
- -25 to -34
- -15 to -24
- -5 to -14
- Within ±5
- 5 to 24
- 25 to 49
- 50 to 99
- 100 or more

Occupation groups	United States	Western Europe	China	India
Care providers				
Educators				
Managers and executives				
Professionals				
Technology professionals				
Builders				
Creatives				
Customer interaction				
Office support				
Manual, predictable jobs				
Manual, unpredictable jobs				

Up to **56M** (40%) Americans may need to switch occupational groups by 2030, and up to **60M** Western Europeans (34%)

Companies have 5 levers to address skills gaps

Reskill
Build upon existing workforce through reskilling

Redeploy
Shift individual workers to new roles

Hire
Acquire new talent through hiring and acquisition

Contract
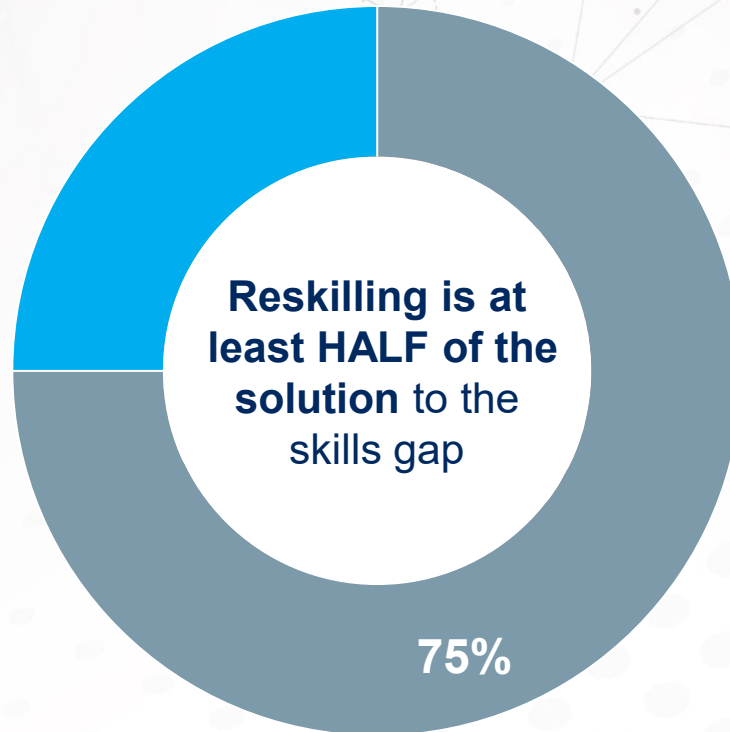Engage freelancers and temporary contractors

Release
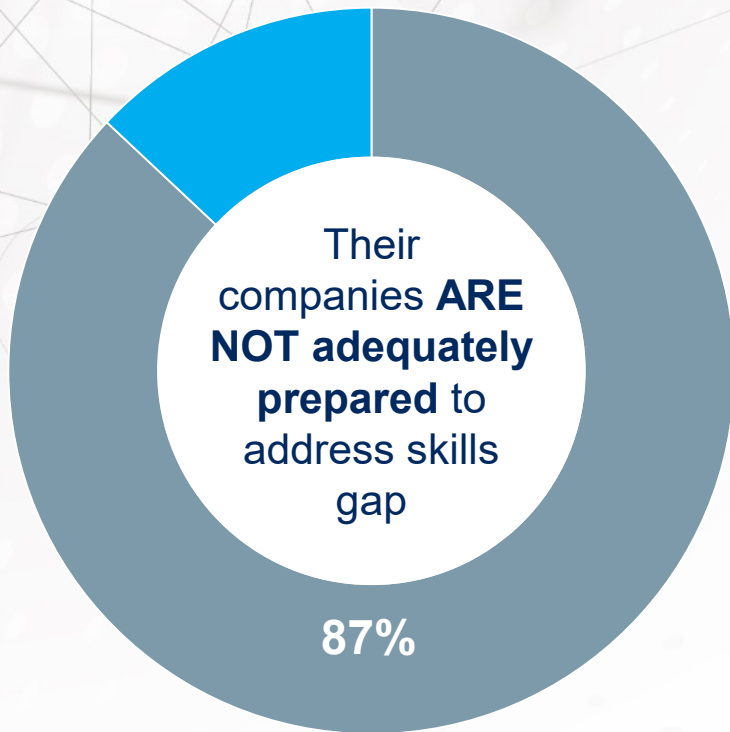Release individuals, or hire them out as temporary workers

A survey of 1,500 executives found that most feel unprepared for this skills shift, and see reskilling as a large part of the solution

1,500 global senior executives say...

87% — Their companies **ARE NOT adequately prepared** to address skills gap

75% — **Reskilling is at least HALF of the solution** to the skills gap

Companies are already using re-skilling as a value unlock

SAP

1/3 of workforce of a major business unit to reskill

Individual **learning journeys** of 6-8 months + regular **workforce planning**

Cycles of full-time **training** followed by on-the-job **practice**

Driving performance impact of portfolio transformation – significant cost savings and 90% contribution growth

AT&T

Half of workforce to retrain and redeploy (120k)

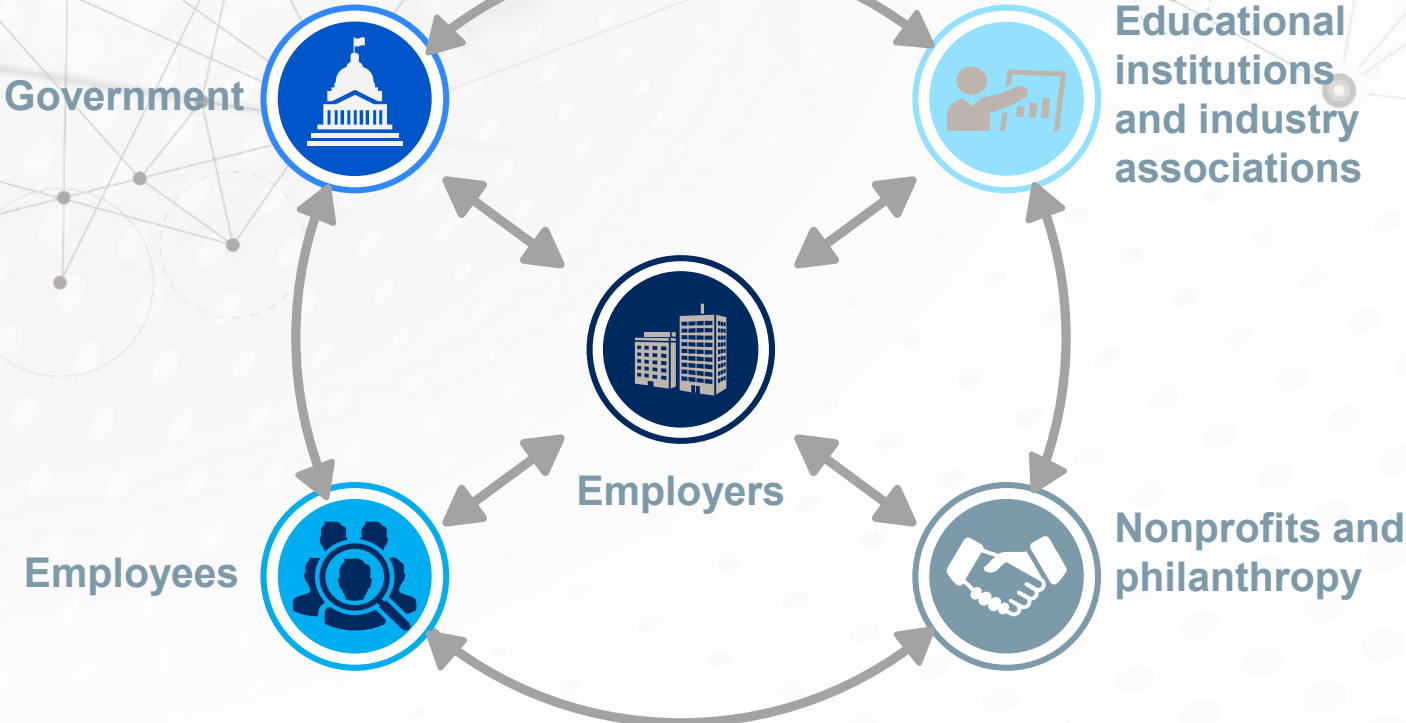**Partnerships** with universities and educators to create range of online training options

Employees map their own career path and get the required **credentials**

Reduced its product-development cycle time by 40% and accelerated time to revenue by 32% (2016)

At scale reskilling programs share key characteristics

1 **Organizations' leaders must believe in reskilling's value,** and visibly support it (especially CEO), otherwise will create barriers to execution. Alignment on desired roles and responsibilities of reskilled employees is critical

2 **Reskilling takes time** (10 months to several years for a significantly new role), so starting early will create a competitive advantage

3 **Employee ownership of their own reskilling journeys is critical** – transparency into future demand so employees can make decisions about what skills to acquire improves ownership. Seek early feedback from learners to identify and mitigate potential roadblocks to successful reskilling

4 Skill adjacencies are important, but success in reskilling is also about **learning attributes and behaviors**

5 **Management of a reskilling program is complex** – and requires disciplined infrastructure and continuous measurement / performance management and evolution

6 **Retaining and properly engaging reskilled employees** are the keys to unlocking value from investment

Employers, as part of a broader ecosystem, can help drive change

Government

Educational institutions and industry associations

Employers

Employees

Nonprofits and philanthropy

"It is not the strongest of the species that survives, nor the most intelligent, but the one that is most adaptable to change."

– Charles Darwin

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Appendix

Reskilling is supporting employees to learn new skills to do a *different* job or acquiring skills to *significantly adapt* to the changing nature of their current job

- The threshold for reskilling is needing to acquire +30% of the skills required to take on a new/changed role
- When degree of difference is smaller then we would classify it as 'upskilling'
- Reskilling and upskilling interventions are often used in conjunction depending on the nature of the skills gap

75% of global senior executives say reskilling is at least half of the solution to the skills gap

Least pronounced
Most pronounced
Details follow

Combination of levers

Company example	Reskill	Redeploy	Hire	Contract	Release
Core disruptor — New technology transforms pro-duct portfolio and business model in a strongly growing market	● Most	● Most	◔	◖	● Least
Efficiency enhancer — Automation allows for large-scale labor substitution in a slow market	◖	◖	◕ Least	◔	● Most
Human-machine collaborator — Automation complements labor and raises quality in a moderately rowing market	● Most	◖	◖	◔	◔