



# A Guide to Upskilling and Reskilling To Close Employee Skills Gaps

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# A Message from Charlie Schilling

**Emeritus Enterprise President (U.S., Canada, and Europe)**

Dear readers,

The last two years have been difficult for all of us, and the ripple effects of the COVID-19 pandemic, supply chain disruptions, and the Great Resignation continue to impact organizations across every industry.

Though the tight labor market and persistent skills gaps are unlikely to disappear overnight, rapid changes in the economy and employees' expectations of their employers also present opportunities. For the first time in years, companies are exploring new and innovative ways to engage and retain their employees. That's a win-win for employees and employers—and for companies who seize the moment, the impacts will be transformational.



At Emeritus, our mission is to close skills gaps and help employees and organizations thrive. In an ever-changing global economy, in-demand skills shift rapidly. According to the [World Economic Forum](#), half of the world's employees will need new skills by 2025. **Upskilling**, the process by which employees expand on existing skill sets, and **reskilling**, in which employees acquire new skills to prepare them for different roles, are among the most powerful tactics available to employers in combatting this skills crisis.

**“Skills gaps continue to be high as in-demand skills across jobs change in the next five years.”**

World Economic Forum  
“The Future of Jobs Report” (2020)

Yet, despite the clear need for training and overwhelming employee interest in professional development, too few companies offer reskilling and upskilling opportunities. Often, that reluctance comes from incorrect assumptions about the resources required. In this eBook, we lay out the rationale for investing in reskilling and upskilling, as well as actionable steps to implement new learning programs.

In particular, we explore the specific challenges COVID-19 has exacerbated while also laying out tactics for measuring existing skill sets and identifying skills gaps. With that foundational data in place, we move on to discuss strategies for cost-effective upskilling and reskilling programs that move the needle and also dig into the value of team training.

Creating a workforce for the future is challenging, but it's also a powerful opportunity for innovation.

Sincerely,

Charlie Schilling

## Top Five In-Demand Roles

- 1 IT and Data
- 2 Sales and Marketing
- 3 Operations and Logistics
- 4 Manufacturing and Production
- 5 Customer Facing and Front Office

Source: ManpowerGroup Survey (2022)

## How the COVID-19 Pandemic Widened Skills Gaps


COVID-19 has radically changed the way we work and interact with one another. Even as restrictions continue to lift and we work toward a “new normal,” the organizational trends the pandemic has accelerated will shape the workplace for years to come.

Alongside changes such as the shift to hybrid and flexible work, COVID-19 has exacerbated skills gaps and highlighted inequalities in the workforce. In fact, McKinsey & Company found that 87% of companies are either experiencing a skills gap in their workforce or anticipating one within the next few years.

At the same time, employees perceive personal risk—nearly half of workers surveyed by the company UiPath in 2020 expressed concern that they would lose their jobs due to lack of skills within the next five years, and 86% said they wished their employer would give them more opportunities to reskill.

Organizations and employees alike stand to benefit significantly from concerted efforts to close these skills gaps and prepare employees for the future of work. In this new economy, training and development have moved from “nice-to-have” to essential.

How Else Has the Pandemic Changed Work?



- Greater use of digital tools and innovations
- Increased automation and use of AI
- More digital transactions and sales
- Changes in work hours
- Increased socioeconomic inequalities
- Increased stress and burnout
- Need for social distancing
- Greater appreciation for frontline workers

### The Role of Upskilling and Reskilling in Today’s Workplace

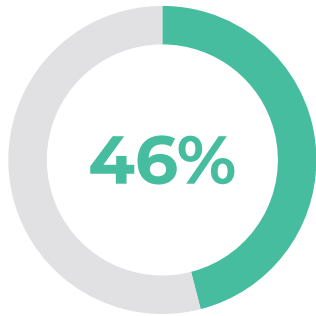
In a tight hiring market, seeking new talent outside the organization may not always be a viable option due to the high cost of recruitment and long hiring timelines. But no matter the availability of workers, more than half of organizational leaders prefer to fill skills gaps through reskilling and upskilling, and for good reason.

According to LinkedIn Learning, **94% of employees would stay with their organization longer if it invested in their training and growth.** Filling skills gaps from within promotes employee retention while also ensuring that new skills are paired with the organizational knowledge that makes long-term employees so valuable. Plus, it’s more cost-effective. PWC UK and the Financial Services Skills Commission found companies can save up to £49,100 (\$65,804) per employee.

Organizations can use two primary paths to build existing employees’ skills and close the skills gap: **upskilling**, which utilizes learning and development programs to build on existing skill sets, and **reskilling**, which imparts entirely new skills to help employees shift into different roles.

### Upskilling

Learning new skills to perform better in your current job or field

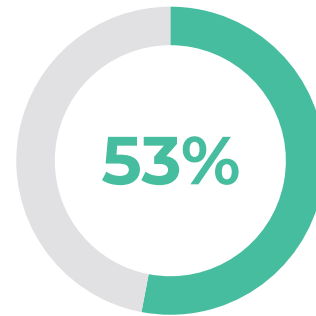


of workers say they will need to learn new skills in the next year to do their jobs.

Source: Pulse of the American Worker Survey, Prudential (2021)

### Reskilling

Gaining the skills needed to move into a different role



would retrain for a different job if they were given the opportunity to do so.

Source: Pulse of the American Worker Survey, Prudential (2021)

## Skills Gaps Impacted by the Pandemic

### Soft Skills in Demand

Soft skills, the traits and behaviors that are not tied to specific technical knowledge but are essential to thriving in the workplace, are increasingly important in the less-structured world of hybrid and remote work.

- Leadership + Management
- Critical Thinking + Decision Making
- Creativity
- Flexibility + Adaptability
- Digital Literacy + Communication

### Hard Skills in Demand

In a world increasingly reliant on digital tools and automation, technical skills are also in short supply for many.

- AI + Machine Learning
- Data + Analytics
- Automation
- Business Strategy
- Digital Transformation

## Benefits to Closing the Skills Gap

Closing skills gaps has clear benefits for both employees and employers, making upskilling and reskilling a win-win proposition.

### The Benefits of Skills Transformation

#### For Employees

- Improved performance in current roles or the ability to take on new role
- Career growth and enhancement
- Improved confidence and morale
- Increased adaptability in a changing workforce



#### For Employers

- Increased employee retention and engagement
- Closing skills gaps for a better equipped workforce
- A culture of learning
- Cost savings when compared with hiring new employees\*

\*Replacing an employee can cost more than 100% of the position's annual compensation, whereas reskilling can cost less than 10%.

Source: [McKinsey & Company](#)

At the global level, the skills crisis is growing, and it's only been hastened by the pandemic. But that doesn't mean organizations need to give in and accept a workforce that's unprepared for the future. Careful planning and targeted investments in skills development will not only pay dividends for companies but also build employee engagement and retention for years to come.

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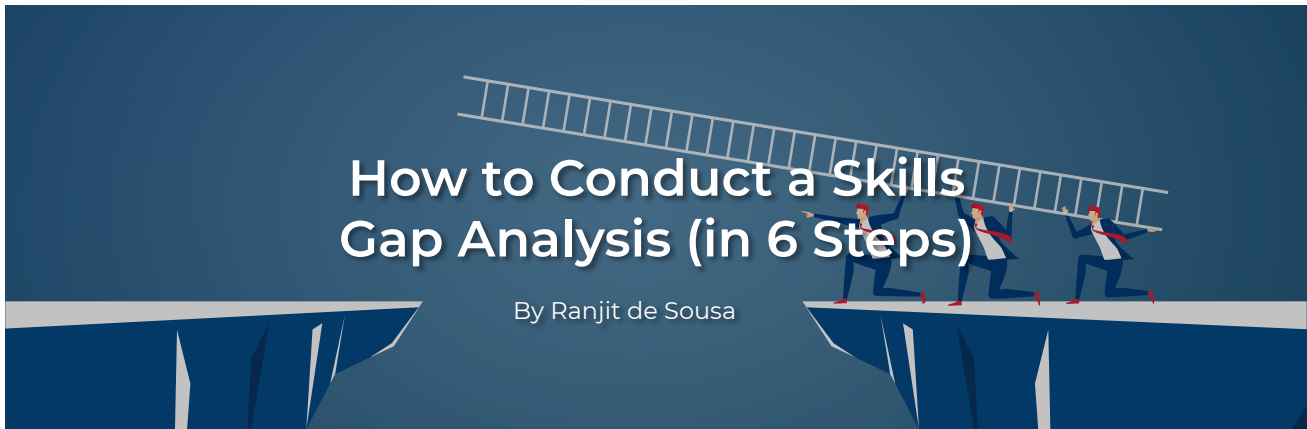
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This chapter was adapted from a blog post written by Ranjit de Sousa in January 2022.

## What Is a Skills Gap Analysis?

At its core, a **successful skills gap analysis allows you to identify if and where skill gaps exist within your team or organization (but can also be conducted on an individual level). It also helps you determine whether any skills gaps are small enough to be bridged through employee upskilling and reskilling.** The analysis can tell you where in your company skills development will have the biggest impact.

Running an effective organizational skills gap analysis will help ensure you're setting the right priorities and focusing on the business wins that can help solve the challenges of today's workforce. At the same time, conducting a skills gap analysis will help ensure that viewing the business from a skills lens becomes an ongoing part of your business planning toolbox.

## Identifying Skills Gaps in Your Organization

Conducting a skills gap analysis for your team or organization might sound like a straightforward process, but the devil lies in the details. Follow these six steps.

### 1. Start internal conversations about skills, not jobs.

When starting off, it's important to drive all conversations you have with other leaders, managers, and involved parties (such as L&D and HR employees) from a *skills* point-of-view and not fall back into the language of "job families" and "job grading." Different employees who hold the same role might have very different skill sets. As a result, they may pursue different pathways to adapt those skill sets to industry and company needs.

Approaching your skills gap analysis from a skills lens and focusing on key "future skills" (like coding, data analytics, advanced advisory, and customer centricity, to name a few examples) also helps prevent you from making this a conversation about job losses or job additions. This is about having the right combination of skills in your organization to adapt to changing needs. This includes the transition to remote and hybrid work and the changes it has brought.

## Steps to Conduct a Skills Gap Analysis

### Current State

- Start internal conversations about skills
- Identify future skills needed in your industry
- Measure existing skills
- Communicate your analysis; define pathways
- Reskill, upskill, or hire employees

### Desired State

- Make skills gap analyses a regular activity

## 2. Identify future skills needed in your company and industry.

Understanding the key trends in your industry and what your competitive landscape will look like in 5 or 10 years will help you set your target range of skills needed. Several types of skills identification software (which we'll dive into further in Step 3) can provide you with standardized models of what skills will be required by industry and function. This can offer a helpful starting point to sketch the relevant target skills.

Finally, frontline managers as well as talent acquisition in your organization will likely have a lot of on-the-ground knowledge about the skills they're struggling to find in job candidates. They can provide you with short-term validation of your key trends and provide other useful information for your skills gap analysis.

“Understanding the key trends in your industry and what your competitive landscape will look like in 5 or 10 years will help you set your target range of skills needed.”

## 3. Measure employees' existing skills (for more information, see the next chapter).

Knowing your target set of skills will allow you to determine your “distance” to those skills. Among the most effective approaches is to run an organizational diagnostic of your current skill set using some of the sophisticated applications available. There are so many options to choose from, so I will avoid making a specific recommendation for one tool here. However, there are a few considerations when selecting your toolkit:

- Choose software that will allow you to match future skills needs to existing skills at an organizational level. This tool will ideally give you a visual depiction of the “distance” between existing and future skills in your organization by unit. This information will allow you to prioritize which business or regional unit to start with as your pilot.
- Choose a (possibly different) tool to dig deeper at an individual level. This means assessing each employee in the pilot group for their current skill sets and pathways to upskilling, reskilling, and/or redeployment.

Especially when running the organizational diagnostic, it's important that the tool you use can build on unstructured data from multiple other sources within your company (for example, your Human Resource Information System and your people engagement tool). This will keep the workload a lot lighter for Human Resources.

**You can gain valuable information for your skills gap analysis through information attained from:**



**Performance Reviews**



**Employees' Past Work Experience**



**Employees' Degrees, Certifications, and Education**



**Conversations with Frontline Managers**



**Self-Assessments and Traditional Tests**



**Existing Work Products**



**360 Reviews**



To measure the “distance” between your employees’ current and desired skills, you might consider organizing the information you collect in a variety of ways, including the following:

	Current State	Desired State	Distance	Importance	Next Steps
Skill 1 <b>Data Science</b>	Proficiency in data science 4/10	Proficiency in data science 9/10	+5	High	Enroll team in data science online courses
Skill 2 <b>Artificial Intelligence</b>					
Skill 3 <b>Cybersecurity</b>					

**4. Communicate your findings to employees and define learning pathways.**

Having run the organizational and individual assessments only tells you the what (i.e., what your skills pathways could be) but doesn’t solve for the how. Understand that some employees may be reluctant to start spending time upskilling or retraining for new positions. But their underlying motivations are key in driving the change process.

Learn more about learning pathways in the workplace. >>

The most successful skilling initiatives focus on the individual nature of the process, providing employees with choice and a curated learning pathway to shift their skills.

**5. Start small (with one department or division in your organization).**

Once you identify your approach to skills development, you’re ready to start upskilling and reskilling (see Page 11). Hiring externally is also an option (learn more about reskilling vs. hiring on Page 12).

Looking to conduct a skills gap analysis? Download a free template and checklist to get started. >>

**6. Make the skills gap analysis an ongoing activity.**

Finally, as the markets move more rapidly than ever, the skills needs of businesses are also changing rapidly. Solving for the skills shift will only be sustainable if you embed the skills gap analysis and insights from that analysis into the daily business.

Effectively, that means ensuring you build these insights into your approach for talent acquisition, talent reviews, and succession planning, as well as, of course, reskilling, upskilling, and [career pathing](#). Also, remember to run the skills gap analysis on an ongoing basis (and not, for example, on a 3-5 year cycle).

**About the Author**



Ranjit de Sousa is the Founder and Managing Director of The Coalyard, an advisory firm that helps Worktech startups scale their businesses. In this capacity, he sits on multiple advisory boards and works as a mentor and advisor to a wide variety of startups and venture capital firms across the U.S., Europe, and Asia-Pacific.

He is the former President of LHH, the world’s largest talent development and career transition company. Ranjit has 20 years of experience in the business space as well as in workforce transformation, innovation, and reskilling.

# Best Practices for Measuring or Assessing Skills in the Workplace

Employee skills assessment programs, when approached strategically, are a win-win for both organizations and employees. They provide both the data that employers need to identify areas of weakness and insights into a path forward.

Learn more about measuring or assessing skills in the workplace. >>

1

**Ensure the skills assessment is tied to business objectives and goals.**

Unless organizations know what they are looking for, the results of skills assessments won't be of much use. Leaders should map skills assessment efforts against business's objectives paired with a clear understanding of what skills are needed for the business to reach its goals.

2

**Communicate the purpose of the assessments clearly to employees.**

Skills assessments can be a source of stress for employees who believe they may be used to “weed out” staff. Therefore, it's important to clarify that the assessment process is instead meant to help the company and employees reach their full potential.

3

**Don't get too granular or too high-level.**

It's all too easy for skills assessments to burgeon in size with too much detail. Alternately, assessments that remain too high-level are unlikely to provide actionable information. Instead, they should be designed to identify broad groups of skills likely to align with learning and career paths.

4

**Make a plan to use the data.**

Data is only valuable when it's used to inform action. Before embarking on employee skills assessment programs, organizations should make a plan to address any gaps that they uncover. Often, gaps can be addressed through reskilling and upskilling, especially when assessments are designed to identify transferable skills and areas of talent.

# After the Skills Gap Analysis: Strategies and Steps for *Upskilling* and *Reskilling*

Company leaders must also recognize and prioritize the time that upskilling or reskilling takes and, if necessary, adjust employees' workloads to give them the bandwidth they need to focus on attaining new skills.



## When to Reskill Existing Talent vs. Hire Externally

When weighing this decision, consider the **availability and the cost of recruiting talent with the right skills**. Focus not just on hiring costs and the compensation required for rare talent but also the loss of productivity during onboarding compared with reskilling an employee who has the network and knowledge needed to navigate the company.

Reviewing the different factors and looking at what industry leaders have implemented points toward a preferred approach: **Prioritize reskilling and hire only for very high-value, critical talent in the open market**. Organizations like Zurich, a leading global insurer, have established “reskill-first” policies where hiring can take place only if no existing colleague can be reskilled or redeployed into an open role. In addition, the multinational consumer goods company Unilever has established a goal of upskilling or reskilling employees with “[future-fit skills](#)” by 2025. *(By Ranjit de Sousa)*

## Measuring the ROI of Upskilling and Reskilling

So, you’ve launched your upskilling and reskilling programs for your workforce. How do you measure the return on investment on your efforts? That depends largely on your goals. *Read more about measuring the ROI of reskilling on the [Harvard Business Review](#) (written by Anand Chopra-McGowan of Emeritus).*

### Financial Metrics

Calculate the amount of money you save by upskilling/reskilling vs. how much you invested.

- Calculate the total cost of your initiative, including direct training costs, employees’ time off work, and administrative costs.
- Add up the costs of not reskilling or upskilling (e.g., what hiring, recruiting, and onboarding would cost).
- You may also determine whether skill-building helped (or will help) your company make money.

### Productivity Metrics

Determine whether the program impacted the speed or effectiveness of certain employee tasks.

- Start by identifying the anticipated outcome. What metric are you hoping to improve upon?
- Answer questions such as: Did learning how to use new tools make your employees more efficient (e.g., reduce time to market)? Did learning a certain skill increase site traffic? Did using a new tool reduce the costs typically associated with production?

### People Metrics

Determine program metrics surrounding the satisfaction and stability of the workforce. Ask questions such as:

- Did your investment in training lead to more employees staying with your company?
- Did your investment lead to increased employee satisfaction and engagement?
- Has your focus on employee training increased talent attrition?
- Are you able to fill more new roles internally?

### Culture Metrics

Understand how (and if) enrolling employees in upskilling or reskilling programs has improved company culture.

- Have learners’ mindsets changed due to their completion of the program (e.g., from a fixed mindset to growth mindset marked by continuous learning)?
- Have managers noticed improved teamwork among their employees or at an organization level?
- Did employee participation in the program lead to the implementation of an agile culture?

# Why Team Training Is So Valuable

To supercharge the benefits of upskilling your workforce, train your employees in teams where they can collaborate in a learning environment. Here are five benefits of team training with Emeritus.

1

## **It builds employee relationships.**

Cohort-based learning pathways (a model used in Emeritus' online courses) place students in a group, allowing them to progress through the curriculum at a unified pace. This model of learning became popular in the 1990s after it was realized students could motivate each other, increasing student retention and course completion rates.

2

## **It increases employee engagement.**

Team members can apply their knowledge directly to the work environment. Engaged employees are enthusiastic participants willing to invest their energy in the company's success. Not only do engaged workers give their best in the workplace, but they are also less likely to leave the company, improving retention rates.

3

## **Team training can improve employee collaboration.**

Having employees go through the experience together, discuss topics with each other, and learn cognitive frameworks for evaluating and applying techniques and theories to their projects will expand their ability to work well together.

4

## **It can increase and encourage employee productivity.**

Teams learn and adapt more quickly than individuals, according to Deloitte. Basically, when all team members learn in an environment together, they can apply the skills they gain to the group's tasks. Collectively learning new ideas and methods gives employees common language and understanding to help them envision more successful and worthwhile goals for their business unit.

5

## **Team training can benefit company culture.**

There's no better way to embed the idea of learning into your organization than to offer team training. A learning format where team members interact helps inject a learning culture into everyday processes. Group learning encourages flexible thinking, which can set a course for your company that's both culturally and technologically resilient.

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## Emeritus Team Training in Action

Example:

### Global IT Services Provider

**Goal:** Improve performance management skills among ~500 mid-level managers.

**Solution:** Created a three-part program delivered over three months, focused on people leadership, innovation and strategic thinking, and customer-centricity. Managers were split into eight cohorts.

**Results:** Participants reported that the program helped them to shift their mindsets, develop stronger relationships with colleagues, and gain exposure to new ideas through talented industry experts.

Example:

### Global Consumer Packaged Goods Company

**Goal:** Upskill ~100 R&D team members to understand how to use AI to innovate in the CPG space.

**Solution:** Created a private section for a subset of the group in our AI course with the UC—Berkeley Haas School of Business. Cohort had its own course leader and focused on real-world business problems.

**Results:** >93% cohort completion rate, with several course projects driven forward at the company in real life. Second cohort also recently started the same course.

Key Outcomes:

### Learner Feedback

**81%**

believe the course format was flexible for work-life balance

**78%**

believe the learnings could be immediately applied to their work

**75%**

got new opportunities at work

**94%**

believe the program had a positive impact on their professional development

Key Outcomes:

### Business Results

**58%**

felt more prepared skill-wise to meet future demand

**46%**

felt more likely to be first to market

**37%**

saw greater employee productivity

**34%**

saw a better response to customer needs



## Looking Toward the Future of Work

The data is clear—investing in employee upskilling and reskilling can pay huge dividends in everything from employee morale and retention to productivity and profits. But to reap those rewards, companies must approach employee training programs strategically. Organizations must understand the skills they need to meet (and exceed) their organizational goals. With the most valuable skills identified, companies can invest in reskilling and upskilling programs with the strongest potential for ROI.

In our modern workplace, traditional, rigid tactics like degree programs may be unlikely to always deliver the results companies need. Today's organizations should instead embrace targeted, experiential learning programs designed to get employees up to speed quickly while fitting into their busy lives and careers. Shorter, flexible programs designed to maximize learners' engagement with experts, as well as cohort-based learning pathways, offer powerful new tools for organizations. Online and hybrid options, particularly those mixing synchronous and asynchronous learning, ensure employees can realistically access coursework from wherever they are.

Alongside those investments, organizations may also prioritize workforce transformation and creating a culture of continuous learning. That means making upskilling and reskilling priorities and rewarding employees who partake in growth opportunities. Successful companies will develop a multifaceted approach to employee training, utilizing tactics like career pathing, carving out dedicated time for learning, and offering employees ownership over their development. Employee training is no longer a nice-to-have, and its value is no longer limited to technical or executive positions. The winning companies of tomorrow will be those that invest today in developing a workforce for the future.

## Partner with **Emeritus Enterprise** to upskill and reskill your workforce.

We guide learners through intensive, cohort-based learning pathways built in partnership with the world's top academic institutions — all to help organizations navigate change from the inside out.



[Learn more](#) about us or [schedule a meeting](#) to get started today.