

Skills for the Future

Introduction: The successful organisation of the future will be staffed by employees adept at collaboration, communication, empathy and cognitive flexibility – they will be emotionally intelligent and resilient. In an uber competitive, technologically automated future, the successful workforce will be highly aligned, engaged, agile, inclusive and at its core, able to leverage diverse thinking and collective intelligence to navigate the challenges that organisations will face.



No longer will organisations be able to rely on skills such as vertical decision making and linear problem solving, nor on single disciplinary experts (usually male, white, middle aged and with a ‘left-brain’ mechanical approach to the world) to unilaterally direct organisations into the future.

More than we can imagine, successful organisations will be filled with employees who can:

- i. Create positive customer experiences;
- ii. Learn fast;
- iii. Adapt quickly so as to take advantage of market opportunities or to mitigate threats.

The ability to create positive customer experiences; to be adaptable and flexible and; to learn fast – this is the blue-print of the skills-profile organisations should be building now.

We can break down these three domains into sub-skills - collaboration, empathy, communication, agility, inclusiveness, resilience and emotional intelligence. Add to this list, a fierce commitment to accountability, to ‘getting it done’ and we start to see how difficult it is to build the skills-profile needed for organisations to flourish.

And it doesn’t end here: There is a dearth of leaders who can cultivate this skills-profile across the employee-body, that appreciate what’s at stake. Not only is today’s competent leader responsible for ‘building capability’, building the workforce skills which allows a business to deliver on its value promise to the market, this same leader must devote the majority of their time to forging a connection with employees, to nurturing ‘alignment’ to the organisation’s purpose so as to unify employees and drive their efforts. This leader must be able to define, disseminate and embed the organisation’s purpose (mission) and champion it as the lens through which the organisation evaluates everything it does.



For more information contact:

People At Their Best | info@peopleattheirbest.com.au | www.peopleattheirbest.com.au | PH: 0415 927 898

The skills required for future organisational success:

While it would be easy to classify the majority of skills-gaps identified in this report as 'soft skills', this would be erroneous. Forging alliances, building connections, aligning employees, creating synergies and so on are more closely correlated with organisational efficiency, productivity and profit than 'technical' skills which are better described as 'threshold' capabilities, that is, skills that allow the potential for performance but ultimately, contribute far less to success.



In our work, we are almost always looking at how organisations can grow and identifying the path to facilitate such growth. Deciding on a strategy of growth is not difficult but making it happen, is. Most businesses wish to grow but few have the internal skills to do so - whether that is people who can innovate desirable new products and services or teams that can collaborate to improve customer service. The upshot is that there are very real skills-gaps and organisations need to bridge those gaps. What we are certain of is that people with the skills outlined in this report will be in demand because ambitious organisations will seek such people to fuel their business growth.

When we examine the current skills-profiles of organisations against the skills and capabilities needed to future proof their businesses, it is clear businesses need to recalibrate their relationship to 'investing in their people' and re-think the skills they are hoping to build.

Very few of the skill-gaps which have been identified in this report are 'technical' skills. As discussed above, technical skills are better described as threshold capabilities – of course they are important but they only give employees a ticket to play (or in this case, work) and what matters more is how employees apply these technical skills to the challenges faced by the organisation. What's more, technology is accelerating the pace of change and many technical skills are being automated, outsourced and democratised so that skills, by and large, have a shorter shelf-life. As a consequence, the majority of skills which will be needed are 'people skills', both personal and interpersonal. This is important. Dr Claire Mason of the CSIRO notes: *those occupations showing the fastest growth use old-fashioned 'people skills' because while technology is automating rule-based tasks it can't perform human functions like displaying empathy, making somebody feel valued or defining a really complex 'fuzzy' problem.*



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Research by McKinsey supports this: *Workers of the future will spend more time on activities that machines are less capable of, such as managing people, applying expertise, and communicating with others. The skills and capabilities required will also shift, requiring more social and emotional skills and more advanced cognitive capabilities, such as logical reasoning and creativity.*

The writer, Dan Pink goes further: *The future belongs to a very different kind of person with a very different kind of mind – creators and empathisers, pattern recognizers and meaning makers.*

We can not stress just how ‘on-the-money’ Dan Pink is. When we refer to ‘cultivating alignment to a purpose’ or ‘creating positive customer experiences’, we are acknowledging the need we all have for ‘meaning’, whether it is a customer who is made to feel valued or employees who feel that their work matters – this connected age in which we live is all about creating meaning.

The skill of aligning employees to the organisational purpose is the difference between those businesses that flourish and those that flounder. Done well, the purpose or mission acts as a beacon, orienting employees to direct their efforts to the organisation’s priorities. However, our research has shown us that leaders struggle to cultivate alignment to a unifying purpose and as a result fail to get everyone pulling in the same direction.

This matters because the chief characteristic of a high-performance culture is that employees have a deeper sense of purpose and a deeper commitment to a shared mission. Without this, difficulties arise which inhibit the ability for rapid renewal and adaptation. As McKinsey found: *organisational non-alignment is a sure-fire path to general operating dysfunction.* Cultivating such alignment is the role of leaders but we see little evidence that leaders are doing this well and as such, many organisations are struggling for relevance, market penetration and operational performance.

Our research has also found that having employees with a ‘learning orientation’ will be a pre-requisite for business success. In fact, we believe that learning will be more important than knowing and organisations will compete on their speed of learning. In this context, organisations that can help their employees to learn and grow, to ‘build their capability’ will have a profound advantage and those without the ability to accelerate the learning of their employees, to grow their capability, will be destined to flounder in a milieu of poor engagement, low morale, high turnover, operational inefficiency and an inability to renew and adapt to the changing demands of their customers and the market.

‘Meaning making’ as Dan Pink puts it, is demonstrated by (among other things) organisations investing in the growth and learning of its employees, in helping them build their capability and in facilitating the acquisition of new skills.

This is evidenced by the fact that the number-1 reason why people leave their jobs, the factor most (negatively) impacting morale and engagement is that employees do not feel they are developing



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and growing and learning - employees want to be developed – to increase their skills. The reality is that most leaders don't know how to do this or don't consider it a priority. LinkedIn Learning found that 94% of employees would stay at a company longer if it invested in their career development.

What's more, LinkedIn Learning found the greatest challenge to employee learning was involvement by the respective manager – the manager showing an interest in their team. Fifty-six percent of employees said they would spend more time learning if their manager encouraged them to complete a specific course in order to gain or improve their skills.

Building employee's capability not only helps people further their careers but will ultimately enhance their capacity and ability to do the work of the organisation – sounds like a win-win to us. This is why we say that 'developing capability' must be part of an organisation's DNA; corresponding to research by Tom Peters that 35% of an organisation's success comes down to how capable employees are – having the skills to do the work of the organisation. In this respect, building employee capability is not some nebulous idea, but rather a leading indicator of performance. So important in fact, that Peters claims the number one growth and profit maximising strategy available to any organisation, in the medium to long term, is investment in its people. When all is said and done, it is employees who deliver on the organisation's value promise to the market and by building the workforce's capacity to deliver there are tangible performance gains to be reaped, almost immediately.

Empirically, it is hard to avoid the conclusion that the greatest driver of organisational success is the dual leadership skills of building the capability of employees and aligning their efforts to the purpose and mission of the organisation – this correlates precisely with Tom Peters' seminal findings that 65% of organisational success is dependent on its people – it also correlates with the vast feedback we have accumulated over the past few years, in which employees report that they want to learn and develop, they want more time and information from their managers and they want their leaders to connect the dots between the work they do and the strategic objectives of the organisations (to link the work they do with the success of the organisation) – this is where engagement and discretionary effort is born!



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The impact of Millennials:

There is another imperative when building skills for the future and that is, Millennials. Defined as anyone born between about 1982 and 2004, the Millennial generation is often regarded as inscrutable by business leaders. This is a



problem because by 2020, this generation will make up 50% of the global workforce and by 2025, Millennials will constitute 75% of all employees. But the research consistently finds that the best way to reward and motivate Millennials is through professional development and learning. This is overwhelmingly nominated as a better reward than money or flexible work arrangements. And when learning, Millennials want structured and consistent feedback from their superiors – time, interest and investment by their leaders – this is what we consistently hear Millennials are seeking. But it is not just Millennials; its most employees. As we note above, the number one reason for poor morale and turnover is that people do not feel that they are learning and growing; they do not feel that their boss is investing in them to build their skills and capability.

Millennials are motivated by professional development opportunities - businesses fail to invest in their development at their peril. As PwC note: *Millennials fundamentally think about jobs as opportunities to learn and grow. Their strong desire for development is, perhaps, the greatest differentiator between them and all other generations in the workplace.*



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The Skills DNA of the Successful Organisation: Our research has allowed us to define the skills which organisations must focus on. While many of these appear more like ‘attributes’ they are the abilities most closely correlated with high-performance - we call these the essential DNA of organisational performance. Of course, there are many other ‘technical’ skills required for organisations to do their work – a construction company needs engineers, banks will increasingly need coders and programmers – this is a given; but failure to build competence in the areas listed below will thwart an organisation’s success. Most of these skills have been discussed already but we list them here as a ‘ready-reckoner’, to help organisations remain focused on what matters.

Interpersonal Skills:

- Communication: achieving clarity of message, engaging an audience, relevance of information. Additionally, leaders must define purpose, objectives and priorities and ensure employees have the information they need to perform their roles efficiently
- Collaboration: creating synergy and realising outcomes greater than the sum of the inputs
- Influencing and persuading: getting others on-board and achieving organisation objectives
- Building effective relationships: forming connections, forging alliances, pursuing common goals
- Emotional intelligence: demonstrating empathy and contextually appropriate behaviour
- Cognitive & emotional agility: adapting to changing circumstances and responding effectively
- Agility & adaptability: openness to change, willingness to shift direction, remaining optimistic

Intrapersonal Skills:

- Learning orientation: enhancing understanding and being open to new perspectives and thought
- Creativity & innovation: building new products, services and approaches that add value to others
- Analysis & critical thinking: rigorous examination, facilitating understanding, providing clarity
- Decision making: determining choices and direction effectively, demonstrating sound judgement
- Accountability: follow through, deliver on commitments, be proactive, demonstrate initiative
- Growth mindset: a strategic orientation that looks outward, long term and big picture
- Outward mindset: focusing on needs, challenges and objectives of others; required for relevance
- Resilience: able to perform consistently, bounce back from difficulties and remain engaged

Technical Skills:

- Creating positive CX: engaging customer in a way that creates meaning and is valued
- Transforming data into insights: turning information into understanding; includes data mining
- Digital skills: ability to leverage digital technology, connect with others; includes web architecture
- Sales skills: ability to engage, advocate, influence and demonstrate value; includes PR skills

Leadership Skills:

- Aligning others to a purpose: nurturing a single unifying purpose that drives all efforts
- Growing capability: building the capability of employees, enabling the workforce
- Leading & engaging others: being inclusive, leveraging diverse thinking, getting buy-in; includes coaching, delegating & delivering feedback



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Conclusion: We recently consulted to a global firm which was failing on each of its own metrics of success – a backdrop of low growth, high employee turnover, stagnant revenue, increasing customer churn and loss of market share. Conversely, this business had all the hallmarks of traditional advantage – superior intellectual grunt, impressive experience, formidable technical skills and expertise, deep brand recognition, the top systems, processes and platforms and several imposing, confident leaders who were afforded all the access and privilege of their position.



It would be trite to conclude that what has traditionally delivered success has now changed and that more agile challenger organisations are eroding the market share of the established front-runners. But the reality is that what most organisations believe is important for growth and relevance, what they are focusing their attention and efforts on and what they are recruiting and investing in, is simply not correlated with success. It is not a lack of ‘hard’ technical skills or expertise that has derailed this global firm – they have these in spades (as do all their competitors) – but these are now hygiene factors and customers expect no less. Instead, what lets down this global firm is the following:

- A lack of growth mindset – far too internally focused on outputs rather than outcomes
- Poor internal collaboration and synergy
- Little focus on the customer experience – instead a zealous commitment to technical superiority
- No ability to leverage diverse thinking and a lack of creative alternatives to offer the market
- Misunderstanding the importance of learning and overestimating the value of static knowledge
- Most critically, a lack of alignment where everyone is striving for a common and shared goal

But the reality is that most organisations are struggling to keep up with the pace of change and this is creating deep skills-gaps that are only exacerbated by the fact that rule-based tasks are being automated for efficiency and productivity gains. In fact, it is estimated that within the next two decades more than 50% of all professional roles will have vanished in a process known as the ‘hollowing out of work’. Hence, the biggest challenge for employees now and into the future is how to stay relevant and of value in the age of automation and outsourcing to cheaper labour markets – businesses have such a stake in navigating this dilemma and must invest in skills development for employees, not only to maintain employee relevance but also organisational relevance.

The cornerstone of any organisation’s ability to deliver on its strategic objectives and execute its program of works rests on its people and their willingness to consistently utilise their skills – ensuring the workforce has the right skills-profile is the challenge for all organisations.



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