Navigating the Skills Economy

Why creating a culture of learning is now a “change or die” moment for organizations
The Big Why

We are at a critical juncture.

At this very moment, the world is experiencing a monumental shift in the way everyone works and learns. A Fourth Industrial Revolution\(^1\) is ushering in cyber-physical systems involving entirely new capabilities for people and machines. We’re seeing the impact in retail, construction, manufacturing and healthcare. No industry is immune.

These sweeping advancements in technology will require augmenting current skills and developing new ones to meet the demands of the future. Not just proficiency skills, but social and managerial skills that will have tremendous impact on how everyone, and every "thing," works together. The next 10 years will be completely different from the last 50. Yet the majority of organizations aren’t keeping pace, offering stagnant content and stale learning experiences.

For organizations without a strong learning core, this is truly a “change or die” moment. In fact, 90 percent of CEOs expect this transformation to disrupt their company.\(^2\) And few are prepared – just 36 percent of leaders believe their organization has the talent needed to deliver their future business strategy.\(^3\)

Cornerstone was founded 20 years ago on a simple idea – to educate the world – based on the belief that ongoing learning is at the heart of being a better individual and a stronger organization. And, like a real human heart, if learning is weak – out of shape, neglected and taken for granted – there can be catastrophic costs.

Cornerstone’s vantage at the nexus of learning for more than 3,200 organizations encompassing 35 million users across 192 countries and 43 languages gives us deep insight into how these emerging needs are affecting both organizations and learners – and deep insight into what can be done.

To win in this new reality, businesses must embrace a new way of preparing the workforce. The next decade will be a race of the fittest. Fostering a culture with learning and skills development at the heart of an organization will grant strength and adaptability to meet whatever challenge comes next. Those who fail at that will not only lose the race, they will be DOA. This is not an elective surgery, it is a requirement for organizations. To thrive they will need to evolve into a dynamic, learning-driven culture.

The New Imperative: Lifelong Journey

It used to be you’d learn through young adulthood and then you’d work. Now, it’s not enough to learn through your 20s and stop. Learning and working are forever merged.

To keep up in an age of rapid advancements like artificial intelligence and robots in the workplace, workers need more than the skills they’ve been working on this week, last week or even last year. They must be constantly learning – learning how to learn must be the new mindset, and the new muscle.

That’s why Cornerstone has partnered with Institute for the Future (IFTF):

- To identify critical future skills from the point of view of the working learner
- To frame what businesses must do to support these workers as they adapt to this new world
- To bring to life the signals that demonstrate how these skills are emerging all around us

For the most sought-after employees, learning is a critical recruitment and retention issue. They understand the new landscape and expect to be supported in their efforts to develop new skills and thrive in it.

Some 42 percent of millennials say they are likely to leave a company because they are not learning enough.\(^4\) More than half (52 percent) of employers, meanwhile, say they consistently cannot fill open positions. And the cost? For replacing a mid-level employee, the price tag can reach 150 percent of their salary. The cost of employee churn runs in the tens of billions of dollars.\(^5\)
How to Design a Culture of Learning

You will never catch up if you’re just trying to backfill today’s needs.

Jobs are changing – and new jobs are emerging that we couldn’t have imagined just a few years ago. Tesla and Uber are looking for “automotive occupant engineers.” Amazon needs “culinary product developers.” For smartphone companies, it’s “camera algorithm engineers.” Consider: In PwC’s 18th annual survey, 81 percent of CEOs said they are seeking a much broader range of skills.\(^6\)

Automation is one critical disruptive force. By 2020, $150 billion will be spent on AI – $83 billion for robots, $70 billion for AI-based systems.\(^7\) Disruption is everywhere. Advancements in 3D printing, for example, will change manufacturing in unexpected ways. In healthcare, AI is creating innovation waves across the industry – from radiology to the physician’s office. Workflows are changing. New skills are emerging, and old ones are being cast aside.

No matter what sector, the best companies continually reinvent themselves. And continually developing talent is the differentiator. What does a vibrant learning culture look like?

IT STARTS AT THE TOP

Creating a learning culture should be a communal effort – and one that starts from the top. The actions, values and language of company leaders shape how everyone in an organization operates and can make or break a learning program. Training should have a specific, concrete goal with measurable results. Never, ever institute training for the sake of training. Always, imbue it with a sense of discovery, engagement – and even fun.

Cornerstone realized it needed a fresh way to inspire employees to learn new skills, even if they weren’t directly tied to their day-to-day jobs. The initiative started from the very top. Founder and CEO Adam Miller brought an idea to the company’s Director of Learning, who created a quarterly employee “Development Day.” Employees give and get trainings from each other on subjects as far flung as enhancing PowerPoint skills and developing a personal brand to meditation and mixology. The result? Stronger relationships, increased engagement and new doors opened for career movement.

IT LEANS INTO EVERYDAY CONSUMER TOOLS

Take a lesson from consumer technology. Everyone is online, on their phones and talking to each other on social media. It’s no longer enough to have a repository of learning content that workers can access only at their desk. For learning to stick, it’s imperative to meet your employees with the modern training they need at the time they need it, and to deliver it through their preferred channel.

The No. 1 watchmaker in the Americas, Fossil Group, may be one of the biggest innovators in the smartwatch space, but just a few years ago it still relied on a paper-based system for everything from talent management to sales. The company finally reached an inflection point – with more than 33,000 points of distribution worldwide, its technology (or lack thereof) was holding it back. By the time training materials made it to the field, they were outdated. What made business sense in one region didn’t necessarily work in another. Now, the company employs talent management technology that supports the needs of every learner – no matter the region, the brand they represent, the language they speak, or their learning preference.

IT GROWS AND CELEBRATES LEARNERS

Digital technology enables employees to access information anytime and anywhere to get jobs done. But access doesn’t always equal “learning.” A culture of learning is one in which every person is dedicated to improving themselves and others. It’s important to share, welcome and celebrate knowledge.

Fast food chain Wendy’s encourages its crew members to step away from the restaurant floor to complete learning programs via digital tablets to become certified in various aspects of the business. The training takes crew members off the sales floor, but the company believes that creating a positive learner experience translates directly to a positive customer experience. The company recognizes and rewards crew members who complete these certification programs with badges and upward mobility.
Preparing Employees for the Future

The widening skills gap is an escalating problem. As such, companies spend billions on corporate learning. But do most of these programs work? A recent study suggests they do not. In fact, it found that employees are “unconsciously incompetent” in 20 to 40 percent of areas critical to their performance – a staggering statistic. It’s true, people don’t know what they don’t know, but what can organizations do to address this growing problem in a world where knowledge and skills need perpetual updating?

It starts with abandoning static training systems in favor of a culture of continuous, individualized learning that encourages people to admit what they don’t know – a culture that fosters and rewards intellectual curiosity. Empowering employees to take control of their career development and learning can and should be a natural part of their daily work flow.

But it is more than just helping employees to be better life-long learners. What are the skills employees should be learning now to remain competitive and prepare for the future?

The Institute for the Future’s new report, “Future Skills: Get Fit for What’s Next,” identifies key performance zones and “superskills” that can groom people for just about anything the future of work holds. Many of them already resonate with Cornerstone and our clients, including these five:

1. SUPERSKILL: GET CREDIT FOR EVERYTHING

In the future, workers will need to build a personal brand for their own personal economy. Notions about job history and “experience” are evolving beyond which university you attended or the degree you earned. Workers will get “credit” for every skill they build and develop and carry those credits into new positions across their careers. Already today, a college degree is not the final destination for learning, and it won’t be the only “credential” considered in the job market. For employers, this will give rise to new ways of recruiting, interviewing and hiring. It will provide new transparency into skills for jobs that don’t even exist today.

Workers will be a major benefactor in one emerging technology – the blockchain, as CEOs in nearly every industry start thinking about how to integrate this secure digital ledger system into their companies and products. Blockchain software will be able to track every aspect of an employee’s career, including the degrees, certifications and trainings acquired. It’s not a leap to assume blockchain technology will propel the resume of the future.

2. SUPERSKILL: UPGRADE YOUR DIGITAL FLUENCY

Anxiety around robots replacing workers isn’t the proper lens to view automation – that’s just fear talking. People and machines already are working together in myriad new ways – providing image identification, translation and back-office monitoring to support consumer-facing automation, for example. A new report from Gartner says that AI will help create 2.3 million jobs by 2020 as it eliminates 1.8 million. Don’t be afraid of that – get ready. There is a whole new way of working with these systems that workers will need to learn and understand – redefining their roles and relationship to these new AI helpers.

In many ways, AI elevates the role of humans. In healthcare, for instance, AI is being employed to do things like digitally verifying insurance coverage information – reducing the need for manual calls and freeing up office managers to do other things. Robots are being used for surgery. Boston Children’s Hospital built an app for Amazon’s Alexa voice assistant that gives basic health information and advice for parents of ill children.

Broadly, 74 percent of executives say they plan to use artificial intelligence to automate tasks in their workplace the next three years, yet only 3 percent intend to significantly increase investments in training in the same period.

3. SUPERSKILL: CONNECT THE DOTS TO MAKE CHANGE

Large enterprises are trying to figure out how to share information, best practices and more across sprawling organizations. Upheaval in many industries, most notably the retail industry, means employees must be able to adapt new skills amid constant organizational change. Across the economy, innovators are focused on streamlining in order to be more clearly mission-driven – and to help employees connect the dots.

Kohler, for example, is a global manufacturing company best known for its plumbing products. It also makes furniture, cabinetry, tile, engines and generators. Operating under multiple business units, Kohler employees did not have insight into the other parts of the business, often resulting in redundancies and inefficiencies. Then the company launched a talent management system across its business units, allowing leadership to better understand employees’ roles, skills and team structures. Now, with one unified system, leaders and managers at Kohler can see the bigger picture – where business is flourishing, where improvements need to be made, and how to empower workers in the right roles equipped with the right skills.
4. SUPERSKILL: GROW YOUR MULTICULTURAL DEXTERITY
We've moved beyond checking-the-box on the “who I am” of identity. We live in a world where people have complex identities beyond being Millennial or GenX, being a black woman leader, being Jewish or Baptist. It all comes into play as we interact with each other in the workplace – which today is fluid and widespread. Building up multicultural dexterity enables you to quickly and appropriately shift your mindset and employ local rules of engagement. In a skills economy, remote employees and dynamic teams all desire to grow and connect. Classic command and control structures do not work. In the working and learning future, we're all in it together.

As companies spread across the globe, whether through organic growth or acquisition, employees are introduced to new technologies and new ways of doing things. It is becoming critical for companies to determine when to force change or when to let existing protocol stay the same. SUEZ is a waste management company with more than 80,000 employees across five continents. When it decided to institute Cornerstone’s HR platform, it found a way to consolidate information while also honoring existing workplace culture – allowing it to integrate employee data across countries without overhauling each country's existing infrastructure.

5. SUPERSKILL: GROW CARING AT THE CORE
In a world where the only constant is change, the key to progress and the bottom line, is empathy – seeking to understand someone else's perspective and how their experiences have shaped that perspective. To begin understanding someone else's worldview, start by developing an awareness of the biases, opinions and experiences that shape your own. For most, this doesn't come naturally, and we tend to overestimate the number of people who share our beliefs and opinions. As humans, we'll need a higher caring IQ to better understand the complexities of daily life, build lasting relationships, gain a more diverse perspective, influence others and care for ourselves and those around us.

Empathy should be an ongoing practice, and it involves more of a mindset change than a concrete program. Fostering understanding is a place to start. At Cornerstone, we invest in immersive, self-discovery training programs that focus on various personality types, psychological needs and channels of communication to give our employees the tools they need to increase their self-awareness and better understand the motivations and actions of others. This helps our employees determine how best to work with others and gives them insight into how to meet their own psychological needs to be more productive and engaged at work.

Battling the Content Expiration Date

The stagnation of learning content bedevils even the most forward-thinking organizations. We hear it in conversations with clients around the world. Companies struggle to keep pace with outdated content, increased demand for self-directed learning content, the desire for user-generated content and the desire for manual curation of content. In some instances, the high volume of content available is overwhelming to employees, who find it difficult to identify what is most useful, relevant and current for their specific needs and interests.

How can businesses ensure their learning content is keeping pace with the rapid change in the skills required today and into the future?

RIGHT CONTENT, RIGHT FORMAT
Organizations that create proprietary content for training and development are seeing the shelf life shrink considerably. Let's do the math: The half-life of a skill can be as short as two years. It takes time and expense to produce content. The result: proprietary training courses available in organizations today most likely are for skills that were needed yesterday, not for emerging skills needed today or several years from now.

New content sources make it easier to refresh a library across a depth and breadth of topics to help employees close skill gaps: both “hard skills” – those of particular relevance to a role or industry – and “soft skills” – personal attributes such as effective communication, critical thinking, collaboration and problem-solving.

These new services reflect modern learner needs, from mobile and video learning to the format of the content itself. It encompasses micro-learning (shorter, easily consumable courses), macro-learning (deeper mastery of a subject or skill), and spaced-learning (courses broken into sections with timed intervals for questioning in between).
A PERSONALIZED, RESPONSIVE LEARNER EXPERIENCE
Unparalleled digital learning experiences are personalized for each person. New learning experience platforms powered by machine learning automatically curate and suggest learning content based on an individual's interests, preferences, aspirations and activity. Just like Netflix, content recommendations are pushed to the fore. AI technologies also now make it possible to identify the best learning paths by role or career trajectory to help employees pursue their ambitions, or even discover entirely new career paths they weren't aware of before.

Self-curation – a Spotify-like ability to create and share your own playlist of learning content – can further personalize the learner experience. Individuals can collect professional and proprietary courses, YouTube videos and other informal learning content, or even user-generated content, based on specific topics. They can even share their blueprint of success to enable others to pursue faster career growth or new opportunities.

INTEGRATED INTO THE FLOW OF WORK
Traditional learning systems "pushed" learning content to employees and created a more transactional experience. Now, the increasingly blurred lines between learning and work are requiring a learning environment where employees can "pull" relevant learning content at the specific time of need. Learning can occur in more natural and continuous ways as part of a daily work flow.

A good example of this is digitally enhanced collaborative learning. Live streaming and cloud-sharing technologies now enable real-time co-browsing and visual collaboration – even enabling individuals to identify and connect with subject-matter experts within the organization on a specific task.

Conclusion
Companies fail to reinvent themselves not because they are bad at fixing what’s broken, but because they wait too long – or they are afraid. That's true for individuals too. To prepare for a dynamic new future, organizations and workers alike must focus on fixing what doesn't yet appear to be broken – resolving to get strong and stay strong to thrive in any scenario. We believe that lifelong learning and skills development is the beating heart that will take us there.