

# Steps toward a skills-based model

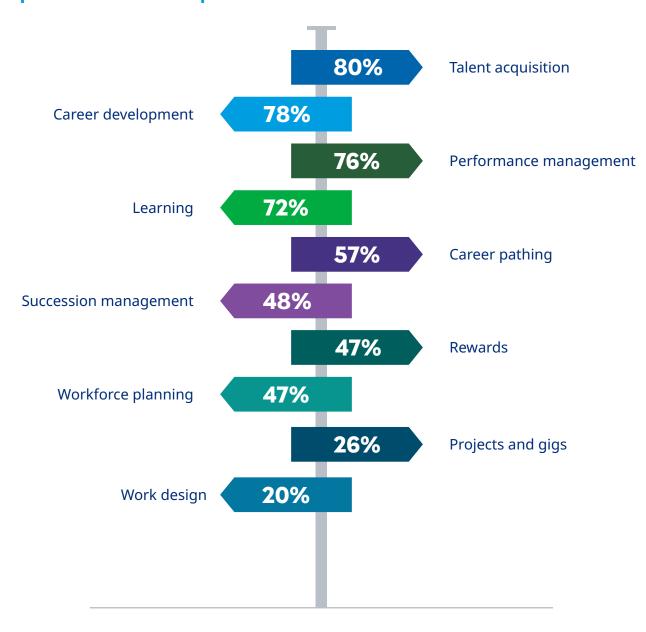
Skills-based models are gaining popularity across the globe as organizations recognize the need to adapt to rapidly changing business environments. These models focus on developing and leveraging employees' skills rather than traditional job roles, allowing organizations to be more agile, responsive and future proof. By shifting the focus from job titles to skills, organizations can better align their workforce with evolving market demands and foster a culture of continuous learning and growth.

There are several ways to include a skills-based approach into your organization's processes. For example, in the candidate recruitment and selection process, you can use a skills-based approach to identify the specific skills and competencies required for a particular job role. Then, you can design recruitment and selection strategies and processes to assess candidates based on their skills and abilities, rather than relying solely on qualifications or experience.

You could also use a skills-based model for succession planning efforts. Start by identifying the critical skills required for key positions within the organization and then assess the skills of potential successors and create tailored development plans to help them grow into future leadership roles.

©2025 Mercer LLC Steps toward a skills-based model

# **Practices that incorporate skills-based processes**





#### 1. Define desired skills

Clearly define the skills and competencies that are essential for success in a particular role or within your organization as a whole. This process requires analysis of job requirements, industry trends and organizational goals to ensure the identified skills align with the larger needs of the business. You may want to ask key stakeholders from across the business for input so that you have a diverse set of desired skills defined.



#### 2. Assess current skill sets

Evaluate the skills and competencies of your employees to understand their strengths and areas for improvement. This step is important because it helps you identify the skills your organization already possesses and determine any skill gaps that need to be addressed. For example, you might conduct a skills inventory survey or analyze performance data to assess the current skill sets of your employees.



#### 3. Establish a skill assessment framework

Develop a systematic approach to assess and measure employees' progress. You can use this approach to regularly track skill development and identify areas for improvement. Consider implementing a formal performance evaluation process that includes skill assessments or use skill-based assessments to measure proficiency on an annual or bi-annual basis.



## 4. Identify skill development opportunities

Explore various ways to help employees develop the desired skills. This confirms they have access to necessary resources and opportunities for skill enhancement. For instance, offer training programs, workshops or online courses to support skill development. You can also use this **skill development toolkit** to work with employees on a development plan.



# 5. Create a culture of continuous learning

Foster an environment that encourages and supports ongoing learning and skill development. Facilitating a growth mindset among employees encourages them to continuously improve their skills. Encourage employees to set learning goals, provide opportunities for knowledge sharing, or recognize and reward learning achievements. Did you know that TAAP has learning content on several HR topics? Hover over "Learning" in the main menu to see learning content.



# 6. Implement a mentorship program

Establish a mentorship program to facilitate knowledge transfer and skill development. Employees can learn from more experienced colleagues and gain valuable insights and guidance. You can pair employees with mentors who have expertise in specific skills or encourage more experienced employees to hold informal office hours where colleagues can schedule time to ask for guidance.



#### 7. Foster collaboration and cross-functional teams

Encourage collaboration and create opportunities for employees to work across different functions and teams. This promotes knowledge sharing, enhances teamwork skills, and allows employees to develop a broader skill set. Try organizing cross-functional projects or create platforms for employees to collaborate and share expertise. Employees may find hidden skills that they didn't know they had or that they are eager to develop further. Moreover, employees with a diverse skill set can often find opportunities to use those skills in creative ways.



# 8. Align performance management with skills

Integrate skill-based assessments and development into your performance management processes. By incorporating a skills assessment with an established performance evaluation procedure, you can ensure a seamless transition to a skills-based model. You can include skill-based goals and metrics in performance reviews or use a separate skill assessment to inform performance feedback.



#### 9. Communicate the benefits of the skills-based model

Clearly communicate the advantages and benefits of transitioning to a skills-based model to gain buy-in and support from employees. This helps employees understand the value of skill development and motivates active participation. You can hold town hall meetings, create informational materials or provide training sessions to explain the benefits of the new model. It's crucial that the change is communicated clearly and effectively to employees at all levels.



### 10. Monitor and adapt the model

Continuously monitor the effectiveness of your skills-based model and adjust as needed. This allows you to identify challenges or areas for improvement and ensure the model remains aligned with your organization's evolving needs. Collect feedback from employees, track skill development metrics or conduct regular reviews to assess the impact of the model.



# Conclusion

Transitioning to a skills-based model is a strategic move that allows your organizations to thrive in a rapidly changing business environment. By focusing on employees' skills rather than traditional job roles, your organization can align your workforce with evolving market demands and foster a culture of continuous learning and growth.

#### **Looking for more information?**

A TAAP+ subscription offers a comprehensive range of insights related to workforce strategy, including topics such as skills, engagement & experience, artificial intelligence (AI), and more!

**Learn More** 



This checklist was written with the assistance of generative AI.



Need help with what's next? We can connect you to an expert!

**Request Help** 



#### **Terms of Use**

This document contains proprietary and confidential information of Mercer which may not be shared with any third party, including uploading to any public platforms or artificial intelligence tools, without Mercer's prior written consent. This document provides only a general overview of subjects covered, is not intended to be taken as advice regarding any individual situation, and should not be relied upon as such and does not constitute and is not a substitute for obtaining your own actuarial, tax, accounting or legal advice. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Mercer shall have no obligation to update this document and shall have no liability to you or any other party arising out of this document or any matter contained herein.