# Moving from Capacity to Capability

# Seven Rights constitute the Right Workforce

**The Right Capability is at the core**
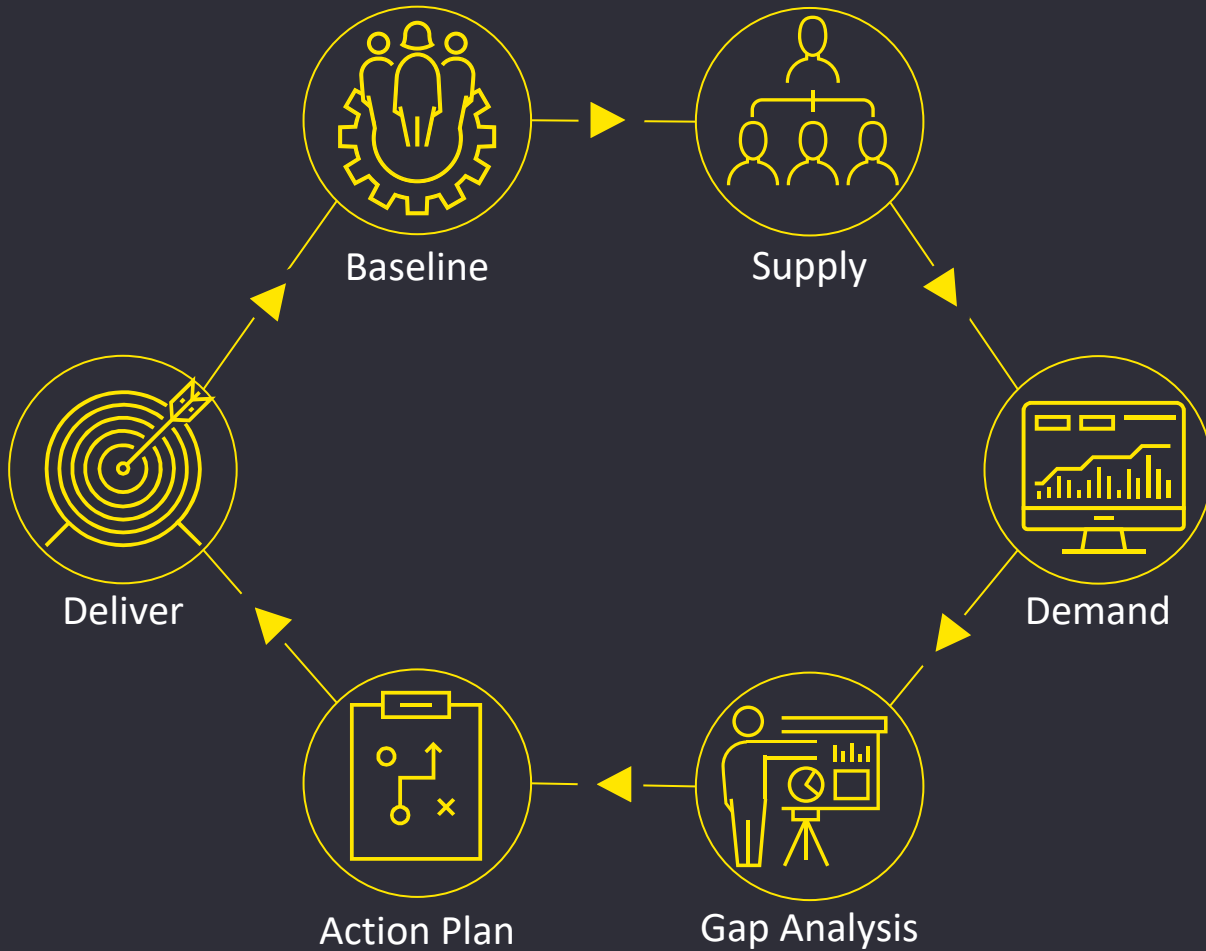
# Components of Capability

## Skills

▶ What we have practiced and can do

## Knowledge

▶ What we have learnt and is readily available in our mind

## Mindset

▶ How we think, feel and react to stimuli

## Physiology

▶ How we use components
▶ Physical ability and appearance
▶ Health and wellbeing

## Accreditation

▶ 'Proof' of a component or statutory requirement
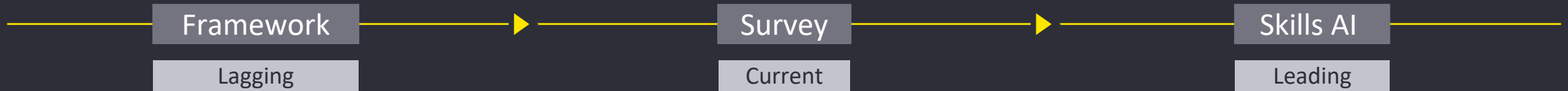
## Environment

▶ The present factors when and where other components are applied

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How do we measure **Capability?**

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# How do we measure Capability?

| Framework | Survey | Skills AI |
|-----------|--------|-----------|
| Lagging | Current | Leading |

***Competency Frameworks*** are top-down assessments of the expected level of individual competence

► More aspirational than realistic
► Tended to be behavioural, rather than specific on skills
► Useful guiderail for recruitment and performance review processes
► Typically inconsistent and quickly outdated

***Skills Surveys*** came to prominence with the rise of LinkedIn and capture input from individuals, typically with a profile page

► Enabled far greater accuracy of skills analysis
► Organisations struggled to drive adoption as workers did not see the value of input
► Collecting meaningful data was slow and quickly outdated
► New technology has revitalised this approach

***Skills AI*** utilises big data approaches to parse opensource job listings and CVs to determine the supply and demand for skills in the labour-market

► Short timeframe from execution to insight
► An 80% solution requires supplement of business-specific nuance
► Can be used for **Supply** and **Demand**

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# Supercharging the Survey

# Utilising Skills AI



**Job Adverts**

Source: LinkedIn

**Online CVs**

Source: EY SpotMentor

Net Scraping

NLP-based curation

**Semantic Search**

Multi-criteria optimisation

**Success Profile Comparison**

| | Underskilled | Overskilled |
|---|---|---|
| Product Management | | 20% / 23% |
| Communication Skills | -14% / -16% | |
| Teamwork / Collaboration | -15% / -19% | |
| Product Development | -16% / -7% | |
| Planning | -10% | 8% |
| Research | -16% / -22% | |
| Project Management | | 9% / -1% |
| Microsoft Excel | -21% / -21% | |
| Problem Solving | 0% / -15% | |
| Creativity | -5% / -15% | |

Client  Competitors

Source: Client Example

How do we plan with

**Capability?**

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# Capability impact of business relocation

## Capability analysis pinpoints the risks and opportunities of business relocation

Level of Planned Business Relocation vs Current Skills Gap

**High location change**

**Greatest risk to business performance through capability loss**

**Highest opportunity for capability refresh through location change**

Role 1

Role 8

Role 9

**High skill gap**

*Percentage deficit in top ten skills*

Role 5

Role 10

Role 11

**Low skill gap**

*Percentage change in location 2021 to 2026*

Role 2

Role 12

Role 4

Role 6

Role 3

Role 7

Role 13

**Low location change**

### Client closing a number of sites and consolidating locations to reduce costs

► Analysing the gap between current state of capability and the Success Profile
► Overlaying the level of proposed location change

Provides a clear indication of:
► Opportunity to bridge existing skills gap through relocation
► Risk of impact to business performance through capability loss

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# Capability impact of junior hiring

## Capability analysis highlights benefits of a more **blended hiring** approach

**Client hires low-skilled workers and upskills them to avoid costs of employing experienced staff**

▶ We can see the extent of the capability gap on hiring
▶ We can see that the client's competitors are using a similar approach

Provides a clear indication of:
▶ Surplus of experienced staff in labour market
▶ Opportunity to hire experienced staff without excessive increase in costs



Sources: Client Example

# Capability impact of skill development

## Capability analysis pinpoints the skills to **build** rather than **buy** or **borrow**
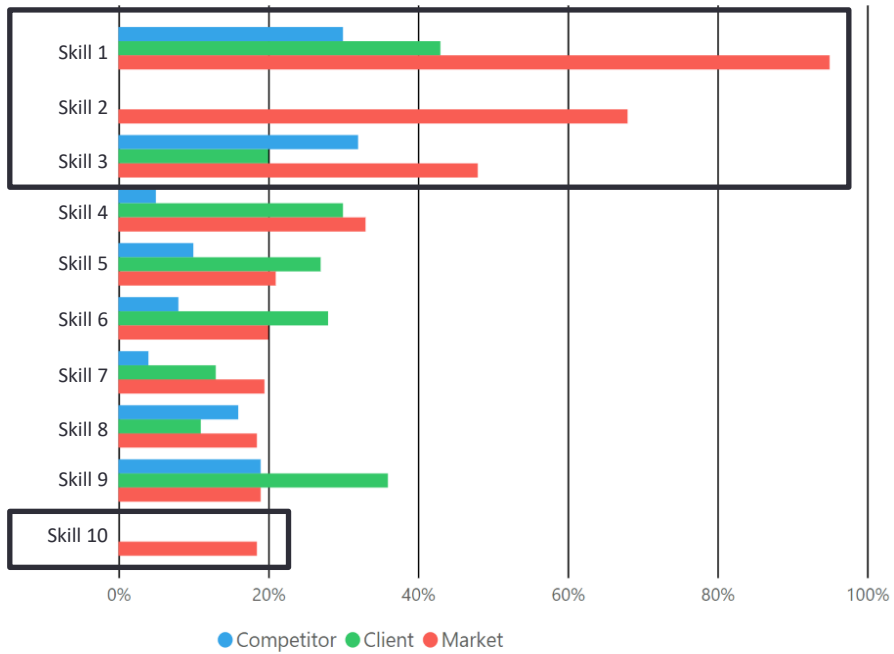


Change in Market Demand for Skills

High growth

Python

Salesforce

Data Analysis

Tableau

Digital Marketing

KPIs

Prioritise skill development

CRM

*Index of time to fill job opening with skill requirement and skill demand*

Easy to fill skill requirement

Stakeholder Management

Difficult to fill skill requirement

Waterfall Development

Sales Cycles

*Two year projected growth*

Brand Management

Sales Leadership

Customer Acquisition

Low growth
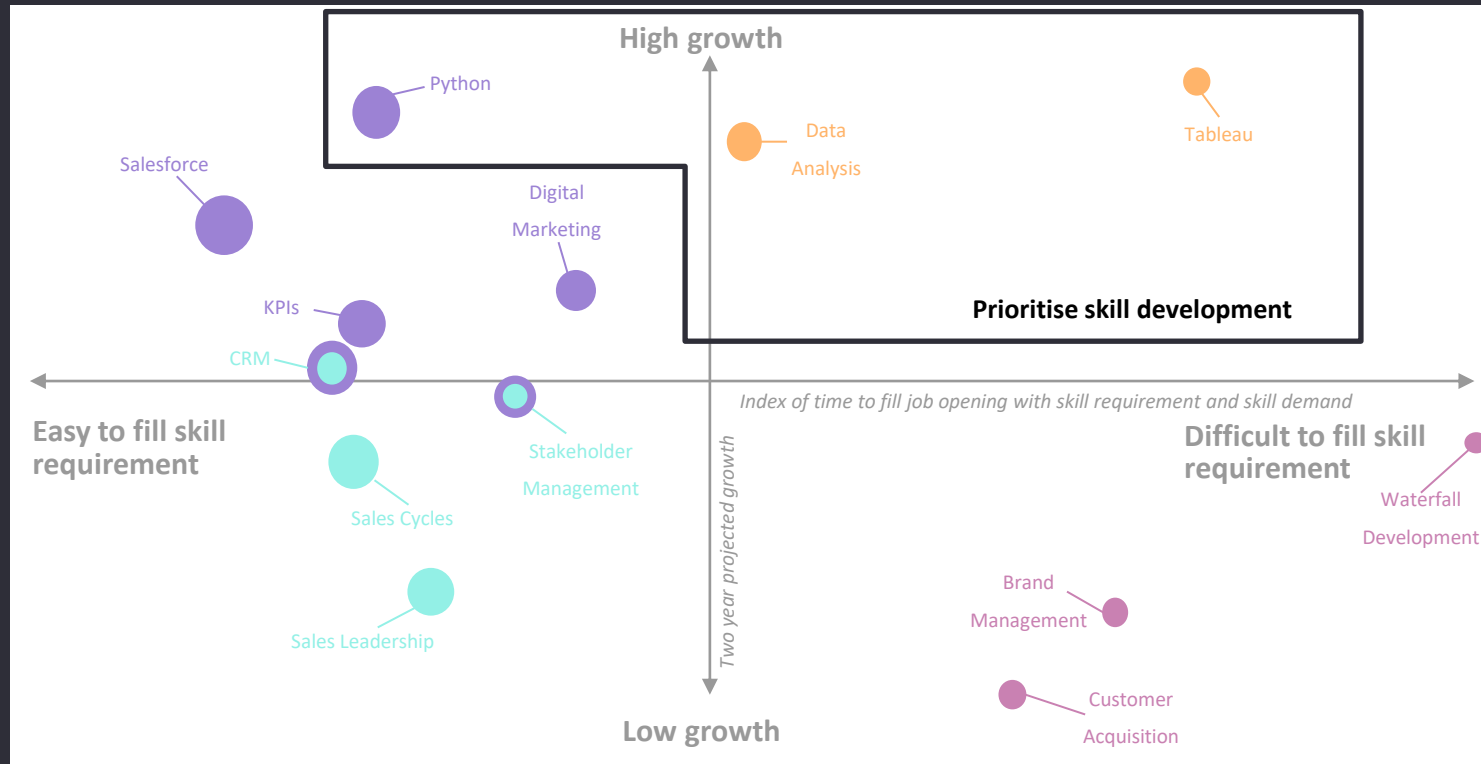
**Key:** ● Escalators   ● Disruptors   ● Stabilisers   ● Challengers

**Client is struggling to hire people with the right skills in the labour market. What is the best approach to solve the problem?**

Capability analysis shows:
► The relative size of the baseline demand for these skills
► The growth in demand for specific skills in the marketplace
► How long these vacancies are open, indicating ease of filling
► This allows us to make a clear recommendation on the skills to build rather than try and secure from the wider labour market

Sources: Client Example

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# Capability impact over time

## Capability analysis highlights which roles will have a **material change** in the future capability

### Average skills growth by job role
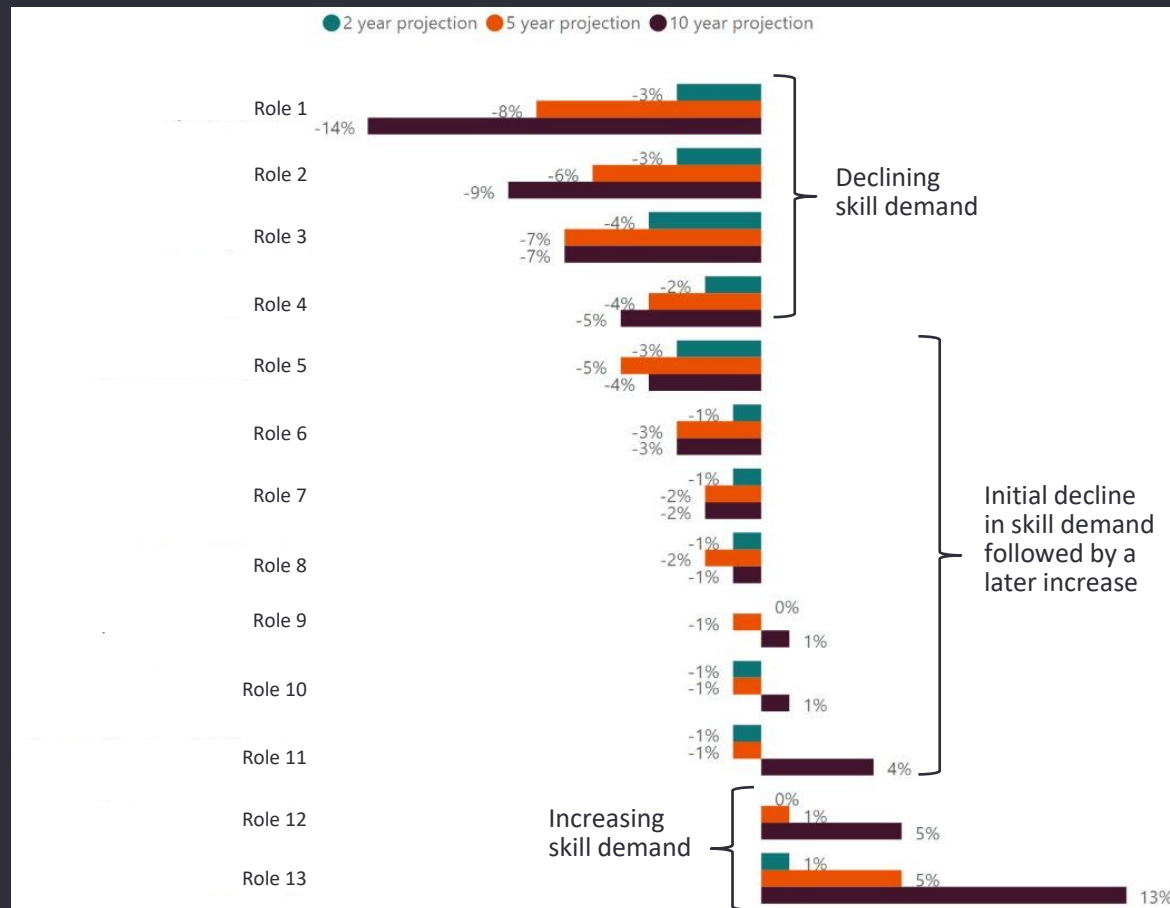


● 2 year projection ● 5 year projection ● 10 year projection

Role 1 — -3%, -8%, -14%
Role 2 — -3%, -6%, -9%
Role 3 — -4%, -7%, -7%
Role 4 — -2%, -4%, -5%

} Declining skill demand

Role 5 — -3%, -5%, -4%
Role 6 — -1%, -3%, -3%
Role 7 — -1%, -2%, -2%
Role 8 — -1%, -2%, -1%
Role 9 — 0%, -1%, 1%
Role 10 — -1%, -1%, 1%
Role 11 — -1%, -1%, 4%

} Initial decline in skill demand followed by a later increase

Role 12 — 0%, 1%, 5%
Role 13 — 1%, 5%, 13%

} Increasing skill demand

**Client wants to know if it needs to invest the effort in a detailed capability focus on all roles**

► Roles with **increasing skill demand** should be prioritised for retention and recruitment

► **Initial decline followed by an increase in skill growth**. These skills profile for these roles will need to be reviewed more frequently over time

► Roles with **declining skill demand** could be combined, reduced or evolved depending on change in type of tasks needed
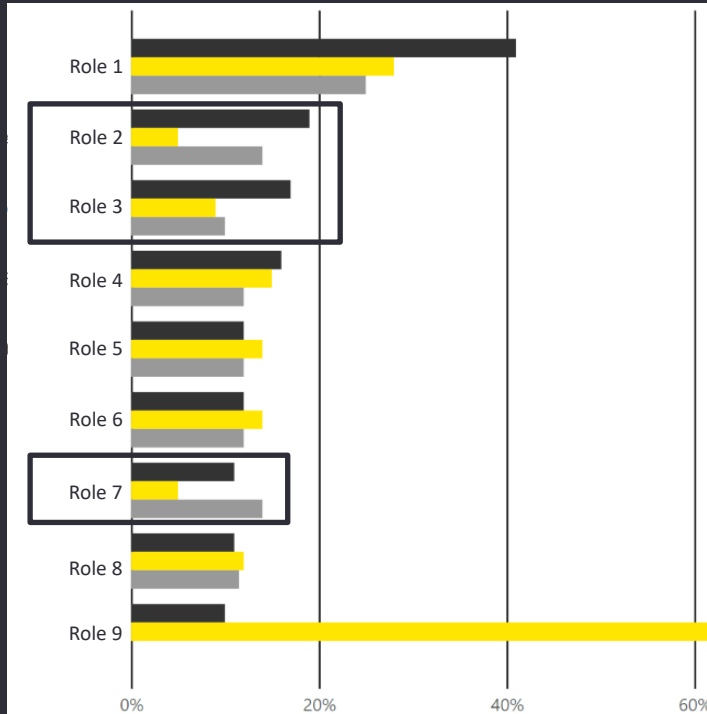
Sources: Client Example

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# Capability impact of recruitment selection approach

**Capability analysis flags the deficits that will have a disproportionate impact on business performance**

## Comparison of Client and Competitors to Success Profile



**Creativity skills**

**Problem solving skills**

**Legend:** ■ Success Profile ■ Client ■ Competitors

**Client's new growth strategy hinges on capabilities in high demand for Industry 4.0**

► Analysed the gap between current state of capability and the future requirement

► Flags the specific roles where there is insufficient emphasis on vital **creativity** and **problem solving** skills in job adverts

► Highlights the competitive advantage to be gained by closing these gaps

► Enabled action to change the recruitment process to ensure new hires had future-proof capability

Sources: Client Example

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# Capability impact of redeployment

**Capability analysis highlights the opportunity to bounce and the necessity to build**

**Key:**
- 🟥 Low adjacency
- 🟧 Med. adjacency
- 🟩 High adjacency

| | Role 1 | Role 2 | Role 3 | Role 4 | Role 5 | Role 6 | Role 7 | Role 8 | Role 9 | Role 10 | Role 11 | Role 12 | Role 13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Role 1** | | 14% | 48% | 29% | 28% | 36% | 36% | 71% | 61% | 66% | 45% | 31% | 71% |
| **Role 2** | 14% | | 33% | 24% | 20% | 25% | 38% | 12% | 12% | 11% | 6% | 23% | 21% |
| **Role 3** | 48% | 33% | | 52% | 51% | 59% | 72% | 41% | 30% | 38% | 26% | 74% | 55% |
| **Role 4** | 29% | 24% | 52% | | 34% | 38% | 51% | 24% | 21% | 23% | 17% | 38% | 38% |
| **Role 5** | 28% | 20% | 51% | 34% | | 40% | 45% | 23% | 15% | 19% | 13% | 36% | 34% |
| **Role 6** | 36% | 25% | 59% | 38% | 40% | | 53% | 33% | 24% | 32% | 37% | 47% | 44% |
| **Role 7** | 36% | 38% | 72% | 51% | 45% | 53% | | 30% | 26% | 29% | 19% | 55% | 48% |
| **Role 8** | 71% | 12% | 41% | 24% | 23% | 33% | 30% | | 70% | 76% | 56% | 26% | 73% |
| **Role 9** | 61% | 12% | 30% | 21% | 15% | 24% | 26% | 70% | | 66% | 46% | 19% | 63% |
| **Role 10** | 66% | 11% | 38% | 23% | 19% | 32% | 29% | 76% | 66% | | 65% | 25% | 77% |
| **Role 11** | 45% | 6% | 26% | 17% | 13% | 37% | 19% | 56% | 46% | 65% | | 18% | 56% |
| **Role 12** | 31% | 23% | 74% | 38% | 36% | 47% | 55% | 26% | 19% | 25% | 18% | | 38% |
| **Role 13** | 71% | 21% | 55% | 38% | 34% | 44% | 48% | 73% | 63% | 77% | 56% | 38% | |

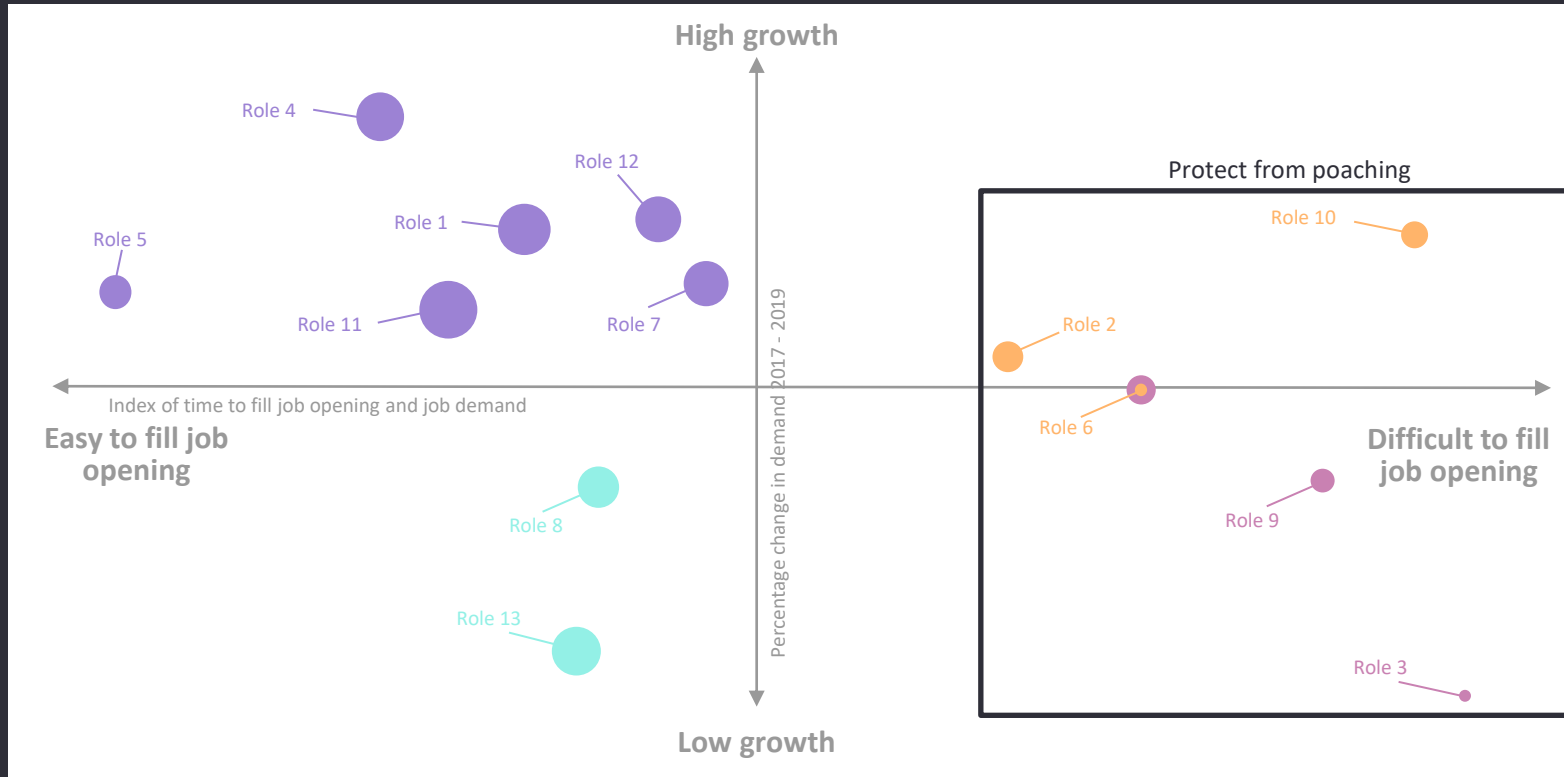**Client has capabilities they no longer need. What is the best approach to avoid lay offs?**

► Capability analysis shows the adjacency of roles

► We can see the gap between specific capabilities (eg project management) between roles

► This allows us to make a clear recommendation on where we can move people between roles

► We can pinpoint the exact capabilities that are mismatched and the level of upskilling required

Sources: Client Example

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# Capability impact of poaching

## Capability analysis pinpoints the specific roles to **bind**



High growth

Protect from poaching

Role 4

Role 12

Role 1

Role 5

Role 11

Role 7

Role 10

Role 2

Role 6

Difficult to fill job opening

Index of time to fill job opening and job demand

Easy to fill job opening

Percentage change in demand 2017 - 2019

Role 8

Role 9

Role 13

Role 3

Low growth

**Key:** ● Escalators    ● Disruptors    ● Stabilisers    ● Challengers

**Client is struggling to retain people. What is the best approach to solve the problem?**

Capability analysis shows:
► The relative size of the baseline demand for these roles
► The growth in demand for specific roles in the marketplace
► How long these vacancies are open, indicating ease of filling

► This allows us to make a clear recommendation on the roles that need to be protected from poaching
► Provides clarity on a buoyant labour market, where attrition is less of a risk

Sources: Client Example

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# Key Takeaways

# Key Takeaways

▶ **Capability is at the core of strategic workforce planning**

▶ **Using a capability lens allows us to hone in on solutions to broader problems**

▶ **Multivariate analysis of capability and a range of data provides a wealth of different insights**

▶ **Technology is an enabler, not a silver-bullet**

▶ **No single technology can do everything, we need a blend of tools**

▶ **Work out what problem we're trying to solve before we look at technology solutions**

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# Thank You

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