

Do You Know Where Your Skills Are?

Closing the skill
gap after the Great
Reshuffle

A special report for CHROs and Talent Leaders
Written by: Peggy Parskey, Principal Consultant, Explorance



EXECUTIVE SUMMARY

Over 4.5 million Americans quit their jobs in March 2022 marking the tenth consecutive month with more than 4 million workers walking out on their employers¹. And the Great Resignation is not over yet. Analysts expect this job churn to continue. Josh Bersin says people reconsidering their jobs will be “a permanent and long-lasting change in our workforce,”² That means most companies are suffering an ongoing brain drain as their skilled workers leave and leaders struggle to replace them.

How long will it take to rebuild your workforce from the Great Resignation? Two years? Five years? Even longer? Can you afford to wait that long?



Three Critical Questions:

- What capability are you losing?
- What capability are you hiring?
- How fast can your new hires come up to speed?

To rebuild your workforce faster, consider asking these fundamental questions:

- What level of talent are you losing and are you replacing them with equally skilled employees?
- How much are your employees improving their skills each year? And is it fast enough to meet your strategic business goals?
- Can you spot your high-potential employees and ensure you develop and retain them?

Can you answer these three questions, or do you have the data that can answer them? You may have the answers, hidden in data you already have or can easily get, in data you are collecting from 360 assessments.

Many CHROs position 360 assessments as useful for individual and team development. Certainly, individual and department level reports from 360s can help managers and their employees align on their employees' current capabilities and what they need to develop. But have you considered that you can gain deep insight – beyond high level strengths and weaknesses - from the aggregate data you are collecting from these assessments? When 360 assessments are done right—with the right people, the right products, and the right partner, they can provide insight into the shifting capability of your workforce and where you are most at risk. Moreover, this data supplies critical input to your strategic workforce planning process as you determine how to meet current and future staffing needs and weigh options for the most efficient and cost-effective methods to recruit and retain talent in a hyper-competitive labor market.

In this paper, we will drill into each question and show how 360 data can help inform and guide your workforce strategy.

QUESTION 1

What level of talent are you losing? Are you replacing them with equally skilled employees?

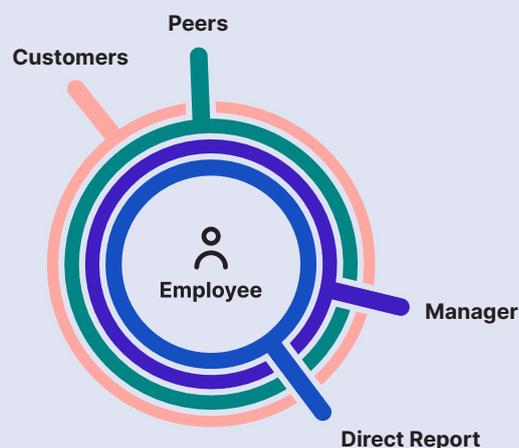
This question surfaces a fundamental challenge for HR leaders: how to pinpoint the type of talent the organization should recruit, hire, and retain to ensure the organization thrives and grows.

360 assessment data can help address that challenge, particularly when organizations conduct these assessments consistently, over time. Even before the pandemic, organizations, particularly in the private sector, had average employee separation rates of nearly 50%³. Internally, the level of employee movement was inevitably higher as employees sought better opportunities within their own firm, either to broaden their span of responsibilities or move to a new and more engaging discipline. While the company may have retained these employees, the impact on specific departments or functions could nevertheless be significant.

Consider this example of a marketing department within a Fortune 500 firm. The department was under significant pressure to enhance marketing skills which were seen as essential to the growth of the company in a highly competitive environment. At the same time, the function had lost 16% of its employees from the prior year. While most of these employees stayed with the company, the marketing function had lost access to its key talent. The client conducted a 360-assessment focused on employee development. In a typical 360, raters (who may include the manager, peers, direct reports, and even external clients) evaluate each employee's capabilities on a list of defined behaviors. The employee does the same for their own behavior (Figure 1).

**360 Assessments
gather feedback
from a diverse
set of co-workers**

FIGURE 1



This client employed a streamlined process where only the manager and employee responded to the assessment questionnaire.

The 360 data proved to be a goldmine, particularly when marketing employees were segmented into three cohorts: 1) Employees who left the function and moved to roles within or outside the company (the 'Leavers') 2) Employees who were hired into the function to backfill the employees who left (the 'Joiners') and 3) Employees who stayed within the marketing function over the two-year period (the 'Stayers').

Think of the Leavers as talent and capabilities you lost. The Joiners are the talent or capabilities you acquired. If you look at your organization, you can calculate the net capability change this way:

**Capability
of the Joiners**

Minus

**Capability
of the Leavers**

=

**Net capability
change due to
employee turnover**

As a leader you want the net capability change to be zero, at worst. That is, the talent you hire has the same capability as the talent you lost. At best, you would increase the net capability of the function by hiring even more capable people than you lost. While a noble goal, what is the likelihood that you will break even or come out ahead?

As Forbes stated, "the labor market (particularly in the US) is going through extraordinary times: historically, fast job growth, severe labor shortages despite a still-high unemployment rate, and the epic shift to remote work"⁴. In this environment, replacing lost capability will be significantly more expensive than what you were paying before. Are you willing or even able to make that investment?

Let us look at the marketing department example to see what happened to them.

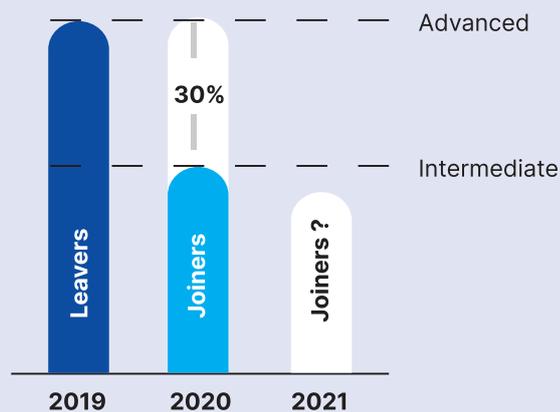
For this organization, the average capability of the Leavers was 'advanced.'

These individuals had been with the organization for several years and had grown their marketing competencies to the point where nearly 18% were approaching a mastery level of capability.

However, hiring was decentralized with each manager who made replacement decisions based on their immediate needs. These managers hired more junior and less capable talent than the people who left. Many managers undoubtedly thought that training could address the competency gap over time. (Figure 2)

FIGURE 2

Competency Levels of Leavers vs Joiners (2019 - 2020)



This decentralized approach is suboptimized for the organization as a whole. In the aggregate, the organization hired employees who were 30% less competent than the employees they replaced and only 2% were approaching mastery.

Remember that this data reflects the state of their workforce at the very beginning of the pandemic, well before the 2021 reshuffling began. What level of competency loss might this organization face in subsequent years without a broad workforce hiring strategy? How might they have fared entering the pandemic and the “permanent and long-lasting change in our workforce” that Josh Bersin predicted?

QUESTION 2

How much are your Stayers improving their skills?

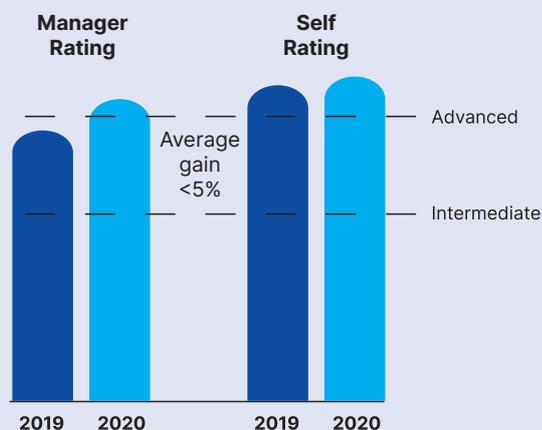
You cannot afford to lose your talent in the current labor environment. So, what might entice your current employees to stay? According to a study jointly sponsored by Fortune and i4cp⁵, CHROs are relying on several critical elements of their employee value proposition. In the top ten are flexible work arrangements as well as ongoing development and career advancement opportunities.

If enhancing or expanding your training offerings is on your agenda, recognize that the quality of the training matters, both in its design and execution so that it actually increases employee skills and capabilities. Ongoing development in and of itself is not useful. The effectiveness of training and its impact on skill development is critical. Unfortunately, a lot of training does not achieve that basic goal.

Let us turn back to the marketing function and in particular the Stayers. What happened to them during this two-year period? If we average the less optimistic employee scores with the more optimistic manager scores, the average year over year gain was less than 5% (Figure 3). This gain in performance is consistent with an organization that either lacks the right training programs or an organization that does not design its learning for application (or both).

FIGURE 3

Competency Levels for Stayers 2019 vs 2020. Ratings both by the Manager and Self



Think about this from another perspective. Remember that the incoming Joiners had 30% lower capability than the Leavers? What if you grow the capability of the incoming Joiners at the same rate (<5%) as the Stayer population grew between 2019 and 2020?

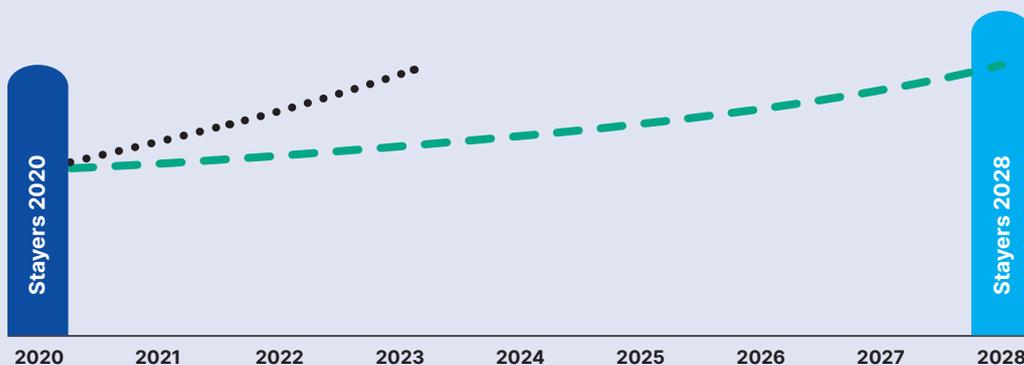
How long would it take them to get to the level of their peers? Assuming a linear growth at less than 5%/year, it would take the Joiners **over seven years** to achieve the level of their peers in 2020. What organization could thrive in a world where it took them seven years to get an employee to full productivity (or to replace the productivity they lost)? And beyond that, during those seven years, their peers would have grown as well, so the lower skilled Joiners would continue to be a drag on the overall competency of the organization.

Assuming a capability growth of less than 5% per year, the incoming, less skilled joiners would take seven years to achieve the level of their peers in 2020.

The key message is that when training (either formal or informal) is ineffective, your organization will never be able to 'train your way out' of this scenario (Figure 4). If, however, you improve your training, specifically by reducing waste to 20% from 45%, and grow capability at 18%/year, you could catch up in under three years (see Appendix).

FIGURE 4

Growth of Joiner Population: Will They Ever Catch Up?



There are numerous ways to accelerate capability growth of your employee base. Formal and informal learning (including instructor led, self-paced eLearning as well as coaching, peer-to-peer knowledge sharing, mentoring, job shadowing, stretch projects) are the most obvious and often the most impactful approaches to build skills. At the same time, it is also critical to provide the appropriate tools and resources to employees and ensure that they have the time to apply them. Regardless, being purposeful about your strategies and measuring their effectiveness will ensure you can quickly adjust your tactics and successfully grow your workforce.



Explorance has collected millions of data points on learning effectiveness. When an organization does not measure learning, 45% of the training is wasted and never applied on the job. Moreover, for these organizations, the high waste results in training that produces only 6% gain in performance. However, the good news is that when organizations get serious about measuring learning and taking corrective action based on that data, the scrap rate (that is, learning that is never applied on the job) declines to 20% and performance improves by 18% or a 3X improvement in performance simply by ensuring that learners apply more of what they learned back on the job. (See Appendix).

QUESTION 3

Can you identify your HiPos and retain them?

Given the concerns about retention, organizations are feeling more pressure than ever to retain top talent and improve the capabilities of all employees. 360 data can help you do that.

One way to organize and present 360 data is with a modified version of Johari Window which places each employee into a quadrant based on the alignment of their self assessment with the aggregate assessment of other raters.

For many years, Johari Window has proven to be a practical tool for both employees and managers⁶. For employees, this depiction of the data can further self-awareness and personal development. For managers, these views can foster better communication among teams, highlight priority development areas, and uncover misaligned perceptions of capability.

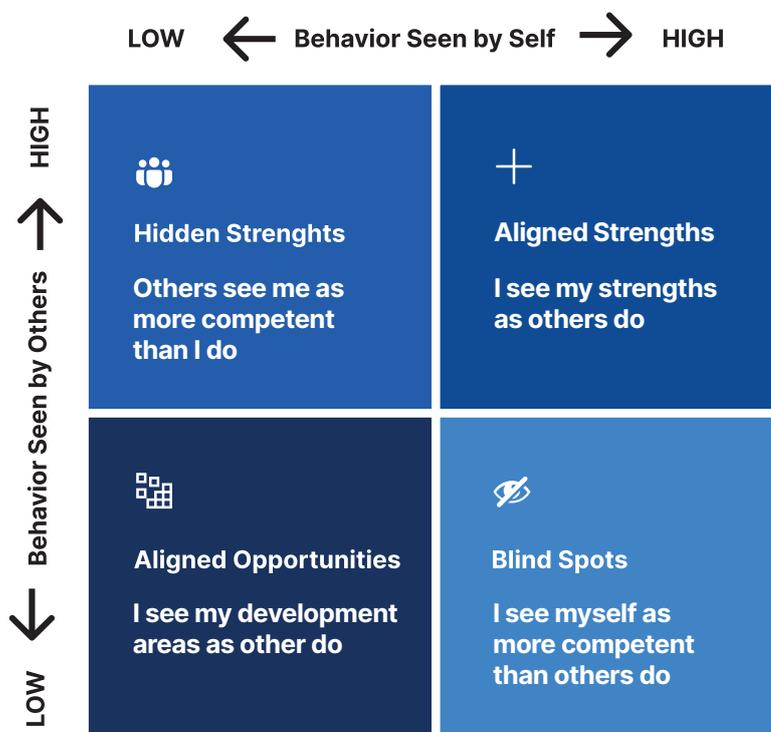


FIGURE 5

To gather data for a Johari Window, segment 360 data into four quadrants based on the degree of alignment of self vs other rater scores and the direction of the difference (Figure 5). (Note that this is a modified form of Johari Window specifically designed for visualizing 360 assessments.)

Consider the employees in the upper right quadrant, Aligned Strengths. These employees are not only good at their jobs, but also know it. They are likely significant contributors to the organization and are clearly highly valued. What is your strategy for retaining this population of employees? What development or growth opportunities will you provide to engage them and keep them motivated?

Next, look at the upper left-hand quadrant, Hidden Strengths. These employees are rated highly by others but do not view themselves nearly as competent as their peers, manager or perhaps even the people they lead. These employees could be hidden gems that need coaching or development to boost their self confidence and could, with proper guidance and stretch assignments, become your future stars. They may also need a steady stream of feedback to help align their self perception with those of their colleagues.

In the lower left quadrant, Aligned Opportunities, are employees who have clear view of their capabilities and recognize they need to improve their performance. Be cautious when developing your strategy with this group of employees as the reasons they land here can vary considerably. Are they new to the organization or new to their role? Did they attend onboarding training and receive quality coaching? For this quadrant, context matters so your strategy for this group will vary, based on the reason they are in there.

Finally, are employees in the lower right-hand quadrant, Blind Spots. These employees rate themselves considerably higher than their other raters. Once again, context matters. Are they new to the role and have not yet adjusted to the organization culture or are unaware of expectations for their role? These employees could become strong performers with coaching and continuous feedback from their manager or perhaps Emotional Intelligence (EQ) training to help them develop more self-awareness.

360 data can help shape your training and development strategy and supply information and insights you would not otherwise have. It could enable you to pinpoint strategies that are relevant to different populations of employee and provide more meaningful and impactful solutions. If you plan to use the data this way, ensure you communicate your intention to employee and their raters, so they understand in advance, how you intend to leverage the data for deeper insights.

Everything Is Interconnected

Using your 360 data for insights into workforce capability can present new opportunities to improve your employees hiring and retention practices. Moreover, this data can also highlight the interconnectedness of HR processes and how HR leaders can take a broad and holistic view of its strategic workforce planning process.

Every program and policy that touches on your workforce affects everything else in a continuous cycle (Figure 6). Consider the Joiners who were 30% less skilled than the Leavers they replaced. Given this major shift in capability, the onboarding function should revamp its program to deliver more intense and targeted training to new employees. HR should also engage managers and help build their coaching skills to accelerate the Joiners' development. The L&D function might supply more robust performance support tools to enable these new employees to speed their time to full productivity. Using Johari Window, leaders can identify individuals who are ready for promotion or who would benefit from specialized development programs.

FIGURE 6

The Interconnected HR Lifecycle



Every organization will experience some disruption from the “Great Resignation.” The question every leader should ask is, “How do I mitigate the risk associated with the churn in my workforce?” One goal is to turn your Joiners into Stayers rather than see them leave within a year (or less) because your people practices were not tailored to the different mix of employees you brought into the organization. Another goal is to reduce the time to competency in your organization through tailored development practices and measurement that help you improve and adjust them in real time. Using the data you may already have with 360s could help you get answers and (and solutions) to these questions.

Conclusions

If you are using 360 assessments today—but not using the data you collect in a strategic fashion—it may be time to rethink your approach. As you have seen, 360 data can provide revealing answers to fundamental questions about your workforce.

This can quickly lead to follow-up questions like these:

- How can you ensure your talent pipeline is finding the best candidates, both inside and outside your organization?
- How do you keep your hiring managers apprised of the talent shortages and gaps in the organization to ensure you are recruiting to replace essential skills, not just filling empty positions?
- How can you align your onboarding and learning programs with the critical skills required by your organization?
- And perhaps most important, how do you make sure your organization is becoming more competent and more effective every year?

Effective 360 assessments with strategic use of the data you collect can help answer all these questions. After the challenges of Covid and the Great Resignation, your 360 assessments can help rebuild your workforce for a promising future more efficiently and effectively.

About Explorance

Founded in 2003, Explorance supports more than 20 million students and employees in their professional journey of purpose, growth, and impact.

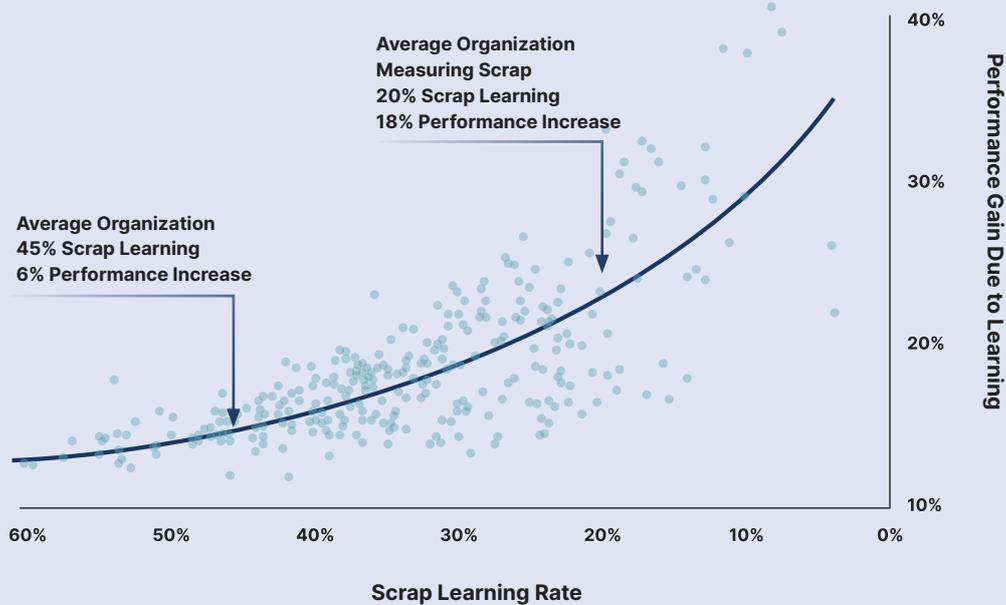
As the leading provider of People Insight Solutions, Explorance focuses on where people experiences converge with talent effectiveness. By connecting the moments that matter, we bring together a unified picture of needs, expectations, skills, knowledge, and competency. By providing proven measurement expertise and decision-grade AI-enabled recommendations, we help accelerate the insight-to-action cycle, enabling organizational agility and individual success.

Headquartered in Montreal with business units in Chicago, Chennai, Melbourne, Amman, and London, Explorance works with 25% of the Fortune 100 companies and the world's top Higher Education institutions. Explorance has been consistently recognized for its culture of high trust by the Great Place to Work® Institute, and as a Deloitte Technology Fast 500™ organization. To learn more, please visit [Explorance.com](https://www.explorance.com) or connect with us on LinkedIn, Facebook, and Twitter.



Appendix

Scrap's Impact on Performance Improvement



● = Learning Organization
>300 organizations
>18 million evaluations

Source: Explorance

¹ <https://www.cnbc.com/2022/05/03/job-openings-and-the-level-of-people-quitting-their-jobs-reached-records-in-march.html>

² Josh Bersin, "From the Great Resignation To The Great Migration," Joshbersin.com, updated 13 December 2021, retrieved 11 March 2022 from <https://joshbersin.com/2021/12/from-the-great-resignation-to-the-great-migration/>

³ https://www.bls.gov/news.release/jolts.t16.htm#jolts_table16.f1

⁴ <https://www.forbes.com/sites/gadlevanon/2021/08/17/the-top-trends-in-americas-job-market/?sh=6729cbcd5c14>

⁵ <https://go.i4cp.com/talentimperative>

⁶ Tasnia Tajin, "The Johari Window Model and Self-Development", Getting People Right blog, last updated 5 October 2021, retrieved 21 March 2020 from <https://gettingpeopleright.com/resources/the-johari-window-model-and-self-development/>



1470 Rue Peel, Suite 500
Montreal, QC H3A 1T1, Canada

+1 514-938-2111
info@explorance.com

www.explorance.com