Reskilling and Upskilling

Preparing for the work world of the future

Who’s innovating in this space and what can we learn from them?
“No-one is perfect, no-one is a finished product. Everyone owes it to themselves to continue to learn and develop themselves to be the best they can be. Highly trained people are our greatest asset and those that believe their learning journey is over are our greatest risk.”

Rethink Group was established in 2005 and has since built a team of recruitment professionals across 5 brands, each driven to challenge the norm, present new ideas and change the landscape for clients.
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The skills shortage

In our research we have seen that the demand for staff for all sectors is substantially outstripping supply. This trend is only set to continue.

By 2030, around 14% of the global workforce may need to reskill and move into a new career path due to the disruption of advances in technology. 66% of executives said that addressing this predicted skills gap is a top 10 priority for the business.

Preparing for the future

82% of employers understand that to futureproof future talent pipelines, retraining and upskilling needs to be at least half the equation. 84% expect to be upskilling their workforce by 2020. When asked, 74% of people said they are ‘ready to learn new skills or to completely retrain in order to remain employable in the future’.

Innovators – case studies

We interviewed Thea Lee, Engagement Director at one of the UK’s fastest growing digital skills training academies, about using reskilling to bridge the digital skills gap and help businesses.

Lloyds Banking Group’s pledge to fill 75% of 8000 newly created digital jobs by retraining existing employees.

The World Economic Forum’s Closing the Skills Gap Initiative, which aims to “create global and national platforms to address current skills gaps and to reshape education and training for the future.”
Upskilling vs reskilling
What’s the difference?

In this report, we examine how businesses can use reskilling and upskilling to face the challenges of a changing workplace. We look into both the employer and employee perspective, analyse the costs & benefits and explore some case studies. But first and foremost, let’s examine the definitions of upskilling and reskilling.

There is a subtle but important difference between the two.

**Upskilling**

Upskilling refers to training employees in further competencies in addition to their current skillsets. Essentially, expanding on their existing knowledge and skills. Examples would be a Software Developer learning a new tech stack their company are implementing, or a Project Manager becoming an Agile Certified Practitioner.

**Reskilling**

Reskilling refers to training employees in brand new skillsets, often replacing either outdated or less in-demand skills with new or more relevant skills better suited to a changing industry. An example would be retraining manual labourers in digital skills such as coding.
Consulting Solutions

Workforce of the Future
“How big is this challenge? It’s akin to coping with the large-scale [industrial revolution] in the early 20th century... but the speed of change today is potentially faster.”

McKinsey Global Institute

According to the McKinsey Global Institute report ‘Jobs lost, jobs gained: Workforce transitions in a time of automation’, by 2030 around 14% of the global workforce (approximately 375 million people) may need to reskill and move into a new career path due to the disruption of advances in automation, further digitisation and AI.
Based on these challenges, it can be no surprise that 66% of executives in the McKinsey survey said that addressing the skill gap related to automation and further digitisation is a top 10 priority for the business. In fact, 1 in 5 said it was one of their top 5 priorities.

Addressing potential skills gaps related to automation/digitisation is:

- The number 1 priority: 7%
- At least a top 5 priority: 20%
- At least a top 10 priority: 66%
- Not a top priority: 34%

Consulting Solutions

Preparing for the Future

Up and reskilling as a solution
Two thirds of executives believe that at least a quarter of their workforce will need replacing in the next 5 years, so what are some of the key obstacles facing talent acquisition?

Not being able to find the right skills is not just a problem for the future. In their 2018 report on ‘Building the Workforce of the Future’, London First and Lloyds Banking Group asked businesses to identify some of the key challenges to recruitment over the last 18 months:

**48%**

Said that the “quality of the applications haven’t been good enough”

**46%**

Said there was a “lack of desired skills” in the market

Source: London First and Lloyds Banking Group ‘Building Workforce of the Future’
Sample: 242, Total UK, % of all businesses

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Top 5 predicted barriers to talent acquisition over the next 4 years

- **Skills gaps - local labour market** 60%
- **Don’t fully understand the opportunities** 59%
- **Skills gaps - leadership** 46%
- **Skill gaps - world labour market** 36%
- **Lack of flexibility in hiring and firing** 29%

Manpower Group’s 2019 series of reports ‘Skills Revolution 4.0’ estimates that 84% of organisations expect to be upskilling their workforce by 2020.

“82% percent of executives believe retraining and reskilling must be at least half of the answer to addressing their skills gap”

*Source: Manpower Group ‘Skills Revolution Series’ (2019)*

The majority of companies understand that to futureproof their talent pipeline, hiring alone won’t be enough.
Consulting Solutions

How will you resolve the potential skills gap?

- Only by retraining: 1% (Europe: 0%, US: 4%)
- Mainly by retraining: 40% (Europe: 45%, US: 27%)
- Equal mix hiring and retraining: 41% (Europe: 35%, US: 49%)
- Mainly by hiring: 15% (Europe: 7%, US: 30%)
- Only by hiring: 3% (Europe: 0%, US: 5%)

We’ve looked at how employers plan to address the skills gap, but if a significant part of this involves up- & reskilling the labour force, it is important to examine how people on the other side of the fence actually feel about it. Do people feel they already have the right skills? If potential or current employees acknowledge their own skill gaps, how willing are they to address them? The good news is that 74% said they are ready to learn new skills to remain employable:

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Do you agree that ‘I have all the skills I need for the rest of my career’?

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<td>US</td>
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Do you agree that ‘I am ready to learn new skills or to completely retrain in order to remain employable in the future’?

Source: PWC Survey ‘Workforce of the Future’
Sample: 10,000 working, unemployed, retired and studying people split evenly between five countries (China, Germany, India, the UK and the US)
“Organisations can’t protect jobs which are made redundant by technology – but they have a responsibility to their people. Protect people not jobs. Nurture agility, adaptability and re-skilling.”

PwC ‘Workforce of the Future’

We asked over 800 people who had been through the recruitment process in the last 6 months what it is that most attracts them to an opportunity.

Our research shows that candidates want to feel that the company values its employees; that a business offers interesting roles with opportunities to further develop their skills & careers. By developing reskilling and upskilling programs, nurturing adaptability and learning, businesses create a more attractive place to work.

We asked over 800 candidates what attracted them to a job opportunity:

- Company ambition & values: 46%
- Career development opportunities: 57%
- Value their employees: 60%
- Well-known brand: 64%
- Interesting / challenging role: 72%
Preventing for the future

Strategy For The Workforce Of The Future

Leverage strategic workforce planning
1. Conduct strategic workforce planning
2. Establish strategic skills mapping within jobs
3. Close management knowledge gap

Shape the future pipeline
1. Develop targeted reskilling programs
2. Upskill on a large scale
3. Harmonise the skilling landscape
4. Align educational curricula with skills needed

Optimise talent ecosystem conditions
1. Rethink organisational structures
2. Transform culture to attract & retain next-generation talent
3. Develop a culture of lifelong learning
4. Boost diversity

Source: Boston Consulting Group and World Economic Forum. Original graphic: PR Newswire

In it, they took a big-data approach to the cost-benefit analysis of reskilling a workforce from the perspective of both the private company and government body. In the private sector they determined that benefits outweigh costs for 25% of disrupted workers, even when the company covers all of the costs. There is even more incentive in the government, who could reskill 77% of displaced workers with a positive cost-benefit balance.

**Private companies**

Could reskill 25% of the workforce displaced by technology and automation, with a positive cost-benefit balance.

**The government**

Could reskill 77% of the workforce displaced by technology and automation, with a positive cost-benefit balance.
Upskilling and Reskilling in Action

Who’s innovating in this space and what can we learn from them?

We examine three different approaches and initiatives taking place to utilise reskilling and upskilling as a solution to the digital skills gap.
RTM interviewed Code Nation’s Engagement Director ‘Thea Lee’ about combatting the digital skills shortage via training and reskilling.

“We believe that if we provide the right tools and the right environment, anyone can learn how to code.”

Initially courses were geared towards private paying students who wanted to launch a new career in software development.

“The demand for employable people with digital skills was so high, we had to get creative and look at ways of creating our own new talent pipelines.”

This demand led Code Nation to devise the Adult Education Budget (AEB) classes. Entirely government funded, these courses are only accessible to those who are on unemployment benefits. 46% of AEG students progress to a further course, apprenticeship or employment with “leading digital teams at the likes of Sainsbury’s, N Brown Group, AO.com.”

“The demand for employable people with digital skills was so high, we had to get creative and look at ways of creating our own new talent pipelines.”

“We’re all about breaking down the barriers of access to the digital sector.”

“It is an amazing journey to be on. The idea that only six weeks ago someone was unemployed then fast forward six weeks - they’ve been awarded a GCSE equivalent and they’re now employed or on a leading training course in the fastest growing industry in the world.”

“Many organisations struggle with a skills gap in the digital space, and bringing in apprentices is an excellent way to help solve that problem.”

As well as the technical skills, Code Nation also focus on business-readiness and softer skills.

“After speaking to tech industry leaders, we realised that communication skills are just as important as Technical.”

“The market gap is very much there for people who can hit the ground running, even just on a junior level. To have those technical skills and those business or soft skills, and be able to just get going.”

“Taking a team of 10 junior developers through a reskilling scheme like this would save a business around £30,000 - £40,000 just in agency fees. And that is without factoring in all the other costs of traditional recruitment.”
Creating Employable Talent

Qualifications

BCS Recognised

“Ensure the students are awarded a valid qualification. As a recognised apprenticeship provider, our criteria is approved by the BCS (British Computer Society).”

Business-readiness

Holistic Skills Perspective

“Accelerate the onboarding process and ensure apprentices understand the workplace; how to deliver a project. Today’s employers want problem-solvers, people who have the toolkit to adapt and learn.”

Ease of access

Partner Businesses, Zero Cost

“Offer different ways of accessing talent depending on business needs and eliminate costs to make it as accessible as possible for everyone.”

Hiring that talent

“A business can employ someone to go through the apprenticeship course, or can interview our self-funded students and offer them a graduate/junior position. The third option is to reskill existing employees. Companies have got huge internal pools of untapped potential digital talent. Often they look at their admin, support or customer service teams, look for the right capabilities. Send them to us for a 12 week course and they return as ready-to-go Junior Developers.

An employer has that commitment and responsibility, to look internally for talent. In return the employer gets someone who already knows the business, knows the culture and has increased buy-in after the employer has invested in their development.

Thea explained that many businesses start small – taking in one or two apprentices. “Then before you know it, we’re helping to provide their entire intake of Junior Developers. We just put 15 people on-site in new full-time careers in one of the UKs biggest retailer’s digital teams.”
In 2018 Lloyds Banking Group invested more than £3 billion as part of a strategic digital transformation. The group announced it would be cutting 6,000 jobs, affecting retail and corporate among others. At the same time, it was announced that they would be creating over 8,000 new jobs as part of the digital strategy operations.

It was announced that they aimed to fill 75% of the new roles by upskilling and retraining existing staff.

One of the first steps of this initiative would have been to conduct a strategic workforce planning exercise to map the roles and skills that would be required. According to the World Economic Forum, Lloyds “identified 10 skills that would be particularly important [and] made a public commitment to deliver an additional 4.4 million hours of learning and development (L&D) for employees to help build these skills over three years.”

World Economic Forum goes on to describe some of the steps taken to ensure the L&D transformation was a success: “In 2018, the Group launched new online learning hubs, new role-specific development programmes and new capability-led graduate and apprenticeship programmes. Alongside these initiatives, [Lloyds] also launched a campaign to encourage employees to learn based around four common reasons why employees choose to develop:

Change, curiosity, challenge and career.

The campaign was supported by a network of 300 learning champions (from within the Group), a dedicated social media site and a quarterly magazine.”
Closing the Skills Gap Initiative

The Closing the Skills Gap Initiative is part of the World Economic Forum’s Shaping the Future of Education, Gender and Work, it aims to “create global and national platforms to address current skills gaps and to reshape education and training for the future.”

Businesses are invited to design new initiatives or align existing business-led education and training initiatives that address at least one of the following target areas:

- Basic education
- Technical vocational education and training (TVET)
- Higher education
- Adult learning
Closing the Skills Gap Initiative
Examples of business working with the initiative

**JP Morgan Chase - Higher Education**

- Organise work-based learning for current college or university students (work exposure activities, internships, apprenticeships)
- Partner with local educational institutions to ensure that curricula development is informed by market-demand skills
- Design and deliver interventions that strengthen STEM and digital skills, as well as employability skills (e.g. problem-solving, critical thinking, etc.)

*JPMorgan Chase’s New Skills for Youth programme* focuses on the development and implementation of career-focused education programs that increase the number of students who earn meaningful postsecondary credentials that are tied to high-wage, high-demand jobs.

**HP – Adult Learning**

- Support continuous on-the-job learning and specific reskilling and upskilling through individual, specific and agile training modules in partnership with educational institutions and training providers.

*HP Learning Initiative for Entrepreneurs (HP LIFE)* is a free, online training programme that enables students, teachers and entrepreneurs to gain the business and IT skills to stimulate economic growth. The programme is accessed directly by independent learners and is also used by educators to enrich the curriculum. Twenty-five courses are available covering the key business areas of finance, marketing, operations, communication and some special topics such as social entrepreneurship, energy efficiency, effective leadership and strategic planning.
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