



Quantified organization: Skills intelligence with ServiceNow

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Burt Rea:

Today we're talking about the concept of the quantified organization. This means taking a strategic approach to measuring what we should, not just what we can. To do this we need to take a responsible approach to using new sources of data and applying AI capabilities to create value for stakeholders across the organization, while improving workforce trust and ultimately driving new levels of performance and results.

One of the ways organizations can use new sources of data and AI is with respect to quantifying the skills of an organization's workforce. This can lead to many benefits for both workers and organizations alike. To explore the topic of skills data, we are

joined by Heather Jerrehian, VP of Product Management for Employee Workflows at ServiceNow, and my colleague Michael Griffiths, leader of Deloitte's Workforce Transformation practice, who has been studying the shift to what we call "skills-based organizations."

Michael, Heather, over to you.

Michael Griffiths:

Hi, there. This is Michael Griffiths. I run our Workforce Transformation practice at Deloitte, helping clients think through their most critical workforce segments, how to deal with those, and most importantly, how to be the best organization for their

workforce. Excited to have Heather with us. Please introduce yourself, Heather.

Heather Jerrehian:

I am Heather Jerrehian, and I am the VP of Product Management for Employee Workflows at ServiceNow. And I actually joined a year ago as part of the Hitch acquisition, which is the skills, intelligence, technology that ServiceNow acquired, where I was the CEO of the company. I have over 20 years of experience as a serial entrepreneur and technology executive across enterprise software, consumer and technology businesses, and predominantly in CEO and COO roles, driving new product innovation and strategic go-to-market strategies. At ServiceNow, I am leading the data science

team building our AI-driven skills intelligence that powers our products and solutions, and I'm also leading our partner go-to-market strategy for our new employee growth and development product that we just launched in September.

Michael:

Heather, that's such a great introduction and leads so well into the conversation we're going to have today. The first question I have for you is around the topic that we've been talking about for some time at Deloitte: moving towards a skills-based organization. And we define that [as] about making decisions about work and workers more on skills and less on jobs. Are you seeing this shift, and if so, what do you think is happening?

Heather:

Yes. You know, while skills have been a topic, you know, for HR leaders including those in learning and development and talent acquisition for many years, we're starting to see more of our customers, HR and otherwise, expressing interest in being more deliberate about incorporating skills into all aspects of their talent strategy. In fact, we even did some research and learned 42% of organizations are building a skills database. And another 23% are considering building one. And with that, we also learned that more than 40% of organizations have implemented some sort of a skills-based approach to internal mobility. So that's really about making skills actionable now, with data and technology driving the ways you can grow and develop your employees with the focus on solutions like internal mobility.

I also believe the shift is occurring because skills create value, and on the opposite side of that, if you think about it, a skills gap can threaten organizational growth and competitiveness. If you think about it from driving innovation, you know, to meeting of business objectives, to impacting employee retention. And labor, which is your people asset, is often your highest expense in an organization. And frankly, it's bad business to hire only based on skills you need in the short term and not to invest in your workforce and build the skills you need in the longer term to stay ahead of the curve. And to do that, you need to have the data and insights to take action, you know, based

on the skills your organization has and where your company is headed.

Michael:

I love the term, you know, that it's "bad business."

Heather:

(laughs)

Michael:

(laughs) And this is not an HR challenge, right?

Heather:

Yeah.

Michael:

This is the business imperative. And our clients and the leaders that we work with on a regular basis are asking questions around the future of their workforce. You said at the start, in your intro around skills intelligence.

Heather:

Mm-hmm.

Michael:

Can you explain that a little bit more and how it relates to the conversation around a skills-based org?

Heather:

Yeah. Thank you, I love that question. And I really have to laugh because it really, to me, is sort of like a loaded question—it could be answered in so many different ways. So I will provide you with my simplest answer, which is skills intelligence is using AI-driven technology to look at your workforce and learn who has which skills and evaluating, like, how are they applying those skills on the job, and determining how can you support them with growth and development for retaining your talent and to meet your short- and long-term business objectives? Moving to a skills-based organization, you need that visibility. You need first to know what skills you have and then act upon them. It's—honestly, it's that simple. And from there, you want to be able to monitor, manage, and invest in the skills that will drive your organization forward. You know, at ServiceNow, we are always looking at this from an employee-first perspective, then managers, and then the larger enterprise as a whole. So unlike other transformative

organizational initiatives, skills intelligence creates shared value.

There are benefits to be realized for employees—you know, for teams, managers, the enterprise, I mean, really, the market as a whole.

And even in 2023, kicked off European Year of Skills, which aims at addressing these skills gaps in the European Union, focused on digital and green technology skills. So the difference now with AI and skills is the data quality is substantially better. It's become more of a push rather than a pull, meaning it's gotten less daunting of a task. I mean, to be honest, it's really part of the reason I got involved with skills, because I have this vast background. I call myself a "hexagon" because I've worked across so many different industries.

And so this has become so much easier with AI-driven skills technology. It's more of that push. By looking at your interests and aspirations, what you've done in the past, you know, via your résumé or LinkedIn, or in your current role, our technology knows the core skills we would expect you to have, and it precedes this information into a skills profile for you and then asks, "Is that correct?" You know, rather than giving you this blank sheet of paper for you to figure it all out on your own. So this is a much easier approach. So you start to get better data because your starting point is better, rather than having this blank slate. You know, AI has really advanced this process. And, you know, it can't be done without skills intelligence.

Michael:

I love it, Heather. The nuggets that you just laid out for the audience here are so critical, starting from the workforce up.

You just don't, right? You've got to use AI technology to get them there and then review it; otherwise, it just won't happen. So, music to my ears.

Heather:

Yes.

Michael:

Thank you for laying that out so clearly.

ServiceNow's new announcement around Employee Growth and Development, the AI-powered talent transformation solution that ultimately is workforce management. What is your vision for this solution?

Heather:

Yeah, so it's really exciting. Our vision for Employee Growth and Development, or EGD, as we like to call it, is about helping organizations to better understand the strength of their workforce and build a scalable skills strategy. It's about closing those talent gaps and improving employee experience. And for us at ServiceNow, that's all on a single platform. And this is really our move into the learning and talent space, where we are using the Hitch's Skills Intelligence that has been replatformed into the Now platform to power those solutions and maximizing the investments that you've already made, and we are filling in where you have holes in your talent suite. Moving to a skills-based organization we know is difficult, but it's super important to meet your business needs. Do you have the right people doing the right work at the right time? To have that visibility to skills you have in your organization, you know, to understand where you might need to reskill, upskill, or even redeploy your talent, as you're thinking about your build, buy, or borrow strategy.

I mean, one of the biggest points that I hear all the time from customers is that they have all this disparate skills data across systems, where it's the HCM, the ATS, you know, learning, even spreadsheets. And so, what's unique with EGD is that we can take all that disparate skills data across all those systems and our algorithms can clean and normalize it into one single skills ontology that can be used across the entire talent suite. ServiceNow, we're working at that experience and orchestration layer, and we're sitting on top of these systems.

So we're not only supporting the learning, but it's, like, how do you apply skills to coaching and mentoring, to that internal talent marketplace? And how do you find certain skills and employees within your own organization? So that hidden talent. The equitable ways of it's not about who you know or who you've worked with, which we know is so important. As you just

mentioned, we know employees are not sitting in their skills profile. And if you think about the skills profile, I love to say it's like the birthplace of skills.

That's where you have to capture the data for all of this to work. And if you don't have that data, then you can't serve up these customized offers and recommendations in the flow of work. So with EGD, we can meet employees where they work, whether they're a deskless worker on SMS text, they're on their desktop in Outlook, or they're using their phone with Teams, we can meet them there. And we understand, you know, their aspirations, and we can serve up these proactive prompts in the flow of work and say, "Hey, Michael, we know you're interested in learning Python. You know, based on your intermediate level, here's a few courses that might be of interest to you. You know, would you like to add them to your learning library, yes or no?" And one push of a button, you can add that learning to your library without ever leaving the screen of where you're working. Or you've just completed a course in the system, so our AI notices there's some skills in that course that aren't on your profile. It prompts you, "Would you like to add those skills?"

Again, one push of a button, whether it's text or Outlook, it adds it to your profile and you never had to leave the screen where you're working. And so this is how EGD is looking at it from an employee's perspective and making it easier for them and the organization. And the benefit is, the more data we have, the more customized it becomes. So it, it's this win-win on both sides.

Michael:

Excellent. You know, the "birthplace of skills in the profile"—yes, I really like that. And I think that sort of flow aspect both around how to recommend, but then how to credential and make that a living document through the organization is really the utopia we've all been talking about.

So obviously, Heather, data is the key here at the center of it all.

I'm sure you've talked about this at ServiceNow, but what do organizations need

to look at in terms of the responsible use of that workforce data and AI?

Heather:

Yeah. You know, we've definitely talked about this a lot. And first and foremost, we want to ensure that AI does not increase existing biases and inequalities, and that the recommendations that the AI tools produce are fair and accurate. So our objective is for AI to reduce or eliminate the inherent biases that humans bring to talent decisions, you know, not create it. And from a privacy standpoint, any processing of employee data should not reveal sensitive or private information, perhaps that the employee wants to keep private. And AI technology solutions should therefore be governed and adhere to responsible AI guidelines and design principals that are both industry standards and specific to policies that companies have invested in creating, at that enterprise level. You mentioned at ServiceNow, we take data very seriously, both internally and for our customers. We're extremely thoughtful about this. And just because we can collect data doesn't mean that we should.

Michael:

And that's such an important statement, it really is ... so important that we keep discussing it. From an employee perspective, you're building these solutions, you're driving the value. Do you find that employees are willing to share their data? And are they aware of the benefits?

Heather:

That's such a great question because this all goes back to that organizational change management. You know, this is really where organizations need to make sure employees understand that this data is not being collected for nefarious reasons. Instead, it's to set up that employee to help them to learn and grow, you know, provide them customized offers and recommendations in the flow of work, which in turn enables organizations to achieve their goals. So this is a really—that is such an important question, because if you don't have that change management in place, it makes it really difficult because you're not going to have that employee engagement.

Michael:

I completely agree around the organizations and employees are sort of moving in this idea of capturing data and using data and understand the use of it. We wrote in our Human Capital Trends report this year that sort of responsible use of data is such an important conversation for negotiation between [employers] and their workers. But I was surprised in frankly one data point that we found through our research that 90% of [employers'] workers were willing to share their data if the organization could tell them how they were using it and it was going to benefit them. So I do feel like we're at a bit of a pivot point that the sort of release of data and the acceptance of it is sort of out there. We're OK as long as we can show how it's being used, being transparent about it, and then driving value from it. Are you seeing that too?

Heather:

Well, what's so interesting what you just said—and this goes back to like the human dynamic, right—what's in it for me? And if I know what's in it for me and how it's going to benefit me and my career, OK, I'll share that data. But without that information, right, you're not going to want to share because you don't understand what it's being used for.

Michael:

[Are] there some examples of companies using skills intelligence and how that is driving both maybe worker and business goals?

Heather:

When we think about skills intelligence, it has benefits for employees, teams, the enterprise, industries. Actually, it's what Deloitte referred to as "shared values" in its Quantified organization report. We want to serve the employee, first and foremost; the manager is very important and often gets forgotten; and we also care about leaders and ways for the organization to meet their business objectives. I've been looking at what data is missing to answer some of those bigger questions, when we think about labor, economic data, and adding different layers on top of not just skills, but how do we start looking at other information to answer questions relating to what I call workforce intelligence? So to your question

of we want to set up a new engineering hub and onshore it back to the US, where is that best supply of talent and skills I'm looking for at the least cost? And then let's layer on some real estate data for where there are higher vacancy rates and more cost-effective office solutions. So weaving this information together, we get some really informed data to help us make better business decisions.

So overall, skills-based data benefits workers and it helps organizations to meet their business objectives by seeing the skills as they relate to roles and adjacent roles, and it creates visibility to career pathing options for employees. At ServiceNow, our dense neural networks, our skills graph, provides not just obvious paths, but it can find that hidden talent that I talked about earlier in your organization and help your employees to understand what are their options? It goes back again to AI-driven skills intelligence makes it an equitable playing field to give opportunities to employees.

And then lastly, if employees make their skills and aspirations visible to organizations, and organizations recognize and act on this visibility, both parties are committed to a common set of goals, so you've got this win-win. So what you said earlier about that 90%, it really does benefit the employee. But organizations—it benefits them as well.

Michael:

And that transparency and fluidity between the worker and the organization around that data is so, so critical. I think from a business goal perspective, I am really feeling very positive around how this transparency of data is driving the organization forward. You mentioned the quantified org conversation around how organizations need to be moving in that direction beyond just productivity. We're also seeing it in organizations around workforce risk.

So we're seeing board members coming to the (laughs) to the C-suite, and predominantly CEO, and saying, "What is your mitigation strategy for unforeseen events? And how does your workforce component and this critical skills component (laughs) play into that? And where is your data to prove it?" That question often stumps the C-suite. And we need to be

better about answering it. I think it's almost not just know your business problems now; it's actually looking ahead to see where they are next. So that leads me to my last question (laugh). Heather, there's such a big focus on talent benefits of the workforce and the benefits for the organization. Where do you see evolving in the next three to five years? Where do you see us going?

Heather:

From where we are today, the evolution of skills and talent development technologies is accelerating at this amazing pace. Gen AI is the biggest disrupter. In fact, leaders who are on the bleeding edge of this technology are saying that it's happening much faster than even they expected. It feels like it's coming on like a freight train right now.

And so, we're going to see these huge shifts from the way we will operate globally. Gen AI will touch so many different companies, industries across geographies at rapid speed. To me, it's about digital transformation becoming talent transformation, where organizations need to start thinking about what AI and Gen AI means for their organization, and how do they achieve their business objectives, and do they have the right talent?

For instance, you can have a software developer who may have an AI assistant. How does this impact the skills required for their role? What becomes automated? What is augmented because of Gen AI? If they're no longer writing code, then their role may shift to more of a quality engineer checking the code.

So starting to have these discussions early, allows organizations to future-proof their workforce and plan for these changes. The question is, what do skills look like in a post-AI world? Jobs will be impacted, especially, knowledge workers. So, to me, it's more what does this look in nine, 12, 18, or 24 months from now. Certain roles may disappear, new roles may emerge. What are the transferable skills? How can we help organizations get ahead of the curve and support their employees to grow and develop?

Michael:

How can skills intelligence help us in that shift?

Heather:

With Gen AI, there are a lot of ways that it can impact skills intelligence, from ensuring proper tagging of skills for learning courses so that we can match employees to the right learning content and level. It can even generate new skills and definitions.

So as we're in this new world, we might be seeing new skills emerge. And it can even provide language translation for skills and titles and descriptions. We've been talking about skills for a long time, but now people are standing up and taking notice of there is this thing called skills, and the impact it has on an employee and the impact it has on an organization is incredible. And if you pay attention to it and if you harness it, it will set you up for amazing success. So those organizations who are really thinking about this, really leaning into the Gen AI and really understanding what's ahead of the curve, they're going to be the ones that win here.

Burt Rea:

Thank you, Heather and Michael, for a great discussion. It's clear organizations want to know more about their workers. In a world saturated with data and given the host of emerging AI tools to mine this data, how do we know what data we should be collecting and measuring to create value? I hope this conversation today helps shed some light on this question.

So, many thanks to Heather and Michael for joining us today and sharing how skills data can help organizations better understand the strengths, and sometimes the hidden strengths, of their workforce, and how we can build scalable skills strategies that help close talent gaps and improve the employee experience.

And thanks to you all for listening to Capital H, let us know what you think, rate us where you find your podcasts, and stay tuned for our next episode.

Thanks, and all the best.

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