

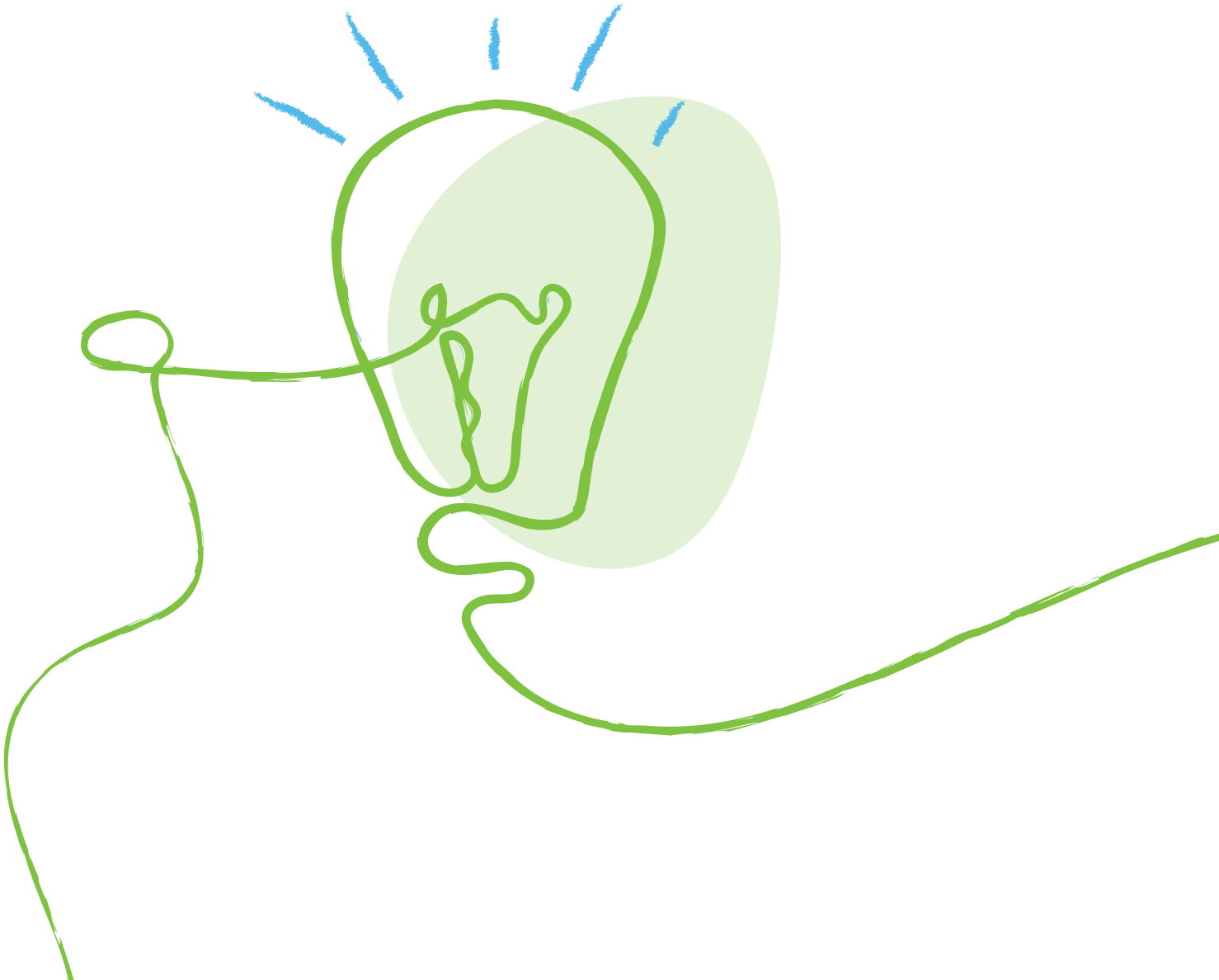
**Deloitte.**



Becoming an AI-enabled,  
skills-based organization

## Introduction: Converging Market Forces

While few organizations have successfully leveraged AI to achieve outcomes at scale, leaders are looking for proven AI-driven solutions to demonstrate value. Within the talent and experience space, there is an opportunity to envision AI and skills as mutually inclusive elements that can propel workforce experience into the future. Organizations that shift to an AI-enabled, skills-based model are able to effectively align tasks with individual skills. The result: greater worker engagement and performance.



# What is an AI-enabled, skills-based organization?

AI-enabled organizations proactively deliver value and drive trust by incorporating technology into core business processes and the flow of work to assist, augment, and power human capabilities. A skills-based approach to workforce management focuses on accessing, developing, measuring, and rewarding workers based on their skills and competencies, rather than job requirements.

In [Building tomorrow's skilled-based organization](#), Deloitte found that skills-based organizations are 79% more likely to provide a

positive workforce experience and 63% more likely to achieve results. The combination of being AI-fueled and skills-based amplifies an organization's ability to align talent with skills, increases workforce productivity skills, and, consequently, enhances worker satisfaction. The result is organizational agility; a prerequisite for keeping up with an ever-changing market and the ever-present talent challenges that most organizations face. In fact, the majority (73%) of business leaders expect to experience talent shortages over the next three years and 70% expect talent shortages to require their organization to get creative about sourcing for skills over job experience.

## Becoming a skills-based organization

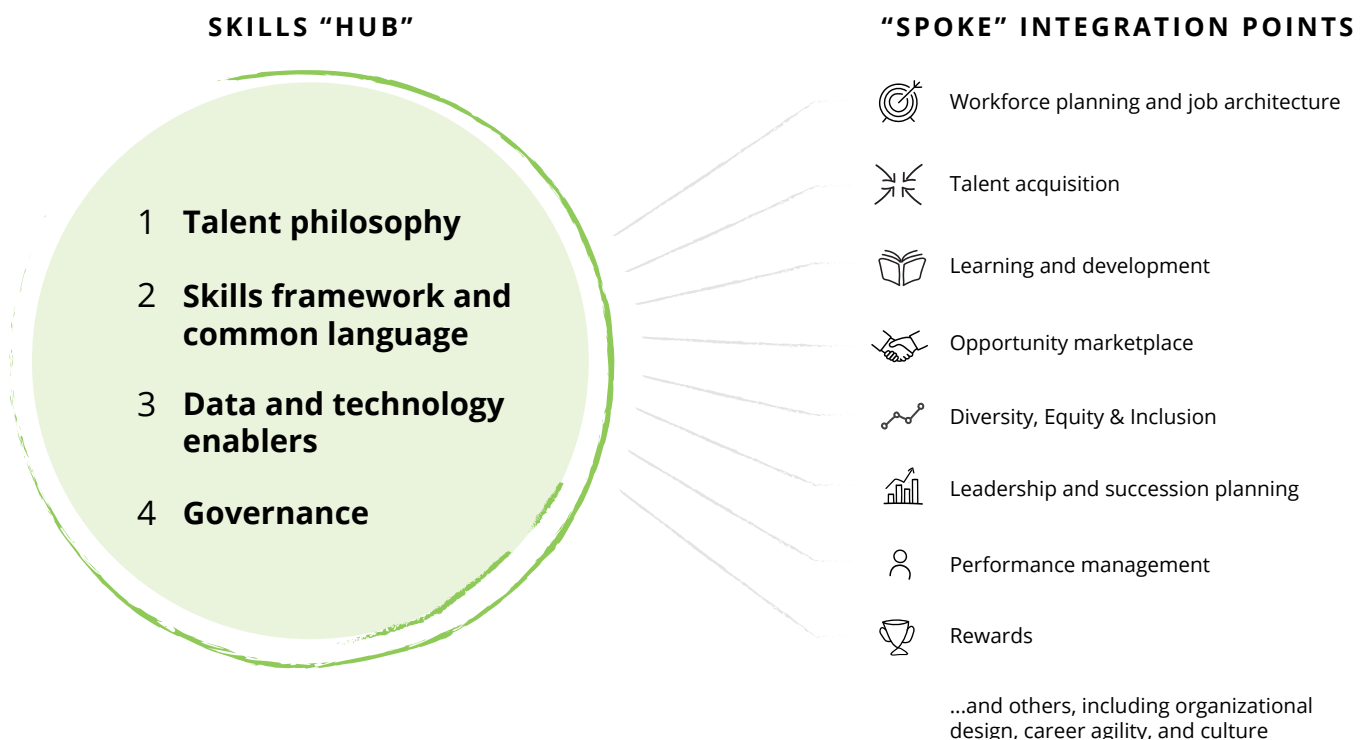
Traditionally organizations have been structured around jobs, a predefined set of functional responsibilities assigned to a particular worker. With workplace flexibility growing in importance, an increasing number of organizations are shifting from jobs to skills, which allows them to tap into the full range of workers' capabilities to achieve desired outcomes.

To operationalize the shift to a skills-based approach, it is helpful to visualize a hub-and-spoke model. The "skills hub"—the engine powering the model—contains the following components:

- **Talent philosophy:** A shared approach across the organization regarding the value and prioritization of skills as the "red thread" of talent management—and how they will inform key talent decisions.
- **Skills framework and common language:** A common language and framework for skills— including human and specialized skills— across the organization.

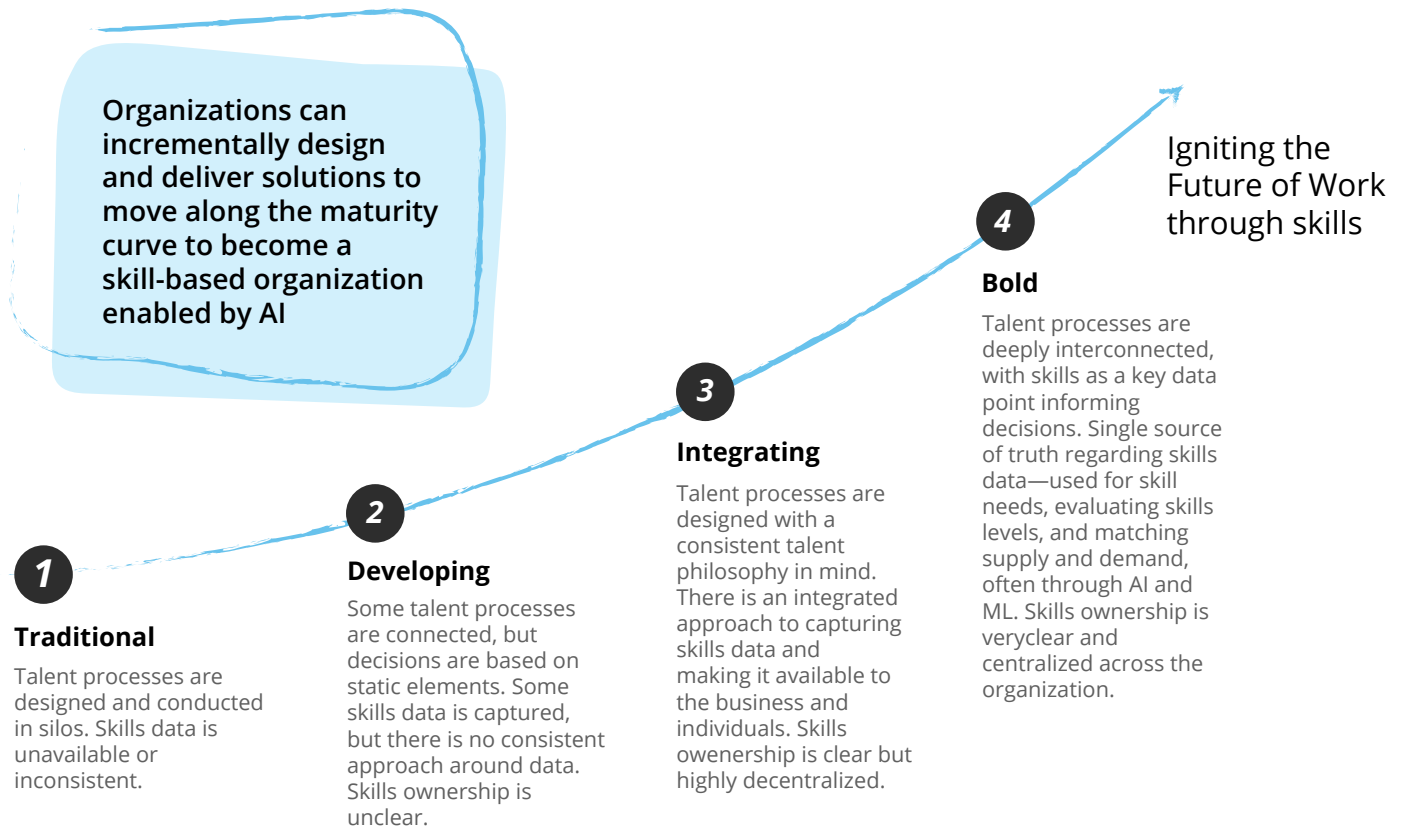
- **Data and technology enablers:** A single source of truth regarding skills data—and a common integrated suite of tools that enable you to sense evolving skill needs, track and evaluate skill levels in your workforce, match skill supply and demand, and develop and grow abilities.
- **Governance:** A clear understanding of skills "ownership" across the enterprise, along with the structures and processes to enable a skills-based approach and drive change management efforts.

After the skills hub is established, those skills are then integrated into "spoke" components such as talent acquisition, learning and development, and workforce planning to predict and inform business decisions.



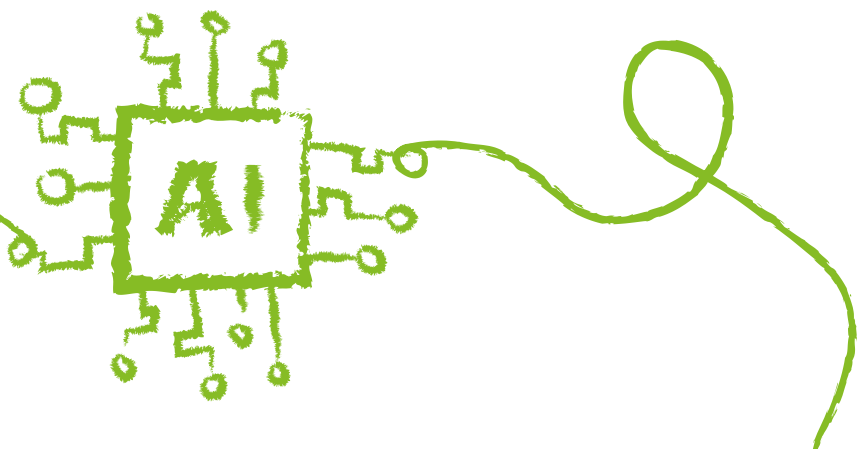
# Leveraging AI to accelerate a skills-based transformation

Before organizations look at AI and automation to enhance processes and certain skillsets, they should first evaluate AI's ability to assist, augment and empower humans in the shift from jobs to skills.



In most cases, designing AI-enabled business processes and determining where humans should be within the process is not a simple plug-and-play. The most successful organizations adopt a human-centered approach, seamlessly integrating AI into the flow of work and delivering value by embedding technology into their core business processes. In becoming skills-based, AI plays a significant role in certain stages, such as identifying and assessing internal and external candidates' skills for open positions or developing existing employees' skills for various positions.

However, AI should not replace human intervention in the talent process. Instead, organizations can focus on building an integrated technology landscape with AI capabilities. This allows them to harness skills data effectively, informing talent transformation and enhancing the talent experience. This leaves humans free to focus on areas where they excel, such as critical thinking and creative problem-solving.



## How AI can enable a shift to skills-based talent practices:

Focus Area	From	To	Experience Outcome	Case Study
<b>Talent Acquisition</b>	Sourcing talent to meet minimum qualifications for a role (e.g., education, relevant job experience).	AI-enabled, intelligent sourcing of talent focusing on human capabilities, functional and technical skills, and behaviors.	Provide recruiters insights on applications and candidate quality and diversity to expedite hiring and widen the candidate pools.	A global real estate firm focuses on recruiting military veterans to tap capabilities that include leadership and experience in project management, strategic planning, and machinery maintenance. <sup>1</sup>
<b>Learning &amp; Development</b>	Learning based on jobs, tracking through learning management system, and disconnected learning and career growth opportunities.	AI suggesting targeted learning, development, and reskilling opportunities based on skills.	Ability for employees to identify future roles or opportunities and a learning pathway to open new opportunities like future roles, and access an ecosystem of training, projects, and mentors to get there.	A French insurance financial services firm developed a virtual career assistant that uses AI to mine employees' skills and interests to determine their most suitable jobs—and where training could help them pursue new opportunities. <sup>2</sup>
<b>Opportunity Marketplace</b>	Mismatch of talent supply and organizational business demand.	AI enabling organizations to dynamically match skills and adjacent skills with work, enabling a balance of talent supply and demand.	Enhanced opportunities for workforce to explore new gigs, projects, full-time opportunities, and experiences.	An industrials company used an internal talent marketplace to post nearly 1,000 projects in the first few months of its debut, enabling the organization to unlock more than 165,000 hours and achieve a significant boost in engagement. <sup>3</sup>
<b>Workforce Planning</b>	Forecasting required headcount needed for the future.	AI enabling the ability to more granularly predict what skills and work will be needed in the future.	Enable leaders and HR to make more strategic decisions around talent.	Facing a nursing shortage, a health care provider identified nurses' particular skills, looked throughout the organization for people with the skills to perform any of those tasks, and then asked those employees to obtain—or renew—nursing licenses, thereby becoming eligible to add some nursing work to their core job. <sup>4</sup>
<b>Career Agility</b>	Singular, linear career path.	AI-powered suggestions of career paths and opportunities anywhere in the organization.	Flexibility for employees to enable a culture of internal mobility.	Three-quarters of a financial services organization's workforce is registered on the talent marketplace, enabling it to achieve \$21,000,000 in savings through internal mobility. <sup>5</sup>

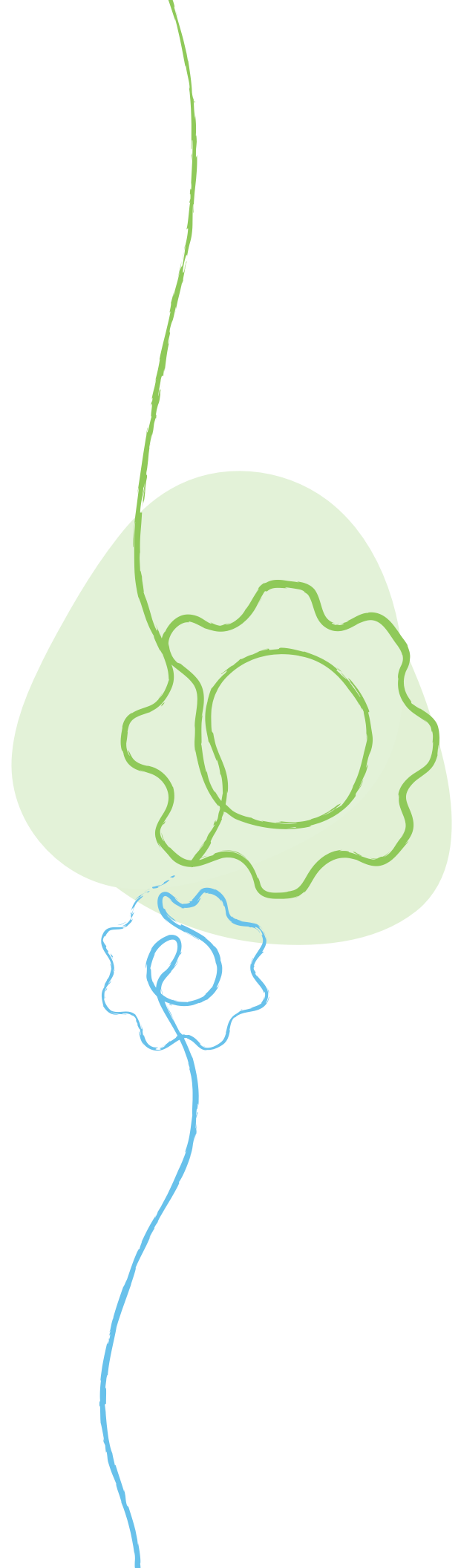


## Summary

In using AI to transform talent practices and support a skills-based approach, organizations can expect time savings and productivity boosts. More specifically, a skills-based focus improves talent placement, retains high performers,<sup>6</sup> and reduces the number of mis-hires.<sup>7</sup> However, organizations that integrate both AI and skills-based approaches stand to gain even more. They'll be able to predict talent gaps, match candidates more effectively, and uncover new opportunities in the talent market. This includes the ability to quickly adjust to organizational and talent changes, reduce bias in recruiting and matching, and increase overall retention across the workforce with internal matching and personalized workforce development. The combination of being AI-fueled and skills-based fosters the agility needed to tackle the talent challenges many organizations face. This approach also promotes high levels of worker satisfaction and engagement, which leads to a robust employee experience.

Organizations embarking on an AI-fueled, skills-based transformation should take an experience-led approach. By first understanding the experiences, challenges, and opportunities of their current employees, organizations can make informed decisions that enhance rather than limit experiences. To get started, organizations should:

- Apply a human-centered approach to integrating AI into the flow of work: Thoroughly understand current talent experiences and identify opportunities for automation and AI.
- Thoughtfully understand and design the end-to-end process, making strategic decisions about human involvement at each stage.
- Define your skills taxonomy—this will be foundational to implementing AI-fueled, skills-based processes.
- Identify the capabilities needed to enhance workforce experiences and processes, then evaluate existing or new technological solutions that can meet these needs.
- Select a pilot process or workforce segment to implement changes, using workforce experience needs to measure the success of changes and gather employee feedback for iteration and scaling.
- Garner leadership buy-in. AI and talent are enterprise-wide opportunities, and strong leadership alignment and support can significantly impact the success of your transformation journey.

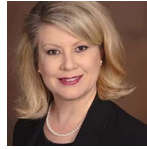


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## Endnotes

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