

# The Re-Skilling Renaissance

Investment in learning is a bellwether of good things to come • BY JOSH BERSIN



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After years of watching manufacturing and service jobs move to India, China and other low cost of living geographies, we're starting to see them come back. Companies including Caterpillar, Dow Chemical, Master Lock, BMW and Whirlpool are investing in U.S. manufacturing again. Yes, U.S. manufacturing and service skills are not what they once were, but Bersin & Associates' "2012 Learning Factbook" shows that today, thanks to these economic trends, a re-skilling renaissance is taking place.

Further, a 2012 Boston Consulting Group survey showed that more than a third of U.S.-based manufacturing executives at companies with sales greater than \$1 billion plan to bring production back to the United States. This is due to lower labor costs, higher product quality, ease of doing business and proximity to customers.

This trend, coupled with an intense discussion about education and skills from the federal government, has added fuel to the re-skilling boom that began last year. While globalization continues to be the No. 1 issue we hear about from large organizations, we also see a dramatic increase in basic skills development in the U.S.

Our research shows that in 2011, U.S. corporate training budgets jumped up 9.5 percent — the largest annual increase in more than 10 years. With this big increase, average spending per employee rose to more than \$800, or \$1,021 in high-impact learning organizations.

This focus on re-skilling goes far beyond the manufacturing and service sector. Now companies are finding it harder than ever to find the right skills. Fifty-eight percent of our TalentWatch respondents cited difficulty filling key positions as one of their top three challenges, and Lloyd's of London recently noted that skills and talent shortages are the No. 2 risk businesses face around the world. SHL, a global provider of assessments, finds that 63 percent of its customers are having a very difficult time finding skills, a 22 percent increase over last year.

Why the huge gap in skills? Well, three factors have collided:

- The workforce is rapidly becoming younger. In the next three years more than 50 percent of the workforce will be under age 35. These younger workers simply have fewer years of experience and therefore lower levels of expertise.
- High unemployment has started to atrophy skills at all levels. Even professionals in marketing and sales lose their edge when they're out of work for a year or more.
- Colleges and universities have focused on teaching to the test, and much research now shows that even college graduates no longer have the communications, project management and teamwork skills they once had. They may have great grades, but companies have to help them develop work skills to succeed.

Part of the problem is that during the last three years, training departments were cut to the bone. We saw double-digit cuts in overall spending for several years, and the result of that de-investment has now started to come home.

Now is the next golden era for learning and development. Deloitte, for example, just opened a new corporate university in Dallas, focused heavily on re-investing in the skills of its professional staff around the world. Xerox is investing heavily in new leadership and culture programs to facilitate its shift from product to services businesses.

Training is really not an expense that can be turned on and off like a spigot. Well-run learning and development environments save companies money, and they contribute to the bottom line during good times and bad. Look at Cisco's new year-long training program for new sales representatives. The program uses virtual delivery, rather than in-person classroom sessions, and blends formal training with on-the-job experience. The program has made associates 10 percent more efficient upon moving into the field, which translates to \$111 million in increased bookings for the year.

During my years as an analyst and researcher, I continue to be inspired by the agility and flexibility of businesses around the world. We will re-skill our workforce in the United States, and we will be more and more proud of it in the coming years. **CLO**

To learn more about re-skilling, see "Mind the Global Skills Gap" on page 50.