Employers want certain skills. Employees don’t have them. Why? And what can organizations and Training, employees, and the educational system do to eliminate the disconnect? **BY LORRI FREIFELD**

With the U.S. unemployment rate hovering around 8 percent and millions of people desperately looking for jobs, why are many employers claiming they can’t fill their vacant positions?

The answer: A skills gap that threatens the sustainability of businesses around the world. And while a big part of the skills gap is a shortage of people skilled in the STEM (science, technology, education, and math) industries, there also is a gap in soft skills such as communication and advanced leadership skills. (See sidebar on p. 18 for skills gap statistics.)

Ed Gordon, author of “Winning the Global Talent Showdown” and the upcoming “Future Jobs: Solving the Employment and Skills Crisis,” believes the education to employment to talent creation system—from first grade through college through career training—needs to be revamped. “It’s not a skills problem; it’s a talent issue,” he asserts. “People don’t have the liberal arts and thinking skills and specific career training they need in today’s technologically advancing world. We need the skills to keep this very complex technology working. This includes medical technology, aerospace, automotive, etc. We need people to build airplanes, fix the lights on at the Super Bowl, fix high-tech cars and plumbing systems, and teach kids writing skills.”

Gordon predicts if the structure doesn’t change, there will be 14 million to 25 million vacant jobs by 2020 that we won’t be able to fill. “You can have all the latest technology you want,” he notes, “but if you don’t have the talent behind it, your business is not sustainable.”

What is causing these skills gaps? What can—and should—employers and their Training departments, employees, and the education system be doing differently? This first article in a five-part series will address these questions. Subsequent articles will explore how corporate partnerships with colleges and universities can help bridge the divide (May/June), how to motivate employees to take advantage of skills gap training and eliminate any sense of promotion entitlement (July/August), how technology can help (September/October), and additional potential solutions and strategies for success (November/December).

**CAUSE AND EFFECT**

At its core, the skills gap is an education issue, believes Adam Wiedmer, Sourcing director, Seven Step RPO, a professional services corporation providing recruitment outsourcing solutions. “There is a mismatch between skills being taught in the U.S. and the labor pressure in the
highly skilled IT workforce.

Jim Spohrer, director of IBM University Programs, adds that the impact of emerging technology quickly is outpacing expertise. For example, he says, in five short years, smart phones have become ingrained in business and society, revolutionizing the way people communicate and transforming consumer habits and the way companies operate. “STEM skills need to play a bigger role in our curriculum at all grade levels, and professionals must make continuing education opportunities a priority to stay informed on the latest technical advances,” he believes.

Melanie Holmes, vice president, World of Work Solutions, ManpowerGroup, identifies several other underlying causes of this skills mismatch, including:

**Baby Boomers are retiring in unprecedented numbers.** The generations that followed the baby boom were smaller—so the sheer number of workers available is smaller, and those remaining may not have sufficient literacy or communications skills.

**Employers tell us that they are seeking candidates with experience.** This creates two issues. First, technology and the world of work change so rapidly that it is difficult to find employees with experience in emerging technologies and work practices. Second, if educational institutions, employers, and individuals aren’t keeping up with these changes, the workforce will be left behind.

**Finally, there may be “infrastructure” issues contributing to the mismatch.** Many potential employees struggle with issues such as transportation and affordable child care. Others might not live where the jobs are and can’t afford to relocate.

In 2012, global staffing company Aquent commissioned a survey of 580 marketing, creative, and digital hiring managers to uncover flexible workforce trends in their departments. The survey indicated that nearly 30 percent of hires were looking to external (contract/temporary) resources when their team doesn’t have the specific technical skills or knowledge needed to complete a project. What’s interesting about this, says Katja Wald, director of Global Marketing, Aquent, “is that because Aquent staffs these positions with contractors, we know there are people who can fill those gaps, but many times they prefer to work as contractors. They are part of a growing group of highly skilled professionals who prefer the flexibility and variation (of work) that a contract provides. As a result, we often suggest companies adjust their expectations a bit and consider looking for candidates who have those highly specialized skills but prefer a temporary job. Additionally, we’ve seen contract-to-hire become a popular option so that both employer and employee can evaluate each other and see if it’s the right skills match.”

In late fourth quarter 2012, Aquent canvassed its clients asking them for the soft skills they thought were most important. Almost overwhelmingly, clients said they wanted to see candidates with organizational, project management, and communication skills.

This holds true when it comes to leadership competencies, says Ellen Van Velsor, senior fellow in Research & Innovation, Center for Creative Leadership, who believes educational curriculum currently is not well aligned with the skills businesses need. “While undergraduate business administration and MBA programs provide students with a variety of technical skills, leadership and other soft skills are virtually absent in many programs,” she notes.

A recent survey of senior executives done by the Center for Creative Leadership showed that the five most important leadership competencies desired in people entering the workforce today are communication skills, self-motivation, learning agility, self-awareness, and adaptability. “Whether these are the qualities companies actually are hiring for is an important question, but these are certainly not all qualities that are the core focus of typical high school or college curricula,” she says. “While the managers we surveyed are impressed with the incoming generation’s technology savviness, they seek younger workers as overly dependent on technology for communication and less skilled or willing to communicate face to face.”

Last but not least, Van Velsor says, is the fact that young people today may not be receiving the help they need in terms of training, mentoring, or coaching to become the leaders needed for tomorrow.

**WHAT EMPLOYERS AND TRAINING CAN DO**

Tracy McCarthy, Chief Human Resource Officer of SilkRoad, a provider of cloud-
based social talent management software, recommends that employers challenge their talent acquisition strategy. “If you are having trouble filling jobs, is it because your expectations of the job applicant’s skills and experience are too high or specific? Challenge your thinking about the level of experience and skills you are demanding of applicants and look for a balance of specific technical skills and critical success skills, work attitudes, and self-management skills.”

SCC Soft Computer hires individuals possessing domain expertise and trains them from the ground up, according to Chief Learning Officer Don Keller. “We hire medical technologists for a variety of key positions (e.g., product specialist, business analyst, and technical support specialist) and rely on the subject matter expertise of these professionals. We transition their skills sets from medical technology to information technology.”

For the technical support team, SCC created levels for the technical competencies associated with various jobs in that department. “We labeled the competencies as basic, intermediate, advanced, and expert, and then we mapped these to the jobs,” Keller explains. “Managers review the competencies with their direct reports and set a development plan for any technical deficiencies. We take an additional step and link the competency model to the career path, so employees know where they need to be technically in order to be in line for a promotion.”

BY THE NUMBERS

There is no shortage of research proving the existence of skills gaps. But it may be surprising to see how big these gaps are. Some highlights from recent research:

• ManpowerGroup’s seventh annual Talent Shortage Survey revealed 49 percent of U.S. employers are experiencing difficulty filling mission-critical positions within their organizations. According to the more than 1,300 U.S. employers surveyed, the positions that are most difficult to fill include skilled trades, engineers, and IT staff.

• According to the 2012 IBM Tech Trends Report, only 1 in 10 organizations has the skills needed to utilize advanced technologies such as cloud and mobile computing, social business, and business analytics. IBM’s Tech Trends report is an annual study capturing data collected from a global survey of 1,200 professionals who make technology decisions for their organizations, 250 academics, and 450 students. The Tech Trends report also found that an alarming number of professionals (more than 60 percent), and students and professors (73 percent) feel there is a moderate to major skill gap in these four technology areas. What is even more alarming, says Jim Spohrer, director of IBM University Programs, “is that nearly half of the educators and students surveyed for the report indicated major gaps in their institution’s ability to meet IT skill needs.”

• According to McKinsey’s The World at Work report, advanced economies will need to double the pace at which young people are earning college degrees and graduate more students in science, engineering, and other technical fields. The McKinsey report also found that even with preventative measures, there could be 20 to 23 million workers in advanced economies without the skills employers will need in 2020.

• Some 38 percent of 1,648 employers reported they currently have positions for which they can’t find qualified candidates, according to CareerBuilder’s “Talent Crunch” study. One-third (34 percent) reported that job vacancies have resulted in a lower quality of work due to employees being overworked, 23 percent cited a loss in revenue, 33 percent of employers said vacancies have caused lower morale, and 17 percent pointed to higher turnover within their organizations. Some 41 percent of respondents reported they currently have programs in place to help alleviate the skills gap, including on-the-job training, mentoring, and sending employees back to school.

• Job Preparedness Indicator research from the Career Advisory Board, established by DeVry University, found only 17 percent of 516 hiring managers said that job seekers have the skills and traits their organization is looking for in a candidate. For hiring managers with responsibility for senior-level candidates, approximately one in five (18 percent) indicated that very few job seekers have the necessary skills and traits, compared to only 13 percent of hiring managers who are responsible for entry- or mid-level candidates. The research also found that hiring managers place the greatest demand on big picture traits such as strategic perspective, global outlook and business acumen. However, job seekers are more likely to focus on skills being sought for lower-level workers, such as a strong work ethic and self-motivation.

For additional research, see p. 22, which looks at preliminary results from a recent survey Training magazine conducted in partnership with Brandon Hall Group and the Society of Manufacturing Engineers (SME).
it opens up entry-level positions for new hires.

McCarthy encourages organizations to build their farm team, utilizing a multitier approach and hiring some people right out of college/high school, those early to mid-career, and those in later career. “This way, you can have a supply of talent ready to move into new roles as others exit,” she says.

An effective Training department also should partner with the other departments in the organization so they are kept up to date on current needs as jobs change, Keller believes. “At SCC, we try to stay a step ahead of the changes by continuously communicating with the departments and by suggesting ways to improve skills proactively. All too often, organizations wait until there is some kind of a crisis and then try to improve skills.”

One of the initiatives SCC Educational Services undertook was to collaborate with the Client Services/Technical Support department to update the existing competency model to include levels and to map technical skills to actual jobs. “At the same time, we created a training and development map, and revised the 90-day onboarding training plan,” Keller says. “We color-coded the competency model to help managers decide which competencies need to be evaluated on the 90-day review for new hires. A representative from Client Services/Technical Support and the training Organizational Development (OD) specialist assigned to this project pulled all of the managers into a training session and gave them the tools to better assess new hires.” During the same timeframe, the OD specialist held roundtables with the managers to come up with key behavioral interview questions based on the “must-have” competencies. “We then developed a structured interview guide so the managers are all asking the same set of questions during the initial interviews.”

Developing strong internship, or co-op, programs can help develop skills early on in the hiring process,” McCarthy adds. Another proactive strategy is to partner with local colleges and high schools to start “recruiting” future employees and build your employer brand. “Give back to the local schools and communities with time to bring career relevance to the classroom,” McCarthy says.

IBM, for example, offers free training and educational resources for IT professionals, educators, and students through IBM developerWorks—a Web-based technical resource and professional network for IT practitioners, students, and university faculty worldwide. Four million developers use developerWorks each month, with language support in English, Chinese, Japanese, Russian, Korean, Vietnamese, Brazilian Portuguese, and Spanish, according to Spohrer. Resources offered on developerWorks are free, available to the public, and regularly updated with the newest technology trends. “We just expanded the site to include new materials around cyber security, mobile application development, and smarter commerce tools to help retailers improve their business,” Spohrer says.

This model likewise can be used for developing leaders, says Joel Wright, Innovation associate, Center for Creative Leadership. “Employers can take a proactive stance to develop the future leadership pipeline by partnering with educational institutions or community youth organizations to help them resource leadership opportunities. While some resources might be monetary, others might involve staff acting as mentors, coaches, or facilitators during the youth leadership programs.”

And it’s a two-way street: Depending on how the program is designed and delivered, Wright says, “the mentors/coaches/facilitators often learn and grow their own leadership skills while developing the leadership skills of those they are working with. This can be a real rich win-win.”

Organizations also should look into state-funded training programs. Training funds awarded to SCC under the State of Florida Incumbent Worker Training (IWT) Stimulus Grant have

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**STRATEGIC COMPONENTS**

What type of timeline and investment would an organization be looking at in creating a strategy to eliminate skills gaps, and leadership skills gaps in particular? Ellen Van Velsor, senior fellow in Research & Innovation, Center for Creative Leadership, says the timeline and investment would depend on the nature of the strategy and the needs addressed by the plan.

“There is no single/simple answer,” she says. She points to some necessary components of the strategy, including:

- A focus on organizational sustainability and employee development (including mentoring and developing the next generation to lead).
- Openness to innovation that younger people can bring—building an organizational culture that encourages, coaches, and grooms that orientation/those individuals.
- A focus on learning your way forward as an organization and culture change, if needed—from a dependent culture where leadership comes from the top to an independent and/or interdependent culture, where leadership is shared and coordinated among people, groups, and systems that foster the emergence and development of next-generation ideas and the creation of shared value.
- Resources devoted to this task, tempered by recognition that not all development involves direct cost—so there must be dedication to creating a plan that provides needed solutions and deep benefit without thinking just “dollars for training.”

Don Keller, CLO, SCC Soft Computer, adds a few more tips:

- For technical skills, companies should allow employees to assess their own technical needs. When you create a culture of awareness, he says, employees often strive for self-improvement.
- For leadership skills, companies can benefit from one-to-one coaching. Manager training isn’t always enough, Keller believes. “For instance, in writing performance reviews, some managers fall into common traps, such as the halo effect or other biases, which can skew the review.”
- For soft skills, organizations need to focus on critical skills that include the “four Cs”: communication, critical thinking, creativity, and collaboration. Moreover, with four or five different generations in the workplace, they need to consider the unique attributes of each generation—along with their unique learning styles—when developing training.

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ARE YOU TOLERATING LEADERSHIP MEDIOCRITY?
By Jim Concelman, VP, Leadership Development - Leadership Solutions Group, Development Dimensions International

When it comes to employee skill gaps, companies typically don’t tolerate technical incompetence—at any level. That’s why I am always baffled that so many companies tolerate leadership incompetence—at every level.

Leader quality is a primary driver of strategy execution and sustainable growth. In a 2011 Bersin & Associates study, more than half of organizations reported their business was being held back by a lack of leadership talent. The study also revealed that companies with the highest quality leaders were 13 times more likely to outperform their competition in key bottom-line metrics such as financial performance, quality of products and services, employee engagement, and customer satisfaction.

What causes leadership mediocrity and, more importantly, why do companies put up with it?

The causes are two-fold: poor selection and lack of development. At DDI we have a saying: “You can’t develop a hiring mistake,” and this is especially true about leaders. Yet companies—through their HR departments—continue to allow hiring managers to select leaders based mostly on technical skill and virtually ignore leadership ability. Why? Well, perhaps these hiring managers feel it’s easier for leaders to learn the “soft skills” needed to communicate and build strong relationships, but our experience and research show that soft skills are difficult to develop. Our study of front-line leaders found that they regularly overestimate their leadership skills and 89 percent have at least one blind spot (a development need they don’t realize they have) in critical leadership competencies. They are mediocre and they don’t know it, but their direct reports do.

One organization that places a premium on identifying and developing leaders who avoid the mediocrity trap is Quintiles, a provider of biopharmaceutical services with more than 27,000 professionals working in more than 80 countries. Quintiles has helped develop or commercialize all of the top 50 best-selling drugs on the market.

“Everything we do revolves around what our people can bring to the table from their knowledge, expertise, consistency of service delivery, and innovation,” says Tim Toterhi, senior director, Global Talent, Development & Engagement. “So getting the right people to lead those efforts is tremendously important for us.”

As part of its leadership selection process, Quintiles uses an online assessment tool that targets the competencies leaders need in order to be effective. In addition to enabling better hiring decisions, the data gathered from the assessment serves to identify the areas where the leader needs development. “It’s something we can use for a broader population to indicate not only how people might fit into a role, but also how we would continue their development once selected,” Toterhi explains.

In addition to gathering and using assessment data to avoid leadership mediocrity, as Quintiles does, it’s also important to provide new leaders with comprehensive training in core leadership skills. Then, on an ongoing basis, it’s critical to provide them with feedback on their soft skills and hold them accountable for improving.

No organization should settle for mediocre leaders. By being smarter about how we hire, develop, and support them, there’s no reason mediocre leaders can’t become a thing of the past.

WHAT EMPLOYEES CAN DO
While much of the skills gap solution burden may lie with employers, employees are not off the hook. McCarthy offers four key pieces of advice for employees:

Ensure you have good basic math, language, reading, writing, communication, and technical/computer skills. “It is up to the student and parents to own this, no pushing the sole responsibility to the school system,” she emphasizes.

Ensure you have, at minimum, basic employability skills: dependability, ability to get along with others, and problem-solving skills. “These are first learned in the home,” she says, “so the parent, or parental figures, have a duty and responsibility to model and hold children accountable.”

Reset your expectations. First-time workers must be willing to take that internship (paid or unpaid) or entry-level job that can help them gain valuable work-related business
EDUCATION/SOCIAL SYSTEMS

The speed of business is changing faster than ever and our education and social systems are not keeping pace, McCarthy believes. “A focus on communication, problem-solving, and critical thinking is lacking in our current education system, but these are required skills for successful employment.” McCarthy’s note to educators: Teach these skills, model them, expect them!

McCarthy says the lack of basic skills such as math, science, reading, and writing is a deal breaker. “Employers don’t have the capacity to teach these in the workplace; it is up to the education system and parents to ensure each person has these skills.”

Advanced skills, such as computer or IT skills, are in high demand now, and that will not change in the future—it will only become more critical. That said, the number of students focusing on these areas as a course of study is declining. “We need to figure out why,” McCarthy says. “How do we encourage the right students to pursue technical tracks so we have the needed skills in work? This is a problem best solved by an integrated approach between education and business.”

Author Gordon agrees. “Is the labor market out of sync with what parents want their kids to do or what the schools prepare kids to do?” he asks. “The system needs to be rebuilt at the regional level. We need to restructure the education to employment to talent creation system.”

Gordon points to “Regional Talent Innovation Networks” or RETAINs as a solution. Currently, there are 1,000 of these regional public/private partnerships, which Gordon says are bipartisan, not political or ideological. “We have to rebuild the pipeline that connects the people to the job market,” he says.

Some examples:

• In Santa Ana, CA, High Schools Inc. runs programs in schools; there are currently five career academies within the Santa Ana Valley High School that are part of High Schools Inc.
• The Community Education Coalition in Columbus, OH, provides elementary, secondary, and post-secondary training and is looking into what jobs pay and the education required.
• HIRED in St. Paul, MN, asked businesses what jobs have been vacant for six months that employers can’t fill. It finds people who have some of these skills, and over six to nine months, it trains them and they are hired on as trainees. The company pays 50 percent of the cost and public funds pay the rest.

Ultimately, Gordon says, “we are in a jobs revolution. The business community is still tied to short-term business results, but we need to build a knowledge structure. We need a system overhaul, not tweaks to the current system. If we don’t address this talent shortage, we will see deterioration in products and product shortages.”

Despite this dire prediction, Gordon remains optimistic. “I believe the solution will be from the bottom up, not from the government,” he says. “And one key is getting companies to capitalize training/talent development like they do equipment and facilities. Don’t outsource training and HR—get it on the balance sheet.”

Stay tuned for Part 2 of the series in the May/June 2013 issue, which will explore the role colleges and universities can play in helping to bridge the skills gaps. ▼