



Directors' Outlook: The Workforce of the Future

The trend toward a more skills-based—rather than job-based—workforce will have important consequences for organizations. Dawn Zier sat down with three experienced directors to discuss how boards of directors and leaders need to adapt to this skills-first movement, to artificial intelligence and to other important trends affecting the workforce.

Participants

Robin Matlock, director at MSCI, Iron Mountain and startups Cohesity, Dremio and People.ai

Sheila Talton, CEO and founder, Gray Matters Analytics; director at Sysco, John Deere Construction and OGE Energy Group

Kelley Steven-Waiss, CEO and founder of Hitch Works, which was sold to ServiceNow, where she is chief transformation officer; director at Form Factor, Inc.

Moderator

Dawn Zier, former CEO of Nutrisystem and director at Hain Celestial Group, Spirit Airlines and Acorns

ZIER: How do you see the workforce morphing over the next decade?

SHEILA TALTON: You'll still have a core group of employees, because holding on to the intellectual property that is created within your company that gives you your secret sauce will remain critical. But teams will expand and contract based on the work that needs to be done. One of the reasons for the expand-and-contract model will center around the need for speed to market. Change is happening so quickly; no one has time to build everything organically.

ROBIN MATLOCK: Lines are blurring—from the geography of where we work to how we collaborate. And, as a result, the types of talent and skills we need are evolving. We're in this wave of transformation where there's an opportunity to move from jobs-based to skills-based, especially given the tight labor pool. But companies may struggle with how to manage culture in such an environment. Teams outperform when they have shared goals and can align momentum to accomplish something together. The best results rarely are achieved through only solo contributors. As the delineation between jobs, skills and departments starts to blur, there will be increased pressure on maintaining the "team" aspects of our work groups.

KELLEY STEVEN-WAISS: Man and machine working together. Some jobs will go away; however, a lot of new jobs will emerge. AI will become a

regular part of all disciplines, and we'll leverage more about what makes us human across leadership, judgment and strategy roles.

The workforce will be more fluid. People aren't going to sign up for careers. They might be in one type of role for five years and then take a completely different path. It will be very different than when we got out of school with our predestined career paths.

Ultimately, given tight supply and high demand, we could eventually move to more agile operating models where talent is shared across organizations without clear boundaries in place.

ZIER: The concept of moving from a jobs-based to a skills-based workforce is gaining traction. Deloitte has said that organizations that embed a skills-based approach are 63 percent more likely to achieve results than those that do not. Do you believe this approach has merit?

STEVEN-WAISS: I do. Companies have a lot of untapped talent that has the skill sets to do different and do more. Labor can be a combination of internal and external resources. If you use skills as the common denominator, you're going to have better outcomes because you're going to be able to find the right person for the right work at the right time.

We make assumptions about people, skills or knowledge based upon their titles. But it's a very incomplete picture. Using myself as an example, I had a jungle gym of a career that led to having many different skills that people weren't

aware of. I started my career in the retail industry and understood the operating model, specialty apparel and merchandising. I spent time in management consulting and gained skills around business development and sales. I did stints in PR, advertising, corporate communications and HR. If someone just looked at the job I was in at the time, they would have no way of knowing my complete scope of capabilities. This resulted in my missing out on opportunities that I was qualified for because I was not part of the consideration set.

We can utilize AI to catalog skills information and visualize a skills supply chain to more fully understand the talent within the organization. To create a skills-based operating model, you need to have a single source of truth for skills and data. When we match people to work assignments based on skills information, we have the ability to further our DE&I outcomes because we're using skills as a common denominator to match people to opportunities, rather than matching people based on their networks.

MATLOCK: There's a lot of merit to a skills-based model, but it can't be siloed. We need to tap into our talent beyond the job description by thinking about how skills can be applied to work as a whole versus a job in a department. Take the concept of "digital." Years ago, digital would have meant a company's website or ecommerce environment. Today, digital encompasses everything we do, from HR to product to engineering to marketing to sales. One would be hard-pressed to find a job that does

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Directors Roundtable

The Workforce of the Future

not have a digital component. If you look at a job skill in the context of one department or function, you will fail to leverage skills across the organization. You will miss out on utilizing precious talent that could be highly relevant and valuable if applied to more horizontal opportunities.

TALTON: I do believe in a skills-based model because technology touches and disrupts everything. If you don't refresh for skills that are relevant as we shift to more of a tech-enabled service economy, you can become irrelevant. Companies will reward continuous learners. Our workforce tends to be underutilized because we don't have a complete unbiased picture of the capabilities of each employee.

ZIER: AI is accelerating the concept of a skills-based workforce. What key questions should directors be asking of management and of themselves around these issues?

MATLOCK: Boards should be asking if the CEO is running the company in a way that prepares it for the next wave of transformation. AI should be considered as massive a technological disruptor as the internet was decades ago. Businesses that didn't embrace the internet are most likely not with us today. Boards should be probing management on AI from multiple angles. What's the opportunity around AI? What are the risks? How does it fit into the company's strategy? How will it alter the competitive landscape? How will it impact the workforce?

TALTON: Boards should be asking management what their plans are to use AI to broaden and enhance the skills of the workforce. They also should be asking what additional steps they are taking to protect the work environment from individuals who would use technology in the wrong way.

Some people are afraid of AI and are reluctant to utilize it. But we're not going to stop technology from being integrated and embedded into the workplace. Embrace it and figure out how to expand your skills and how to integrate it into your products and services to give you a competitive advantage.

Technology constantly disrupts. Look at how Amazon disrupted retail. Who would've thought that we would be ordering things from our home at midnight? Consumers move faster than many retailers. Companies need to keep up.

Additionally, talent is fast gaining talk time in the boardroom, yet most boards still have not recognized the need to have talent and culture functional experts around the table to help provide oversight. In light of all that has happened on the people front over the past few years, boards should ask themselves if now is the time to address this gap.

STEVEN-WAISS: One of the greatest risks companies face today, given that the demand for certain skills is high and our supply is low, is securing the right talent. If we are unable to do this, we risk falling behind in competitiveness.

Directors need to understand the critical skill domains of the organization necessary to execute against the strategy. What is the current pipeline of talent, and what is management doing to mitigate any potential issues in either acquiring it or building it from the inside?

When I was a CHRO, my CEO asked how much data science capability we had in the company, because we were about to pivot our strategy to a business model that required a shift in the composition of our talent. What we found is that while 23 people had data science as part of their title, we had over 84 people with the skill set and identified a level of proficiency in data science. Now the question was, "Could we actually reimagine these people in a more focused role in data science or not?" We did.

ZIER: Attracting and retaining talent are cited by both directors and management as top concerns in the current environment. The skills-based approach provides more sourcing opportunities by tapping into freelance, rotational and gig workers. But does it actually result in the ability to retain the key talent who will become future leaders of the organization?

TALTON: Companies that will do the best are the ones that have a culture that proactively moves their talent around to different roles and cross-trains them. This is how skill sets are built and people are retained. We have a missed opportunity because a lot of our talent base is underutilized, particularly our diverse talent.



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—Robin Matlock



When I was working in China, every morning I’d walk first to Starbucks and then to my office. One particular morning, I noticed the massive number of people that were all going to work. I remember thinking that my country will never compete in numbers, and, therefore, we cannot afford to have any of our talent underutilized in the way that we do today.

As a director, I have worked to shift the diversity conversation in the boardroom from total count to total opportunity. I don’t want to manage and track

how many females or people of color we have. Instead, I want to understand how many of them are getting opportunities to move around and learn new things. I want to see the same kind of moves with that diverse group that I see with nondiverse groups. I want to see the Marys and Janes getting opportunities to develop a cross-functional skill portfolio, because their names can’t be on the list to become the next CEO or division head if they haven’t had some of that diverse hands-on experience. The reporting around those types of stats is more im-

portant than telling me that you went to college campuses and hired 100 diverse individuals that you’re going to lose by the time they get to middle manager.

STEVEN-WAISS: I think employees will have a lot of loyalty to companies that allow them to continue to grow and expand their skill sets and create portfolio career opportunities internally that are more broadly defined than the job they were initially assigned to do.

People bring only about 60 percent of themselves to work, meaning engagement levels are pretty low. If we give people more choices around the type of work they could do—based on their broader skill set—productivity and retention levels will increase.

In my case, when we implemented this strategy, we offered no incentive programs or additional compensation to those participating in the internal talent marketplace. But people were inspired because they could learn new skills, which made them more marketable. They had increased exposure across functions and could build their corporate reputations. Additionally, we furthered our DE&I outcomes by tapping into capacity that would have otherwise been left untouched.

MATLOCK: While talent needs will ebb and flow, the companies that will win will thoughtfully balance their internal and external resources, and they won’t over index on the external freelance model. There’s a different level of accountability and commitment between an engaged employee and a gig worker. Leaders are going to need to figure out new ways to inspire, connect and reward their teams. The new generation wants to work for companies that align with their beliefs and values. Companies that connect with employees on that level will retain them.



Directors Roundtable

The Workforce of the Future



ZIER: If “skills are the new currency,” what investment should organizations be making in upskilling and reskilling the workforce? What do individuals need to do to stay relevant?

WIESS: The half-life of skills is so short. The skills one learns in college might no longer be relevant five years down the road. So learning is becoming more about continuous microlearning in specific areas.

The muscle that people need to develop to be relevant in the future is the ability to learn, unlearn and relearn in multiple cycles.

The onus is on the company to create a culture that allows employees to be self-empowered learners to continue to develop skills. Progressive companies are creating internal marketplace or gig opportunities so employees can learn new skills that create corporate value.

MATLOCK: AI is going to disrupt some jobs, especially ones that don’t require original thinking. This will raise the bar, and people will adapt. Since they won’t need to spend eight hours a day doing something mundane, they can add value in more rewarding ways to both them

and the organization. Employees need to raise their hands to learn more, and companies need to create a learning culture that carves out time for people to learn new things. The new generation is tech-advanced, and they can quickly learn on the job.

Also, we have roadmaps for products, for supply chain, for financial models. But where is the roadmap for talent? Do companies have a long-term talent strategy that upskills the team? These are valid questions that boards should be asking. Like Kelley said, the half-life of skills is short. There’s no better solution than to create a work environment where people can continuously learn new things.

TALTON: Corporations should be investing in those individuals who want to grow and develop. When you find those who don’t want to, you should try to trade them out, because they won’t be able to keep up with the rate of change. We need people who are willing to stretch themselves and learn new skills and become multiskilled.

I tell my teams that it’s their job to make some decisions about where the gaps are in their skills and come to us

as senior leaders on how they would like to fill those gaps and broaden their experiences and skills. Then it’s on the organization to create cross-training opportunities.

ZIER: What are two or three tips you have for winning the talent war over the next five years?

TALTON:

1. Broaden your thinking around talent—where you find it, how you develop it and how you keep it.
2. Embrace flexibility.
3. Ask for the right metrics around diversity. It’s not about the percentage of females who are persons of color. The focus has to be on the number of people in underrepresented groups who are being considered for cross-functional or promotional opportunities.

STEVEN-WAISS:

1. Catalog the talent in your organization beyond the job description.
2. Embrace the internal gig economy; it’s both retentive and cost saving.
3. Rethink compensation to incent people to make lateral moves to develop or utilize skills that are important to the company.

MATLOCK:

1. You need employees who are advocates of the culture. Glassdoor comments matter!
2. In a more hybrid work environment, you need to be even more creative and focused on fostering connectivity.
3. Have a talent road map for the company and take the time to understand and build out personalized talent road maps for individuals. 🇺🇸



The Directors Roundtable was hosted by **Dawn Zier**, the former CEO of Nutrisystem and a current board member at Hain Celestial Group,

Spirit Airlines and Acorns.