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# Lack of Skills Threatens Digital Transformation



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Contributor: Scott Engler

As the COVID-19 response accelerates the speed and scale of digital transformation, a lack of digital skills could jeopardize companies with misaligned talent plans.

Even before there was a coronavirus pandemic, boards ranked digital/technology disruption as their top business priority for 2020 — followed by obtaining the talent needed to execute tech transformation. But COVID-19 has escalated digital initiatives into digital imperatives, creating urgent pressure on HR leaders to work with their CEO, CFO and CIO to rethink skills needs as business models change at light speed.

It's no easy task for this cohort to identify and acquire **the digital skills their organization needs** (<https://www.gartner.com/smarterwithgartner/workforce-planning-for-competitive-advantage-post-covid-19/>) to pursue digital transformation as imagined post-COVID-19. And now companies must press forward under a new reality: Technology skills are no longer highly centered in IT; they need to be “marbled” across organizational functions and businesses and coupled with soft skills to achieve transformation success.

“ Most companies are flying “data blind” with regard to the skills they need for transformation”

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Consider the sales rep: Gartner TalentNeuron™ data shows that technology industry leaders like Facebook, Apple, Amazon, Google and Microsoft look for a digital skill set that includes engineering, digital transformation, Microsoft Azure, security, computer science and tech infrastructure. But it's not just sales reps nor tech leaders who are affected; digital skills are now part of almost every role.

Yet most companies are flying “data blind” with regard to the skills they need for transformation and the supply, demand, availability and location of those skills. Fifty-three percent of respondents to a recent TalentNeuron survey said that the inability to identify needed skills was the No. 1 impediment to workforce transformation. Thirty-one percent reported that they have no way to identify market leading skills.

## Digital transformation speeds up and spreads

By some estimates, response to the pandemic has fast-forwarded digital adoption by five years. One result of this “digitalization at scale and velocity” is massive skill shifts. The shift in skill needs was already a challenge, but more than 58% of workforces report skill transformations since the onset of the pandemic.

Many leaders are ill-equipped to manage the fallout. The very business leaders who already lagged in making the digital leap are often the same ones we're depending on to hire and develop future-forward strategies to cope with this change.

If senior leaders can't solve this puzzle, they won't be able to deploy and align the right type or amount of skills to address the shifts in work trends, processes and organizational structures that fuel digital transformation.

### “ 'Digital' doesn't just mean 'remote'”

Often lacking is critical understanding of how digital impacts the business, and how to effectively plan and deploy the critical skills needed to fuel the **reimagined business model** (<https://www.gartner.com/smarterwithgartner/reset-your-business-strategy-in-covid-19-recovery/>).

As one CEO recently told me: Every company is going to have to transform digitally. He described the need to invest in this moment of crisis, saying “Everyone's going to have to adapt new ways of creating and delivering value.” This applies to customer relationships, sales and services, marketing and commerce, collaborating and reskilling workers, and more.

It's important to note how radically and broadly digital capabilities will be needed. We've become used to remote work and remote transactions, but "digital" doesn't just mean "remote."

As businesses reinvent themselves, some will focus on digital initiatives that improve productivity and reduce costs; others will focus on existing or new digital commerce and digital revenue sources. You have to plan for what digital evolution means to your business model, not base your plans on how work is being done now.

## **Data shows demand for digital skills keeps expanding**

In 2019, data from Gartner TalentNeuron already showed an outsized number of technologists being hired outside of IT. That trend is only accelerating as organizations demand digital skills far beyond the IT function and deep into other areas of the business.

You can see this in the figure below, which shows data on job postings by non-technology companies tied to skills around artificial intelligence, robotic process automation and data science/analytics.

## Catching up with tech companies on critical skills

Pandemic response has already driven **radical and lasting change in work trends** (<https://www.gartner.com/smarterwithgartner/9-future-of-work-trends-post-covid-19/>), including shifts around remote and contingent work and critical skill needs. But as executive leaders reset their digital business strategy, the talent strategy will need to serve the chosen end state.

Companies that were poised for digital transformation before COVID-19 are quickly distancing themselves from analog companies, and the rest are scrambling to catch up.

Even if nontechnology companies don't need employees to be quite so digitally literate as the tech giants, they will need to identify their requisite skills and prioritize a way to acquire them. This is especially critical if they hope to unlock the value of the competitive advantage embedded in the reimagined business model.

## Ways to redeploy talent resources

Whatever the value proposition is for customers and other external stakeholders, every organization will need employees to function in a more digitalized environment — where decision making and workflows are constantly changing.

“ The pandemic has confirmed what many already knew: Legacy ways of working are outdated”

Even before COVID-19, HR leaders rated the emergence of new tasks as their top disruptor and commonly said they struggled to plan for future talent needs. The pandemic has confirmed what many already knew: Legacy ways of working are outdated.

Talent resources are increasingly misaligned with work processes and organizational structures. And the traditional approach to allocating talent — using episodic overhauls and adjustments — simply isn't agile enough for today's fast-changing conditions.

The way work is designed diverges over time from the way it actually gets done, and now that's happening even more quickly, so organizations need to:

- **Embed agile work design assessments** into broader talent management activities.
- **Break roles and projects into skills** (<https://www.gartner.com/smarterwithgartner/build-the-workforce-you-need-post-covid-19/>) so you can begin to identify the work model that best meets the skills requirements. Then you have options. For example, to make up for a lack of a given digital skill, you could borrow from another department, do an interdepartmental talent swap, hire a freelancer or crowdsource capabilities.
- **Decide the fate of different roles** as the environment evolves, unbundling resources to adapt to devolved decision-making authority.
- **Consider the options for roles at risk** from artificial intelligence and automation:
  - Preserve the role as is, but stay ahead of the curve. Forecast what changes can still impact the role and prepare a strategy plan for how to successfully handle potential transitions.
  - Enhance the existing role with new or improved capabilities so it can adapt proactively to the changing work landscape.
  - Rightsize the role to realign with what's required in a new environment.
  - Eliminate the role when it runs an unavoidable risk of automation. Eliminating the role doesn't necessarily mean eliminating the talent.
  - Predict an entirely new role to replace an antiquated existing role.

Ultimately, talent planning has to move resourcing closer to the end user, making it easier for employees to act on changing needs — and helping to keep resources from getting stuck in less-productive projects.

For HR leaders to anticipate and plan for these types of shifts in skill needs and organizational and workflow design, they will have to evolve far beyond talent-plan executors (last to know, first to be blamed). Instead, they must be digital change agents, proactively driving talent strategy in concert with their C-suite partners.

Scott Engler is VP, Advisory for CFO/CHRO and evangelist for Gartner TalentNeuron™. Scott works with companies to plan for the future of the workforce and the capabilities they will need to give them a competitive advantage as AI, massive skill changes and the gig economy come on line. He also works with CFOs and CHROs on strategy, board relations, talent planning, business performance management, analytics and leadership.

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