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THEY CAN'T WRITE.

THEY CAN'T COUNT.

THEY CAN'T THINK.

Why your people can't do what you need them to do.

THE CONFERENCE BOARD

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WHY YOUR PEOPLE CAN'T DO WHAT YOU NEED THEM TO DO.

BY VADIM LIBERMAN

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You've heard the criticism before.

American students are falling behind others in the advanced world. The sharpest critique of all: High-school and college graduates score an F in Critical Thinking 101. As a result, they're ill-prepared for the workplace. A deficient educational system, say no shortage of experts, is the reason that organizations face a skills gap. And they're right, to an extent. It no longer surprises us, for instance, to read about America's students trailing Asian and other Western nations' in science and math.

What might surprise you is that most organizations—four out of five, according to the American Society of Training and Development—say they face a skills gap not in ten or twenty years but *right now*. Fixing the schools won't close today's gap.

That's not to say that business shouldn't be helping schools with financing and operations, of course. From Ford Motor Co.'s funding of charter schools, to IBM's programs encouraging employees to develop technology solutions for local schools, to the Mickelson ExxonMobil Teachers Academy—"a camp where teachers go and learn about math and science through fun ways!"—many well-meaning corporations have invested resources at all educational levels to develop in students the capabilities necessary to, eventually, succeed on the job. It can't hurt, right?

But when you're looking at your people and wondering why you're not getting more innovative and ambitious thinking from all levels—why they seem stuck in yesterday's models and technologies, why your directives bog down in concerns about capabilities—problems with the country's school system aren't the issue.

Plus, American companies are hardly alone in confronting the matter. In China—you know, the same China that's on the brink of global economic domination—businesses are struggling to find qualified middle- and senior-level managers. Unemployment there remains high despite plenty of job openings (sound familiar?).

In short: Improving the national education system is key to raising overall abilities, as far as reading, writing, arithmetic, and thinking. But your company's skills gap pertains not only to job candidates but to employees at all levels, and not only to future workers but to current staff.

And if you look closely at your company's structure, policies, and actions, you may discover a painful reality: that *you* bear much responsibility for creating your own skills gap. Fortunately, you have the power to bridge it.

THE GAPS

Really, the fact that almost 80 percent of organizations say they face a skills gap should be no surprise. It's the response of the other fifth that ought to raise an eyebrow. Changing marketplaces and innovation have always influenced business, and inherent in that is the notion of keeping up with new demands. The latest technological development, government regulation, or customers to target always alters necessary capabilities. A skills gap, then, is not just nothing new but nothing more than keeping up with the new: When one gap closes, another one opens. Companies that claim to see no such divide are arguably stagnant or delusional.

That skills gaps are *natural* to doing business hardly implies they are *good* for business. Still, once you accept their inevitability, it's obvious that the goal shouldn't be to eliminate gaps so much as narrow them.

There are three main types of skills gaps. The first is technical—usually resulting from advances in technology—in which companies typically find themselves needing an entirely new set of skills. Indeed, 30 percent of organizations say they see a gap in technical/IT skills, according to an ASTD study. Granted, employees have always had to adjust to new gadgets, machines, and software, but learning to operate a 1930s typewriter hardly equates to creating an advanced Excel spreadsheet. And there's a reason phones are called smart these days. Given that digital technology and interactive media continue to revolutionize the workplace, organizations increasingly are no longer content with leaving all the IT work to IT people. In the future, we'll all have to be tech geeks to succeed.

And we'll all be knowledge workers. The second type of gap is essentially a knowledge gap, in which employees must be aware of new reports, trends, regulations, and procedures. Forty-one percent of firms surveyed by ASTD claim their workers lack professional or industry-specific skills. It's less understanding new information than it is retaining a greater quantity of it that itself has become a valued skill. For example, managers won't just have to manage their work and their employees—they must keep up on research on *how* to manage their work and their employees. And manage the knowledge itself! There's no shortage of B-schools and consultancies and other sources churning out information, and

it will take an escalating level of expertise to sift through and apply it.

A third gap revolves around thinking and behavior. It generally occurs when workers lack proficiency in skills that they already possess to some degree. According to the ASTD survey, 31 percent of corporations claim a gap in managerial and supervisory skills; even more significantly, half see a gap in leadership and executive-level skills. Creativity, collaboration, problem-solving, critical thinking, and adaptability—companies grumble that, though most employees have these abilities, they aren't at the level they should be. "These skills have become steadily more valuable the further we've come from the Industrial Revolution," explains ASTD executive editor Pat Galagan. "Brain work is more important than ever."

It is the brain-work gap that gives companies migraines. Leadership skills have always been vital, but today's globalized economy places increased emphasis on strategic thinking, an international perspective, and the ability to manage across cultures. "People must know how to perform in today's ambiguous environment," points out Ed Oxford, chief talent officer at healthcare provider Banner Health, "but some individuals have a low tolerance for ambiguity. We tell people, 'If you can't handle ambiguity, then this company is not the place for you.'"

BIGGER, BETTER, FASTER

These days, the pace of business is so fast that everything you read in a magazine article may become obsolete by the time you reach the end. Are skills evolving so rapidly that they are irrelevant by the time people learn them?

Not exactly. Technical skills can change drastically—it's safe to assume your VCR-programming expertise won't impress most recruiters—but skills involving behaviors and thinking abilities are eternal. Thus, the problem isn't that most skills don't evolve—it's that everything else does, including the speed and proficiency at which you must utilize the skills. Executives are always under enormous pressure to produce bigger, better, faster, where adapting to the speed of business becomes a skill. Skills like problem-solving and critical thinking are timeless, but we're given less and less time to apply them. For example, it used to be that you had more than an afternoon to mull over entering a new market, bringing in a new supplier, or restructuring your organization. Today, you must think quickly on your feet, not with your feet perched on your desk. Except that no matter how quickly you adapt, it's never quickly enough.

This game of impossible catch-up shouldn't automatically strike you as hopeless. Think about it: What is "enough" if not shorthand for complacency? If it seems depressing to view solving a skills gap as an unwinnable race toward a nonexistent finish line, that's only because you're confused about whom you're running against. You're competing not with a skills target but with other companies. The winner is the corporation that best plans ahead for its skills needs. However, that's something many organizations either won't or can't do.

Won't because pressure to perform in the short term forces companies to act more reactively than proactively to fill skills needs immediately. And in a sense, you can sympathize with businesses: How can you grow skills for down the road when you're trying to maneuver out of a dead end finding people who excel in the skills you need right now?

Can't because it's difficult to see into a foggy future. Will you need someone with experience in mergers and acquisitions, launching a new brand, creating a mentoring program, doing business in Russia? You can hire someone who speaks Russian right now, but should another recession hit, you may have to bid *dasvidaniya* to the employee and all you've invested in him. As Galagan explains, "Companies typically had five-year plans, but now that's a joke. Nothing stays the same. Even an annual plan might not be adequate."

CAN'T GET NO SATISFACTION

With increased demands on executives, it's also reasonable to ask: Is work getting too complicated?

"No," insists Leslie Teichgraeber, VP of PepsiCo University. "Are we asking too much of people? We can't *not* ask. The business climate requires it. The ability to strategically determine how to tackle increasing demands is a way to distinguish good leaders from exceptional leaders." In which case, the answer is actually yes, work *is* becoming too complex—at least for some people. It's not only that companies are progressively outsourcing lower-level skills. It's that employees must be more knowledgeable in more skills than ever. "If an organization years ago would have been satisfied with 80 percent of the criteria it was looking for, now it will only be satisfied with getting 99 percent," says Elaine Varelas, managing partner at Keystone Associates, a career-management consultancy.

Database administrators must now manage computer networks, accountants must now conduct analyses to reduce expenses, chief marketing officers must now oversee sales, and even receptionists must do more than greet visitors and transfer calls on their increasingly complicated phones. "I grew up in an HR function, where my role has changed a lot," says Orlando Ashford, chief HR officer at Marsh & McLennan Cos. "I now have to contribute to the strategic direction of the enterprise, looking at new businesses, markets, acquisitions. That traditionally has not been the expectation of me as a function head."

It's less the nature than the volume of work that complicates a job, and the recession has only worsened the situation as

companies laid off workers and stacked more hats upon the heads of survivors. Productivity soared as a result, but at what cost?

Re-conceiving a job to include more duties can easily open up a new skills gap. According to press accounts, when Bayer MaterialScience last year was looking to hire a new health, safety, and environment director for one of its plants, the company sought candidates who were also adept at many functions (as if this titular triple responsibility wasn't enough), such as guiding workers to adapt to workplace changes. You'd think one of the thirty—*thirty!*—candidates Bayer interviewed would have sufficed, but the company wound up promoting (settling?) from within.

"If employees can deliver in four of five areas, that's not going to be enough for certain jobs," Varelas says. "Do you want a physician who's great at four things or five?"

But the question shouldn't only be what you'd want. It should be what is actually possible. When companies heap many responsibilities upon a single person, they implicitly require another skill—the ability to multitask. But one can juggle only so many tasks. Eventually, balls drop. When you demand that an employee who's skilled at doing A, B, and C now be just as good at performing an entire alphabet of tasks, you're setting up that person to fail—only then to complain of a skills gap. It's a sad irony when an organization creates a problem and then moans about it. You can't expect someone to excel at every task.

Or can you? The fact is, some executives *can* read, write, count, think—and multitask between all four—pretty well. Perhaps they have yet to reach their skills limit, but that's precisely the point: Top performers simply have higher thresholds. Therefore, it is possible to assign more responsibilities to people—as long as you can gauge how many more. The problem is, not all enterprises can. "I'm not sure organizations have done due diligence to fully understand what it is they're asking of employees," charges Paul Erdahl, VP of global leadership and talent development at Medtronic. Which raises an interesting point: That a manager may be poor at evaluating other employees' skills illustrates that the entire concept of a skills gap boils down to perception. The aim here isn't to plummet

into a hole of impractical meta-analysis—it's to highlight the fact that spotting skills gaps within an organization is itself a skill.

TEACHING VS. TRAINING

Once a company recognizes that it's deficient in Skill X, it must bring in people who have it or train those who don't. Seems logical, right? Except that, in the long run, such narrow thinking won't narrow the gap. Clearly, you must recruit or train for the skill you want, but the problem arises in identifying Skill X to begin with. It isn't using new computer software, having an encyclopedic knowledge of SEC regulations, working effectively in teams, or even thinking out of the box. These are vital capabilities, but the main skill that should concern companies is *learning agility*, the capacity to continually learn and apply what you've learned regardless of job or industry. All other abilities are subordinate. Think of this as a fourth type of skills gap, in which possessing the learning agility to develop skills is itself a skill.

Putting employees into new situations entails a level of risk that discomfits firms, especially in today's economy.

"Research suggests that those with a higher learning agility are predictably more successful in complex corporate environments," Ashford explains. "All of us have run into people who were really smart, went to the right school, had a beautiful résumé, and were really successful in a job. And then when they were put into a different role or dynamics changed in their current one, they weren't able to remain successful. Were they no longer talented or smart? No, it was that they were less learning agile."

But how do you hire for learning agility? There's no easy way, but you can assess for the skill just as you would for any capability: by questioning an individual about accomplishments, past experiences, and hypotheticals. The more important question is: How do you foster learning agility within your organization? Moreover, how do you also develop many of the other abstract skills—such as creativity, critical thinking, and problem-solving—that some critics argue can't actually be taught? After all, it's not like drilling employees on safety procedures or technical skills.

These critics are right—that is, if they have in mind traditional instruction, in which a teacher provides knowledge that a student absorbs. The goal, however, isn't to *teach* employees—it's to *train* them. Often, workers learn skills best not in a classroom but informally and experientially. The Center for Creative Leadership finds that stretch assignments and daily interactions with others influence executive development far more than any formal training; in fact, only 3 percent of executives cite formal classwork as the means by which to learn most effectively. By some estimates, we learn up to 70 percent of what we know about our jobs informally.

Training employees to be more creative and better problem-solvers isn't rocket science—rocket science you can teach. People capabilities are different than technical ones. To develop the essential skills that companies claim to lack, organizations must give workers chances to flex those skills. That means rotating people into different posts, sending them abroad, assigning them unfamiliar projects, and encouraging them to take chances. Many companies already offer mentorships, coaching, or job shadowing to help employees grow, and though such efforts are helpful, nothing beats experiential learning.

Medtronic, for example, runs a global leadership program in which the company immerses executives into emerging markets around the world. "You can have a whole bunch of leaders sitting in Minneapolis and L.A. reading all the books they want about what it's like to do business in Russia or India," Erdahl points out, "but we all know it's very different than having the experiences on the ground."

Of course, a trip to India costs more than a book on India. The thinking has always been that during economic downturns, training budgets shrink (though it's worth pointing out that the typical U.S. company spends nearly fifty times more to recruit a $100,000 executive than it will invest in his annual training). Indeed, at some companies, that has happened (though depending on the skill, it seems disingenuous to groan about a skills gap if you're unwilling to train your workers). Most organizations, however, have not slashed training expenses. In fact, the average training expenditure per employee rose 1.2 percent in 2009, according to ASTD. Yet the skills gap remains wide. This sounds familiar: As with education, attempts to narrow the gap are often misguided, inadequate, or both. "An awful lot of managers think it's easier and quicker to spend a couple thousand dollars to send employees to a course than it is to take the time to work with them on something," Erdahl says.

Putting employees into new situations, though, entails a level of risk that discomfits firms, especially in today's economy. For the same reason, employees aren't necessarily eager to stray from the comforts of the expected. "If you work in a climate of fear and are worried about your job and are expected to keep your head down, you will atrophy any potential to think critically in the future," explains Thomas Kochan, the George Maverick Bunker Professor of Management at MIT's Sloan School of Management and co-director of the school's Institute for Work and Employment Research. "A company needs to encourage critical thinking by saying that it would rather have someone make a wrong decision than no decision." Indeed, 12 percent of executives say that business mistakes have been their strongest learning experiences, according to the Center for Creative Leadership. "Over time, if you constantly discourage critical thinking and suppress people from doing new things," Kochan adds, "then you won't get critical thinking. You become responsible for your own critical-thinking skill gap."

Aside from providing experiences, you can teach people analytical problem-solving and all sorts of techniques that can take on innovative dimensions. MasterCard, for instance, runs a workshop that challenges participants to reverse their assumptions and make unusual connections by mixing and matching elements from different fields to create new ideas. Explains Ann Schulte, the company's VP of global learning: "The experience helps break down the associate barriers and linear thinking that can block innovation and demonstrates how someone who is less of an expert can often provide a breakthrough solution."

Ed Oxford adds: "Creativity is more about a process and the ability to bring idea to fruition than thinking of the original idea."

TAKING CHANCES

When companies decide to bring in talent to fill a gap, they usually look for people with the exact same experience doing

the job for which they're hiring. Sometimes too exact: Businesses too often craft myopic job descriptions that greatly narrow the pool of whom they deem to be qualified candidates (recall the Bayer MaterialScience example). The search for impossibly perfect candidates will become only more severe as waves of retiring baby boomers force corporations to fill managerial positions prematurely.

Experience is hardly unimportant, but it's the type of experience that counts. There's experience performing tasks, and then there's experience performing skills. Sometimes, the two are identical—like, say, having the ability to work with a specific database. But even that capability—like any technical skill—can be learned and is secondary to having superior learning agility. Companies ought to spend less time hunting for people who can carry out a laundry list of rote tasks and more effort finding candidates who can demonstrate overriding behavioral skills.

Businesses too often craft myopic job descriptions that greatly narrow the pool of whom they deem to be qualified candidates.

"When people develop into leaders, they are always stepping into jobs they've never had before," Erdahl explains. "Yes, there are certain prerequisites we'd like to see, but these prerequisites never fully prepare a person for the next level, so we look for more foundational pieces, like mobile experience and an understanding of working within different matrices in complex environments."

"We sometimes hire for aptitude," Oxford adds. "A person may not have all the skills or experience required, but if that person demonstrates the three Es—energy, enthusiasm, excitement—then that candidate will have a much greater chance of being hired than someone with a bit more skill who lacks these qualities."

After hiring, a company should, of course, offer development opportunities, but some people are naturally more oriented to be better learners or more creative, Ashford concedes. On a ten-point ability scale, with enough training a person can go from a two to a four—but probably not to a seven.

Obviously, every company prefers a ten, so what to do with a stellar employee who seems unlikely to develop further? "For an otherwise high-performing leader, sometimes you let the person continue in the role," says Leslie Teichgraeber. Other times, you'll have to make some tough calls.

Most employees, however, have not maxed out their skills, and as the saying goes, perfect shouldn't get in the way of better. Ashford recalls a previous job in which he led training and development for a telecom company. Service call centers were getting three to four million calls a year, and to raise revenue, the organization was interested in using those calls as opportunities to sell additional products and services. "I remember saying that that would never work," Ashford remembers. "These call reps intentionally chose to work in service, not sales, because otherwise they would have chosen the higher-paying sales-call jobs. They just did not want to sell."

To address the sales skill gap, the company created an incentive program that paid the service-call reps not for their ability to make sales but for specific behavior. Typically, at the end of a service call, reps asked if they had serviced the client well; if so, the call usually ended. Under the new system, the company instructed reps to ask one or two out of five questions that had the potential to transform the call into a sales opportunity. The firm rewarded workers for simply asking the sales questions—not for closing the deal. A small distinction, but one that took all the pressure off. "We removed the fear of trying to make a sale," Ashford explains. "We found that by engaging people in the behavior, some of the calls did, in fact, translate to sales, and people gradually became more comfortable selling."

It's also worth considering fitting jobs around people, not people into jobs. Instead of the standard method of creating a job description with a long list of requirements, it may be worthwhile to start with the skills your company needs and then look for candidates and employees to fill them. "We define jobs without recognizing that we are paying people for their brains and ability to adapt to change quickly and think critically," Kochan says. Often, the confines of a job description trap an employee. For instance, think of the customer-service worker with marketing skills. Instead of keeping him in his current department full-time, a company may benefit by exploiting his other skills. Some HR systems offer easy routes for changing roles; others don't.

The reason some businesses struggle today is because they didn't diligently plan yesterday by providing their workers with the right experience to enhance their learning agility, creativity, and critical-thinking skills. As a result, they're impatient to hire for the skills they need immediately—they no longer have time to

train anyone. For example, a firm might need someone with international experience because it failed to offer current employees opportunities to work abroad. Or an organization might want someone with extensive environmental knowledge because it hadn't been willing to send its own workers to receive outside training or certification. But unless businesses take more steps to offer employees experiential learning opportunities that inevitably enhance learning agility—which, in a circular pattern, makes workers better able to handle future experiences—organizations will suffer from the exact same problem tomorrow. If you don't voluntarily hop off this merry-go-round at some point, it will eventually spin out of control and throw you off for a hard landing.

At the very least, slow down the ride. This might mean thinking about which skills you'll need, but more often, it involves mapping a way to grow such capabilities. After all, you don't need a three-hour brainstorming session to conclude that creativity, problem-solving, and critical thinking are important. What you need is to figure out how to cultivate them in your executives in the face of a fast-changing business climate.

While businesses may be eager to hire from the outside, one has to wonder whether businesses would hire those on the inside if they were to apply for their own jobs today. It's a particularly relevant question at companies that have provided little or no opportunity for employees to develop capabilities, where older workers may be less adept at functioning in workplaces increasingly populated with younger counterparts who are gradually ushering in new approaches to work.

It's unclear whether the skills gap is wider among employees or candidates, for as Elaine Varelas points out, "Candidates are just people without business cards." Regardless, were companies more flexible in their hiring practices, it's arguable that unemployment wouldn't be so high. While the number of available jobs remains fairly low, job openings surged by 37 percent over the past year. Yet unemployment also increased. "It's a shame to have so many jobs unfilled," Ashford remarks.

Of course, organizations could theoretically solve the entire problem of a skills gap quite easily: Lower your criteria, and poof! No more gap. But Teichgraeber is probably right: Requiring more of people is the inevitable consequence of doing business in a hypercompetitive market. The solution, then, isn't to lower expectations so much as it is to reevaluate them. But then, doing that demands some skillful thinking. ∎