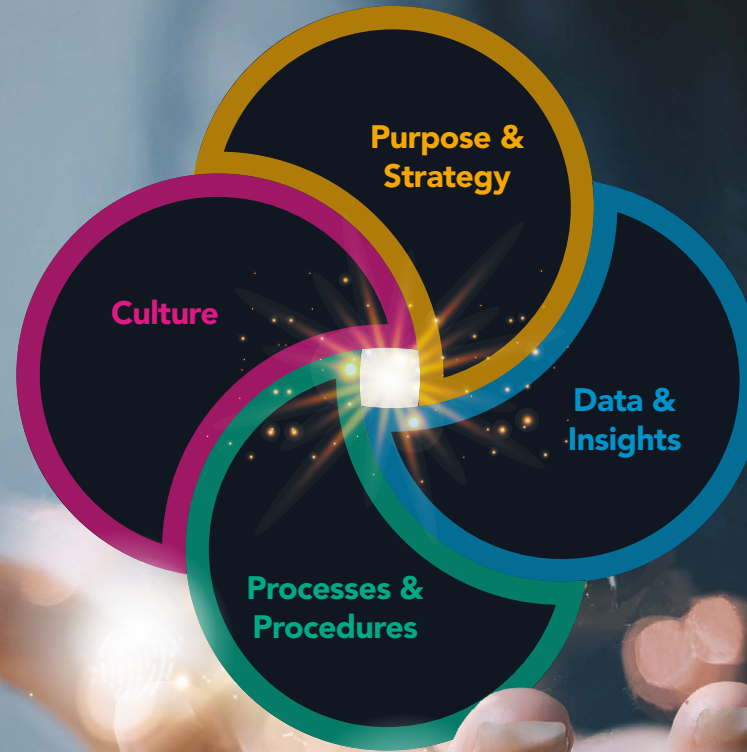


# Building your future-ready workforce:

## An overview of the Skills-Based Organisation Framework



Supported by  **pwc**

 **Financial Services  
Skills Commission**

November 2024



The financial services sector is at a pivotal moment. In today's rapidly evolving business environment, organisations face significant challenges driven by technological advancements, shifting customer expectations, and a dynamic incoming workforce. These factors have contributed to a widening skills gap, making it increasingly difficult for businesses to attract and retain talent with the required expertise.

The UK's financial services sector is being transformed by technology, globalisation, the global financial crisis, the pandemic, the race to net zero, and changing consumer and workforce demographics. Skills needs are shifting too as firms adapt to changing expectations and seek to maintain growth and value.

To remain competitive and agile, firms must focus on closing their skills gap. This means ensuring that their workforce is equipped with the skills needed to meet current and future business priorities.

Our members recognise this challenge. That's why we have worked with them to create the Skills-Based Organisation Framework. By prioritising skills over traditional job structures, the framework enables organisations to better adapt to the changing demands of the modern economy and ensure they are well-positioned to drive sustainable growth. Developed with our members, and supported by PwC, the framework provides practical guidance on embracing the skills-based approach and achieving tangible progress.

The framework is a resource developed exclusively for Financial Services Skills Commission members. However, we have produced this high-level overview of how your organisation can begin its skills-based transition.

I hope you find this overview helpful. If you would like to discuss the skills-based organisation framework, or the benefits of Commission membership, I would be delighted to speak with you.

**Claire Tunley**  
**Chief Executive of the Financial Services Skills Commission**

# About the Financial Services Skills Commission

The Financial Services Skills Commission (FSSC) is an independent, not for profit, member-led body, representing the UK's financial services sector on skills. We work directly with the sector to ensure that businesses have the talent and skills they need for the future.

We represent more than 40 members who collectively employ nearly a third of the industry's workforce.

Our overarching purpose is to increase the supply of talent and skills across the sector.

We also act as a collective voice and convener of skills for our sector on skills matters, communicating the skills needs in our sector to government and education sector. We have created practical insights and actionable tools for financial services firms to implement and adopt.



# What is a skills-based organisation?



“A skills-based organisation is one that places skills and capabilities at the heart of its business strategies. This approach involves identifying, developing and deploying employees based on their skill sets, ensuring that the right talents are used for the right tasks. A continuous learning culture and emphasis on internal mobility underpins the employee journey. This creates a flexible and agile workforce that uses skills to achieve organisational goals.”

In a skills-based organisation, the emphasis is on identifying, developing, and using the unique skills and abilities of individuals to meet the organisation’s needs. This approach provides greater flexibility for employees to contribute to different projects or teams based on their skills, rather than being limited by their job description. This also helps the organisation stay adaptable in a rapidly changing work environment by aligning talent with the work that needs to be done.

## The case for change

The financial services industry is experiencing rapid changes driven by technological advancements, evolving customer expectations, and a dynamic incoming workforce. To stay competitive and agile, organisations must re-think traditional structures and practices, and adopt a skills-based approach. By prioritising skills in the workforce, organisations can equip themselves to adapt to market changes and drive sustainable growth.

Based on the **People + Technology Report**, there is an emphasis on the need for strategic

training, reskilling and internal mobility to address the gap caused by the 260,000 people set to leave the sector by 2035.<sup>1</sup> The current pace of change requires a new model that places skills at the centre of business strategy. Skills are increasingly becoming the new currency of the labour market and there is a shift in the way work is being delivered.

**52%** of CEOs see labour shortages as a key challenge to their profitability<sup>2</sup> and **72%** of CEOs are upskilling their workforce in priority areas

in order to preserve their business and reinvent it for the future. **51%** of workers in specialised roles think the skills required to do their job will change in the next five years<sup>3</sup> while another **35%** agree that they have skills that were not acquired through past qualifications or job history.<sup>4</sup>

<sup>1</sup> **People + Technology: How skills can unlock value for Financial Services 2024**

<sup>2</sup> **PwC Global Hopes and Fears Survey, 2023**

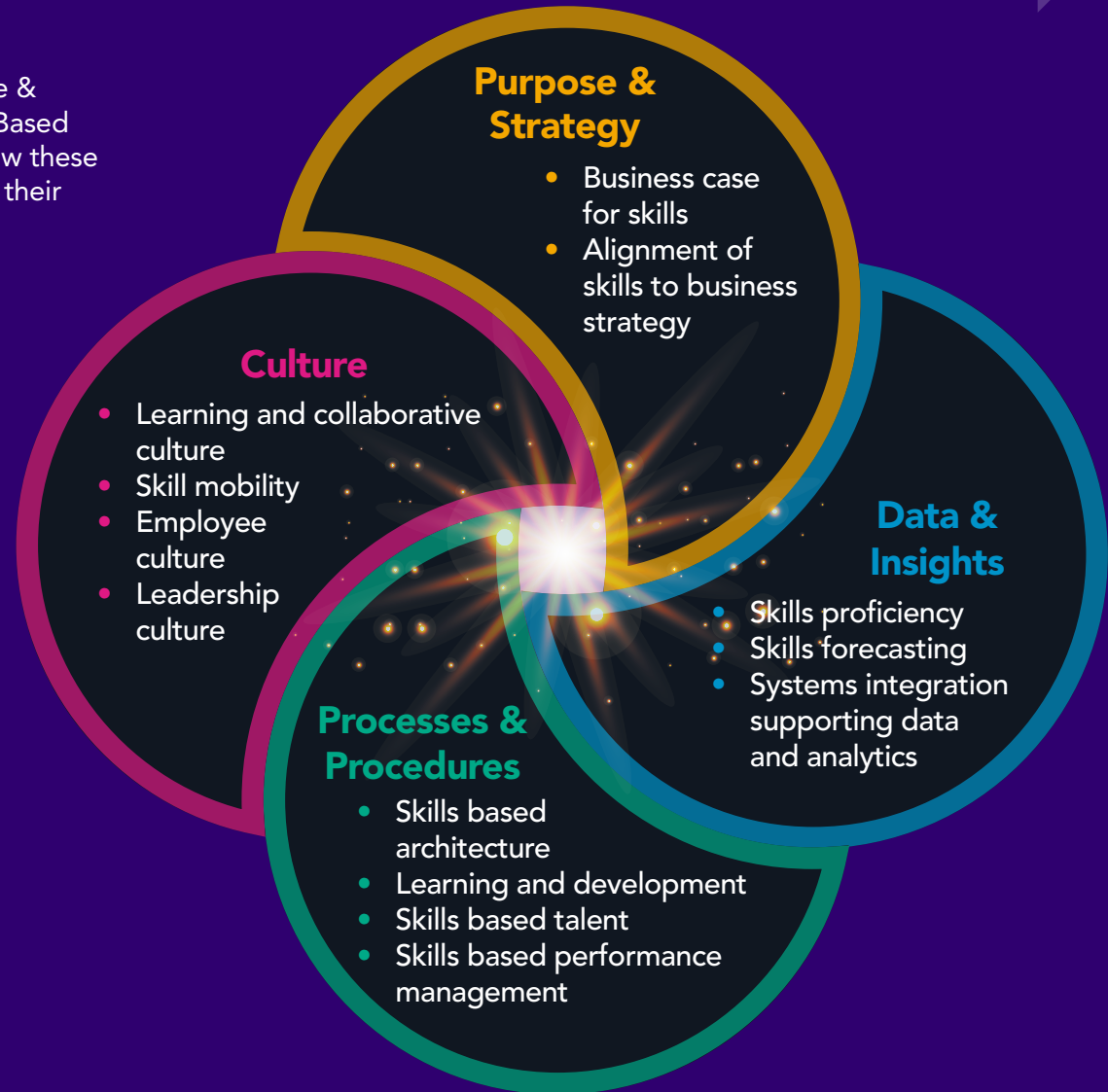
<sup>3</sup> **PwC Global CEO Survey 2023**

<sup>4</sup> **Putting Skills First: A Framework for Action, 2023 World Economic Forum and PwC**

# Our solution: The Skills-Based Organisation Framework

The Framework consists of four key organisational areas: Purpose & Strategy, Data & Insights, Processes & Procedures, and Culture. Based on in-depth, collaborative discussions with our members, we know these are the areas where organisations are focusing their attention on their journeys to becoming skills-based organisations.

Each organisational area consists of a detailed overview, further broken down into sub-elements. These are accompanied by detailed maturity models to help organisations assess their current state and plan their journey towards becoming a skills-based organisation. The four key areas provide an organised view of the different areas to focus attention on, and the maturity model outlines stages of development for those areas from "emerging" to "continuous evolution". By understanding their current maturity level, organisations can set realistic short-term goals and, if appropriate, ambitious long-term objectives to steadily progress towards a sophisticated skills-based approach.



# Who is the framework for?

The Skills-Based Organisation Framework is a comprehensive guide for organisations making the transition to a skills-focused approach, by focusing on four the critical organisational areas. The framework is targeted at senior human resources professionals who have decision-making authority and are positioned to influence change with the organisation's leadership.

This framework helps HR professionals to address priority areas for skills-based development within their organisations. It can be applied iteratively, allowing each organisation to progress at its own pace.

# How do I use the framework?

The framework is structured into four, easy-to-follow sections, allowing you to benchmark your current, and measure your progress towards a skills-based approach.

Commission members are provided with a PDF version of the framework that can be shared with colleagues who are responsible for its delivery. We have also released an online tool, which includes the same information, but in an interactive format.



# Purpose & Strategy

The Purpose & Strategy area of a skills-based organisation is fundamentally about aligning the organisational vision and strategic objectives with a focus on skills development and utilisation. This alignment begins with a strong business case for skills, emphasising the critical role that a skilled workforce plays in driving business success.

The business case for skills highlights how a focus on developing and leveraging the right skills can lead to improved agility, innovation, and competitive advantage. It underlines the necessity for organisations to proactively address skills gaps and prepare for future skill requirements, ensuring that the workforce is equipped to meet evolving market demands.

## Purpose & Strategy

- Business case for skills
- Alignment of skills to business strategy

# Data & Insights

Data plays a crucial role in driving strategic workforce management, underpinned by three main components: skills proficiency/taxonomy, skills forecasting, and systems integration.

A skills proficiency/taxonomy framework is established to systematically categorise and define the skills required across the organisation. Skills forecasting leverages advanced data analytics to predict future skill needs based on industry trends, technological advancements, and strategic business objectives. Lastly, the integration of technology systems is essential for seamlessly supporting data and insights across the organisation. Integrating various technology platforms, such as HR systems, learning management systems, and performance management tools, allows for the efficient collection, analysis, and utilisation of skills-related data.

## Data & Insights

- Skills proficiency
- Skills forecasting
- Systems integration supporting data and analytics



# Processes & Procedures

In a skills-based organisation, processes and procedures are meticulously designed to support a skills-focused approach, encompassing skills based architecture, learning and development, skills based talent management, and skills based performance management.

The skills based architecture provides a structured framework categorising critical skills, aligning HR functions with strategic goals.

Tailored learning and development programmes leverage technology to address skills gaps, ensuring employees are prepared for current and future challenges.

Skills based talent management prioritises skills over traditional qualifications in recruitment and retention, aligning career development with employees' aspirations.

Skills based performance management ties performance metrics to skill development, incorporating regular feedback and coaching.

## Processes & Procedures

- Skills based architecture
- Learning and development
- Skills based talent
- Skills based performance management

# Culture

The culture of a skills-based organisation is defined by a dynamic and supportive environment that prioritises employee engagement, proactive leadership, internal mobility, and continuous learning.

Employee culture in a skills-based organisation emphasises empowerment and active participation in skill development, ensuring that individuals feel valued and connected to the organisation's mission.

Leadership culture is marked by leaders who champion skills development, fostering an inclusive and growth-oriented atmosphere.

Internal mobility is promoted, enabling employees to seamlessly transition into roles that match their evolving skills and career aspirations, thus retaining talent and enhancing flexibility.

Finally, a robust learning culture encourages continuous education and skill enhancement, keeping the workforce adaptable and innovative in the face of changing business demands.

## Culture

- Learning and collaborative culture
- Skill mobility
- Employee culture
- Leadership culture

# Framework tools for members

## Culture

**Learning culture**

At its core, skills-based organisations foster an environment where employees are encouraged and supported to engage in lifelong learning, whether through formal training programmes, on-the-job experiences, or peer-to-peer knowledge sharing. This culture promotes open, constructive communication where employees at all levels are encouraged to give and receive feedback regularly. Feedback is viewed not as a critique but as a valuable tool for personal and professional growth. The organisation promotes this learning culture by providing access to diverse learning resources, including online courses, workshops, and coaching, tailored to individual skill gaps and career aspirations. This emphasis on learning helps ensure that the workforce remains adaptable and capable of meeting evolving business challenges.

**Employee culture**

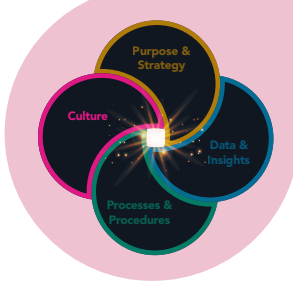
Employee culture in a Skills based Organisation is characterised by a sense of empowerment and engagement. Employees are motivated to take ownership of their career development, identifying and pursuing the skills that will advance their roles and the organisation's goals. This culture values transparency and communication, where employees have clear visibility into how their skills contribute to organisational success. Such a culture not only boosts morale but also drives higher productivity and innovation, as employees feel more connected to the company's mission and are more invested in their professional growth.

**Leadership culture**

Leadership culture in a Skills Based Organisation is pivotal in driving and sustaining the shift to a skills-based approach. Leaders are expected to model a commitment to skills development, demonstrating their support through strategic initiatives and personal engagement in learning activities. Effective leaders in a Skills Based Organisation foster an inclusive environment where skills are recognized and rewarded, and where employees are encouraged to explore new opportunities for growth. Leadership in a Skills Based Organisation is about being visionary and supportive, ensuring that the skills agenda is integrated into the organisational fabric.

**Internal mobility**

Internal mobility is a cornerstone of a Skills Based Organisation's culture, facilitating dynamic career progression and enabling employees to transition smoothly into roles that align with their skills and aspirations. A strong internal mobility framework allows for dynamic career progression, where employees can seamlessly transition to roles that align with their evolving skill sets and career aspirations. This not only helps retain talent but also ensures that the organisation can quickly adapt to changing needs by leveraging the existing workforce's capabilities. By supporting internal mobility, the organisation creates a flexible and resilient workforce, ready to tackle new challenges and drive the company forward.



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## Culture

### Leadership culture

Emerging	Competent	Proficient	Advanced	Continuous evolution
<p><b>Approach:</b> The organisation recognises the importance of a strong leadership culture aligned with its skills based focus. Initial efforts identify and nurture leadership qualities across all levels.</p> <p><b>Focus:</b> Encouraging leaders to embrace a supportive, inclusive approach, promoting collaboration and open communication. Early-stage leadership development programmes are introduced.</p> <p><b>Support:</b> Senior leaders model desired behaviours, demonstrating the value of skills development and continuous improvement. Basic tools and resources support emerging leaders in their growth journey.</p>	<p><b>Approach:</b> A structured approach cultivates a strong leadership culture, with formal pathways for developing leadership skills at all levels. Leaders are encouraged to mentor and guide their teams.</p> <p><b>Focus:</b> Developing leadership capabilities that align with organisational goals and values. Programmes enhance strategic thinking, decision-making, and emotional intelligence, fostering accountability and responsibility.</p> <p><b>Support:</b> Leaders receive structured support through training, coaching, and peer learning. Senior leaders promote continuous learning, encouraging personal and professional development.</p>	<p><b>Approach:</b> Leadership excellence is a core component of the organisation's culture, integrated into all aspects of the business. Leaders at all levels are role models, fostering innovation and collaboration.</p> <p><b>Focus:</b> Emphasising alignment of leadership behaviours with strategic objectives. Leaders drive change, inspire teams, and cultivate a positive, inclusive culture. The focus is on creating effective, empathetic, and supportive leaders.</p> <p><b>Support:</b> Comprehensive support includes advanced leadership programmes, cross-functional opportunities, and succession planning. Leaders share knowledge and experiences, fostering a culture of collective leadership.</p>	<p><b>Approach:</b> The organisation proactively innovates and improves its leadership culture, prioritising leadership development to navigate complex challenges and drive long-term success. Leaders are encouraged to think creatively and embrace new approaches.</p> <p><b>Focus:</b> Fostering leadership innovation, empowering leaders to take calculated risks and explore new ideas. Emphasising leadership agility and promoting a culture of empowerment where leaders encourage ownership.</p> <p><b>Support:</b> Cutting-edge leadership tools, resources, and networks. Leaders engage in continuous learning and development, with opportunities for global exchanges and thought leadership.</p>	<p><b>Approach:</b> The organisation has a dynamic, evolving leadership culture embedded in its DNA. Leadership is a mindset at all levels, committed to continuous personal and organisational growth.</p> <p><b>Focus:</b> Sustaining leadership excellence, where leaders are visionary and grounded, driving strategic goals with ethical and inclusive practices. Leaders inspire and guide teams with a deep sense of purpose.</p> <p><b>Support:</b> Personalised development plans, global leadership forums, and opportunities to influence industry practices. Senior leaders mentor the next generation, ensuring the culture thrives and evolves.</p>

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To gain access to these tools, speak to the Commission about membership: [info@financialserviceskills.org](mailto:info@financialserviceskills.org)

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[www.financialservicesskills.org](http://www.financialservicesskills.org)

### Membership

To find out more about the Financial Services Skills Commission and the benefits of membership visit [www.financialservicesskills.org](http://www.financialservicesskills.org) or email us at [info@financialservicesskills.org](mailto:info@financialservicesskills.org)

### Financial Services Skills Commission

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