Delivering Top-Notch People Performance
Generative AI is one of four key trends putting pressure on companies to adopt new talent and skills

Demand for GenAI skills is skyrocketing . . .

. . . and basic proficiency will likely become the norm as a result

New GenAI skills:
- Model fine-tuning
- Prompt engineering
- Output evaluation
- Bias mitigation
- Workflow integration
- Algorithms and methods

Sources: Lightcast, BCG analysis.
Hiring cybersecurity pros to manage increased threats is a global priority, and present shortfalls put companies at risk.

Sources: (ISC)² Cybersecurity Workforce Study 2023; BCG analysis.

- Cyber Seek national cybersecurity jobs supply/demand ratio.

**522,000**
North America

**348,000**
Europe

**348,000**
Latin America

**112,000**
Middle East and Africa

**2.7 million**
Asia Pacific

**77%**
Average annual increase of US cybersecurity job postings from 2010 to 2023.

**72%**
Cyberattacks that exploit people, process, or organizational failures

**4 million**
Global workforce shortage
A shortfall of 7 million workers with needed green skills could put climate goals and corporate pledges at risk.

**47%**
Percentage of world’s largest public companies that pledged to meet net zero targets by 2030 to 2050.

**17%**
Percentage of companies that report being on track to reduce emissions in line with their ambition.

**GLOBAL GREEN JOBS GAP (IN MILLIONS)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Jobs Gap (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>1.7</td>
</tr>
<tr>
<td>2024</td>
<td>2.6</td>
</tr>
<tr>
<td>2026</td>
<td>4.2</td>
</tr>
<tr>
<td>2028</td>
<td>5.7</td>
</tr>
<tr>
<td>2030</td>
<td>7.0</td>
</tr>
</tbody>
</table>

+22% increase from 2023 to 2030.

**Sources:** Net Zero Stocktake 2023; IRENA; IPCC; IEA, World Energy Outlook 2023; CO2 AI by BCG Carbon Emissions Survey 2022; BCG climate mitigation model; BCG analysis.
Employee expectations have shifted, and former best practices may no longer be effective

<table>
<thead>
<tr>
<th>Flexibility is a key priority for the workforce . . .</th>
<th>. . . and companies are starting to catch up</th>
<th>But to employees, flexibility is more than the ability to work from home . . .</th>
<th>. . . and for companies that get it, there is a real people advantage at stake</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Feeling valued</td>
<td><strong>3x</strong> Increase in remote jobs since early 2020</td>
<td><strong>81%</strong> Want flexibility in where they work</td>
<td><strong>90%</strong> Employees who feel flexibility options are important when deciding whether to take a job offer</td>
</tr>
<tr>
<td><strong>2</strong> Flexibility</td>
<td></td>
<td><strong>93%</strong> Want flexibility in when they work</td>
<td><strong>1.6x</strong> Increased likelihood that employees satisfied with their flexibility options will stay at least 1 more year in their current position</td>
</tr>
<tr>
<td><strong>3</strong> Compensation</td>
<td></td>
<td></td>
<td></td>
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</table>

Sources: BCG Future Forum Pulse conducted November 16, 2022, to December 22, 2022, in Australia, France, Germany, Japan, the UK, and the US (n = 10,243); BCG survey of global desk- and office-based workers conducted March 2023 (n = 1,100); BCG analysis.
C-suite leaders recognize the challenges and the need to invest in retaining and developing talent

Source: BCG analysis based on a global C-suite survey (n = 759).
A select group of future-built companies has capitalized on the trends, allowing them to . . .

... realize multiple financial and nonfinancial benefits

- **3.4x** Revenue
  - Three-year revenue growth\(^1\)

- **3.1x** Profit
  - Three-year growth of earnings before interest and taxes\(^1\)

- **1.9x** People advantage
  - More likely to have high Glassdoor ratings\(^2\)

- **3.4x** Climate and sustainability
  - Improved sustainability scores\(^3\)

- **2.7x** Generative AI
  - More likely to scale GenAI use cases across the organization

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Sources: CapIQ; BCG Build for the Future Survey 2022 (n = 724); BCG analysis.

Note: Benefits metrics compare median for future-built vs. stagnating companies.

\(^1\)Compound annual growth rate from FY2019 to FY2022.

\(^2\)Based on percentage of companies with ratings of 4+ out of 5, using an 18-month average rating as of August 2023.

\(^3\)ESG score improvement from FY2019 to FY2022.
More than 80% of advanced companies create a differentiated people advantage

**COMPANIES WITH DIFFERENTIATED PEOPLE ADVANTAGE CAPABILITIES**

<table>
<thead>
<tr>
<th>Lagging companies</th>
<th>Advanced companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only 8% of lagging companies have a clear people advantage</td>
<td>84% of advanced companies have a clear people advantage</td>
</tr>
</tbody>
</table>

Source: BCG Build for the Future Survey 2022 (n=724).

Companies that score 7 or greater out of 10 on people advantage. A score of 7 out of 10 is defined as strong talent for most current projects, existing roadmap to address talent gaps, above average employee value proposition, and use of most talent acquisition channels to find required skills.
Advanced companies take a holistic approach to building a differentiated people advantage.

**Anticipate**
Understand the talent and skills needed to deliver on business and tech strategy.

**Attract**
Close talent gaps through innovative sourcing and a best-in-class candidate experience.

**Develop**
Upskill and reskill talent at speed and scale so everyone from frontline workers to the CEO has access to "always on" learning.

**Engage**
Cultivate an environment where people deliver their best and enhance their career journeys while also supporting the business strategy.

Source: BCG analysis.
Note: Advanced companies = scaling and future-built.
By addressing all talent value chain dimensions, future-built companies excel in every people capability by a wide margin

<table>
<thead>
<tr>
<th>Talent value chain</th>
<th>Key people capability</th>
<th>Increase for future-built vs. stagnating companies $^{1,2}$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Anticipate</strong></td>
<td>Digital talent: The organization identifies job roles that require digital skills and expertise, for example, business intelligence analysts, data scientists, and IT architects.</td>
<td>6x</td>
</tr>
<tr>
<td></td>
<td>Sustainability-focused talent: Best-in-class, dedicated people focused on driving value on sustainability initiatives.</td>
<td>6x</td>
</tr>
<tr>
<td><strong>Attract</strong></td>
<td>Talent ecosystem: The organization uses external sources, current employees, and upskilling and reskilling to fill its talent needs.</td>
<td>11x</td>
</tr>
<tr>
<td></td>
<td>Strong employee value proposition: The business builds employee engagement through flexibility and adaptive work design, continuous learning and career pathing, and attractive compensation and benefits.</td>
<td>5x</td>
</tr>
<tr>
<td><strong>Develop</strong></td>
<td>Upskilling and career paths: Onboarding, upskilling, and career pathing strategies cater to workers’ specific needs, ensuring a rewarding on-the-job experience.</td>
<td>5x</td>
</tr>
<tr>
<td></td>
<td>Learning incentives: Employees are incentivized and given opportunities to learn.</td>
<td>4x</td>
</tr>
<tr>
<td></td>
<td>Digital skill-building: Learning opportunities help employees cultivate AI and advanced analytics skills.</td>
<td>2x</td>
</tr>
<tr>
<td><strong>Engage</strong></td>
<td>Agile team structure: Teams adjust quickly to changing demands.</td>
<td>9x</td>
</tr>
<tr>
<td></td>
<td>Flexible work model: Processes and platforms enable collaboration anytime, anywhere, and in any form.</td>
<td>2x</td>
</tr>
</tbody>
</table>


$^{1}$Percentage of companies with a score of at least 3.5 out of 5 on each sub-attribute; a score of 3.5 out of 5 is defined as moving toward adoption across the majority of the organization.

$^{2}$Percentage of companies that consistently adopted the capability.
**Anticipate** | Advanced companies understand the talent and skills they need to deliver on business and tech strategies

**Job and skill taxonomy and architecture**
They define and group jobs based on specific skills and responsibilities to facilitate role clarity, mobility, and career paths.

**Strategic workforce planning**
They define job families, simulate workforce supply and demand, and identify gaps and risks. They develop HR metrics and institute an annual process to identify needed workforce interventions.

**Skills-based planning**
They use analytics to predict what the future workforce should look like by identifying the skill set of each employee in order to put the right person in the right job, unit, and location.

Source: BCG analysis.
North American bank

**Goal**
Bring workforce and talent strategies in line with the company’s 10-year plan.

**Challenge**
Job roles, required skills, and career paths were ill-defined, leading to lower engagement and higher attrition for technical roles.

**Solutions**
- Analyzed more than 900 distinct job roles to create job families and career paths.
- Launched employee self-assessment tools to identify skills gaps and implications for future talent strategy.
- Defined processes to keep job families and skills updated and developed change management materials.

**Outcome**
- Synced jobs and skills with company strategy to ensure employees’ future readiness and to fuel engagement, retention, and career progression.
- Reduced job roles to 100, with standardized requirements, responsibilities, and promotion criteria.
- Built an enterprise-wide library of 650 skills.

*Source: BCG analysis.*
Attract | Advanced companies close talent gaps through innovative sourcing and a best-in-class candidate experience

**Process and talent excellence**
They design a talent acquisition strategy and operating model to provide a customized end-to-end candidate experience. They create upskilling programs and specialized talent acquisition teams that can source at speed and scale.

**Sourcing and location strategy**
They identify the location and availability of talent with critical skills and determine the most effective sourcing for filling the top of the funnel. They address talent gaps by assessing new internal and external talent pools.

**Augmented sourcing**
They use executive recruiters, vendors of end-to-end recruiting services and other outside partners to hire for in-demand roles and access new talent pools.

Source: BCG analysis.
Large industrial manufacturer

Goal
Attract new tech talent and retain existing tech employees.

Challenge
Turn the company into a tech employer of choice, redefine purpose, and address critical hiring and onboarding gaps.

Solutions
- Launched a tech-focused employer brand campaign.
- Redesigned talent acquisition processes, including university and mid-career hiring and the new-hire onboarding journey.
- Created a strategic workforce plan and piloted new recruiting strategies.

Outcome
- Improved tech recruiting campaign outcomes.
- Reduced time to hire by 20%.
- Improved candidate experience by cutting time needed to complete job applications by 85%.
Develop | These companies also upskill and reskill talent at speed and scale so everyone from frontline workers to the CEO has access to “always on” learning

Capability accelerators
Embed accelerator programs into the workforce strategy to build key individual skills and organizational capabilities at speed and scale to drive successful transformations.

Executive and leadership coaching
Provide coaching leaders need to drive transformations by pairing them with former C-suite executives who can provide guidance and mentoring.

Learning advantage
Design, enhance, and implement learning and development activities to create competitive advantage.

Source: BCG analysis.
Develop Case study

Consumer packaged goods company

Goal
Upskill and reskill the R&D department to respond to digital and AI technology advancements.

Challenge
A research department of about 4,000 needed training on AI and digital tools and processes to innovate faster and better, and to stay competitive.

Solutions
- Developed separate upskilling programs for leaders, data specialists, and professionals.
- Designed programs based on on-the-job learning, exposure, and formal training.
- Integrated innovative learning tools, including augmented reality and metaverse applications.

Outcome
- Upskilled 120+ leaders and specialists on data, digital, technology, and agile.
- Prepped launch of upskilling programs for department professionals.
- Created key assets to maintain upskilling program structure in the future.

Source: BCG analysis.
Engage | Cultivate an environment where people deliver their best and enhance their career journeys while also supporting the business strategy

**Augmented employee journeys**
They enhance the end-to-end employee experience through total rewards, learning and development, mobility efforts, and performance management.

**Employee value proposition**
They provide clarity on how the company wants to show up as an employer by linking purpose to recruiting practices and support for employees’ needs.

**Next generation HR**
They design HR structures, processes, and capabilities to be employee centric, generate business value, enhance HR skills at scale, and succeed in a digitally disruptive environment.

Source: BCG analysis.
Global medtech and pharmaceutical company

Goal
Be seen as an employer of choice for existing and prospective digital talent.

Challenge
Overcome postpandemic competition making it harder to attract and retain people with in-demand digital skills.

Solutions
- Conducted internal and external interviews to determine key motivators for digital talent.
- Codified the company's employer value proposition (EVP) for digital talent by amplifying current strengths and identifying gaps to address.

Outcome
- Outlined key attributes of an enterprise-wide EVP for digital talent, including must haves, and digital-specific priorities.
- Identified actions needed to launch the EVP, including branding campaign and new recruiting and hiring processes.

Source: BCG analysis.