

W H I T E P A P E R

A photograph of a young woman with long, straight blonde hair, smiling warmly while looking at a laptop. She is wearing a dark blue sleeveless top and is seated on a grey sofa. The background is a bright, modern interior with large windows and some indoor plants. The image is partially covered by a teal-colored wave graphic at the bottom and a white curved line on the left side.

The Talent Transformation Pyramid



The Talent Transformation Pyramid helps organizations build a more strategic approach to defining competencies for the changing world of work.

This holistic model offers a shared vocabulary for discussing the 12 factors that support competencies. It provides a means of evaluating individuals, teams, and organizations to assess their current performance, identify appropriate interventions, and determine readiness for ever-changing job roles.

Updated April 2021

Written by **Eric Shepherd**

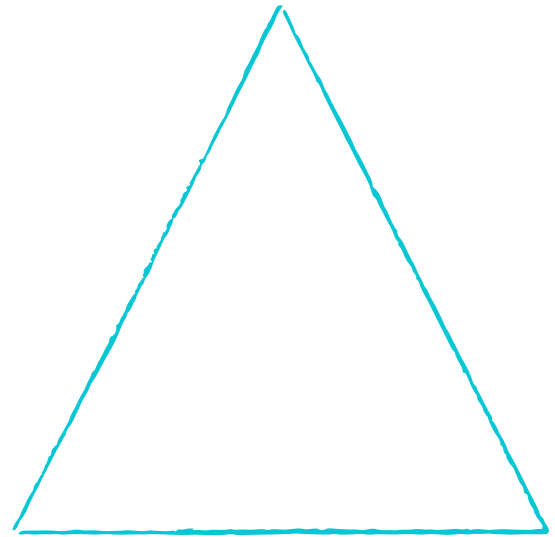
With editorial support from
Joan Phaup and **Martin Belton**



Contents

| | |
|-----------|---|
| 4 | Executive Summary |
| 6 | Reskilling in the Fourth Industrial Revolution |
| 7 | Building Social Skills and Emotional Intelligence |
| 8 | Learning Social Skills is a Must |
| 9 | A Model for Balancing Social and Functional Skills |
| 12 | Revealing Connections Among Performance Factors |
| 13 | Two Vertical Views |
| 14 | How Factors Support Each Other |
| 14 | Readiness Supports Outcomes |
| 15 | Behaviors and Capabilities Support Readiness |
| 15 | Situation Supports Behaviors |
| 16 | Environment Supports Capabilities |
| 16 | Isolate Each Factor, Then Seek Correlations |
| 17 | Assess Each Factor |
| 17 | Performance Outcomes |
| 17 | Readiness |
| 18 | Competencies Including Behaviors and Capabilities |
| 18 | Situation and Environment |
| 18 | Learning Experiences |
| 19 | Social and Emotional Intelligence |
| 19 | Personality Traits, Values, Motivators, etc. |
| 19 | Functional Skills |
| 20 | Physical Abilities |
| 20 | Cognitive Abilities |
| 21 | Use Dashboards to Aid Evaluation and Decision Making |
| 22 | Case in Point: Wells Fargo |
| 22 | Other Examples: Enron, Lehman, and Arthur Anderson |
| 23 | Sports Teams Win Using Data Driven Decisions |
| 23 | Data-driven Upskilling |
| 24 | Staying Relevant During Times of Change |
| 25 | Learn More |

Executive Summary



Automation is transforming the landscape of work and the tasks we perform. The Fourth Industrial Revolution, driven by automation, augmentation, and robotics, is taking workers into a world in which they must adapt to increasingly powerful technologies. Operating more and more in diverse, inclusive teams, workers will also need to be skillful collaborators.

As robots and automation take on many dull, repetitive, and sometimes dangerous tasks, some human jobs will change dramatically or disappear, replaced by new ones. To succeed during this period of exponential change, workers will increasingly need to draw on highly human qualities such as emotional intelligence, empathy, adaptability, and creative thinking.

World Economic Forum (WEF) Founder and Executive Chairman, Klaus Schwab described the enormous potential and possible risks of the dramatic changes now upon us in his book, The Fourth Industrial Revolution. Schwab observed that this revolution is different in scope, scale, and complexity from those that have come before. New technologies are fusing the biological, physical, and digital worlds, affecting all disciplines, economies, governments, and industries. It might even challenge what it means to be human, and the stakes are high:

The changes are so profound that, from the perspective of human history, there has never been a time of greater promise or potential peril. My concern, however, is that decision-makers are too often caught in traditional, linear (and non-disruptive) thinking or too absorbed by immediate concerns to think strategically about the forces of disruption and innovation shaping our future.

Klaus Schwab,
Founder and Chairman,
World Economic Forum

In a joint report by Deloitte' and the Global Coalition for Education, "**Preparing tomorrow's workforce for the Fourth Industrial Revolution**," Deloitte Global CEO Punit Renjen and Sarah Brown, the coalition's president, note the urgency of training the next generation of workers for the digitally driven economy. They caution that failing to do this could increase unemployment, more dramatic income inequality, and other difficulties. "While that may sound dire," they add, "leaders and visionaries recognize it as an obligation—even an opportunity—to reconsider how jobs and skills should be aligned and how potential employees can demonstrate these skills."

The gig economy, made possible by digital platforms, is providing more autonomy for individuals and more flexibility for organizations that only want to pay for skills when they need them. Technological progress will continue to alter job roles among humans and machines, pushing gig workers and employees alike to be more flexible and adaptable. A pattern of

work— learn—change—repeat will supersede the idea of staying in one job for a long time. In this climate, it's more important than ever to understand and navigate the factors that support readiness and performance.

This white paper aims to give organizations and their leaders a framework for actively addressing the challenges and opportunities that face us—a roadmap for adapting successfully to fundamental changes in how we live and work.



Reskilling in the Fourth Industrial Revolution

This WEF Future of Jobs Report 2020 list of desirable skills reflects the need for personal development as well as technical proficiency:

TOP 10 Skills of 2025

Type of skill

- Problem-solving
- Self-management
- Working with people
- Technology use and development

Source : Future of Jobs Report 2020, World Economic Forum

-  Analytical thinking and innovation
-  Active learning and learning strategies
-  Complex problem-solving
-  Critical thinking and analysis
-  Creativity, originality, and initiative
-  Leadership and social influence
-  Technology use, monitoring, and control
-  Technology design and programming
-  Resilience, stress tolerance, and flexibility
-  Reasoning, problem-solving, and ideation



Building Social Skills and Emotional Intelligence



Organizations that embrace automation will streamline, redefine, and reassign job roles and tasks. Sometimes they will team people with machines to complete tasks the people used to do on their own. Individuals will need high levels of flexibility, adaptability, and agility to adapt and thrive in this changing environment.

As automation starts to handle more of the legwork, workers will need higher-level thinking and must be able to partner with automation, formulate strategy, negotiate, collaborate, and manage change. Social skills and adaptability will be prized in organizations that will increasingly rely on teams to fulfill goals and objectives. And the growing value placed on diversity and inclusivity will call for empathy and openness.

The McKinsey Global Institute discussion paper “***Skill Shift: Automation and the future of the workforce***” explains the nature and magnitude of what’s coming. The paper defined a set of 25 skills across five broad categories: physical and manual, basic cognitive, higher cognitive, social and emotional, and technological skills. Demand will increase most markedly for three of them:



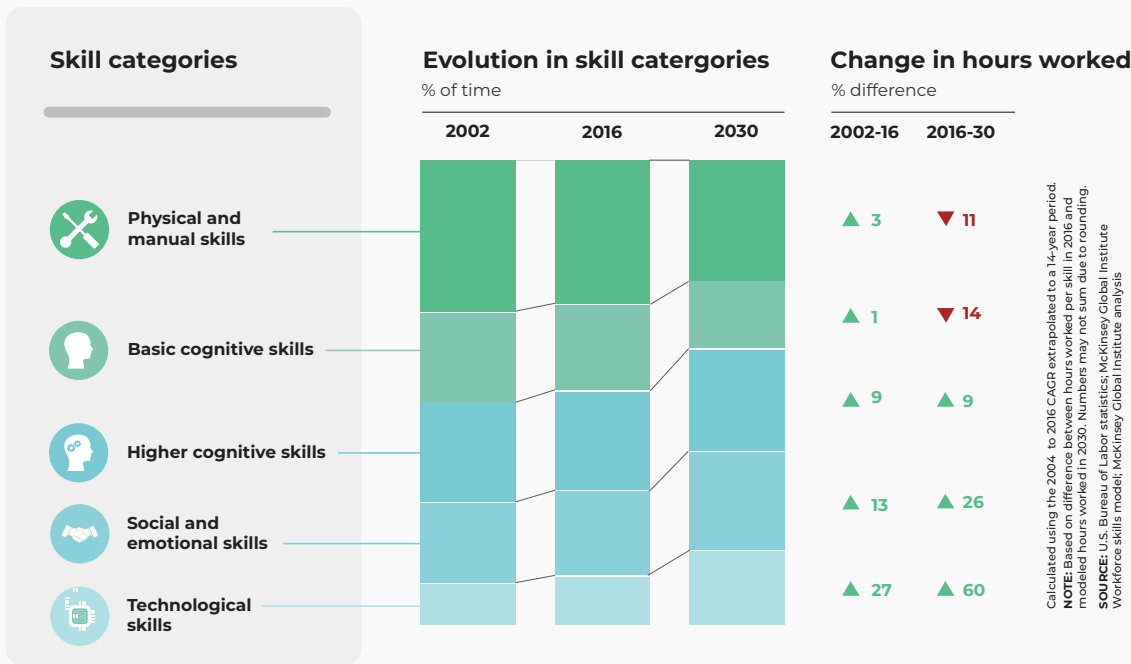
Higher cognitive skills, such as advanced literacy and writing, quantitative and statistical skills, critical thinking, and complex information processing. Doctors, accountants, research analysts, writers, and editors typically use these.



Social and emotional, or so-called soft skills, including advanced communication and negotiation, empathy, the ability to learn continuously, manage others, and adapt. Business development, programming, emergency response, and counseling require these skills.



Technological skills, which embrace everything from basic to advanced IT skills, data analysis, engineering, and research. These are likely to be the most highly rewarded skills as companies seek more software developers, engineers, robotics specialists, and scientific experts.




Learning Social Skills is a Must

Employers have long appreciated social skills but long regarded them as inherent: An individual either had them or not. But neuroscience has taught us that people can learn emotional intelligence. Understanding that effective teamwork relies on emotional intelligence and communication skills, organizations now value them on a par with technical ability. They administer emotional intelligence assessments and offer learning programs to help workers manage their own emotions, empathize with colleagues, and communicate more effectively.

How can workers marry emotional intelligence, adaptability, and creative thinking with the crucial technical and functional skills required in the new world of work?

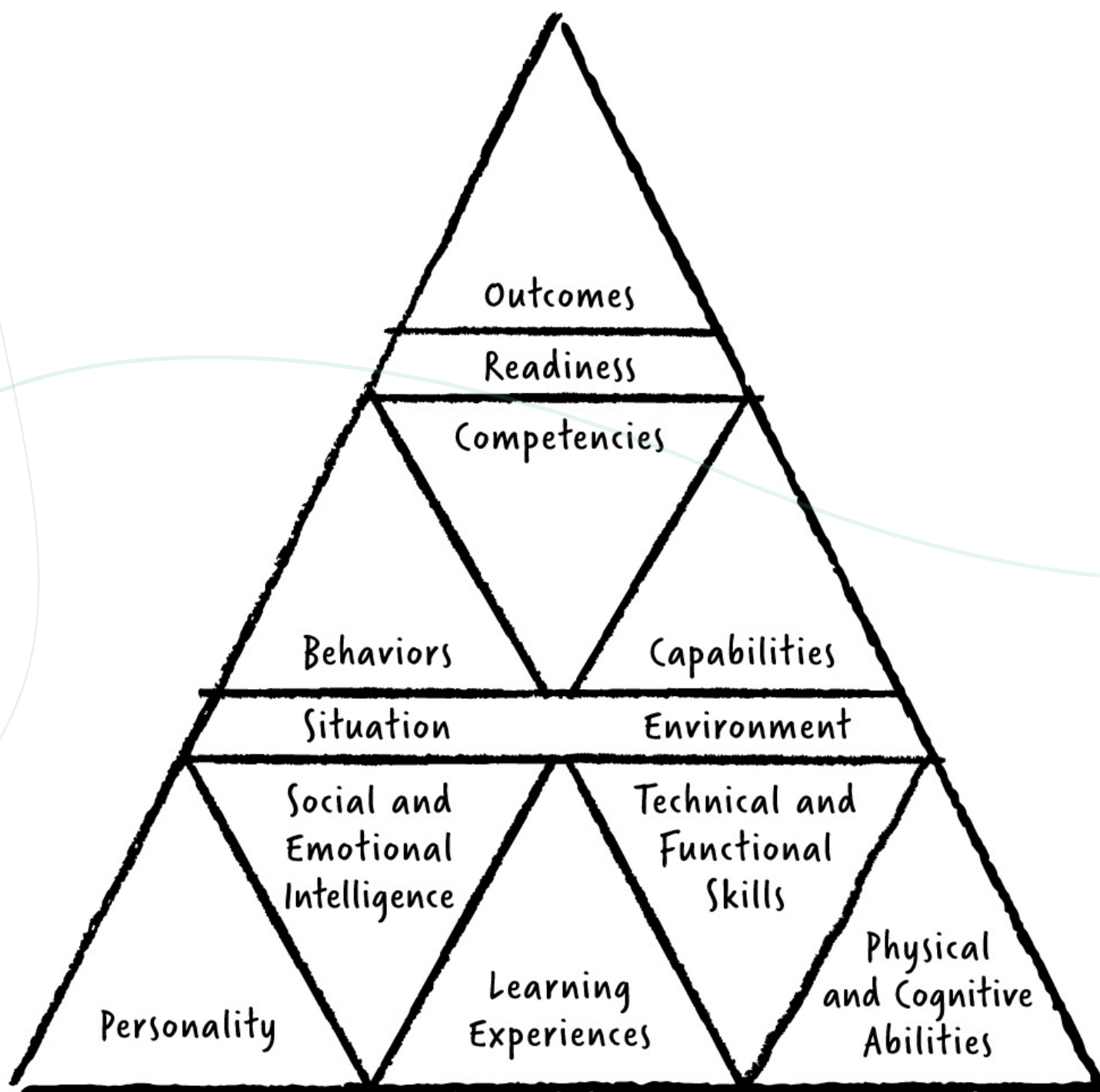
The Talent Transformation Pyramid offers an answer to this question.

A Model for Balancing Social and Functional Skills



The Fourth Industrial Revolution is bringing to the workplace dramatic changes that call for a comprehensive approach to talent transformation—a framework for helping C-suite executives, HR leaders, and coaches improve current performance and prepare the workforce for the new jobs and careers that will emerge in the coming years.

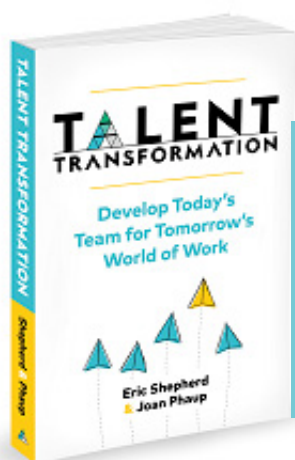
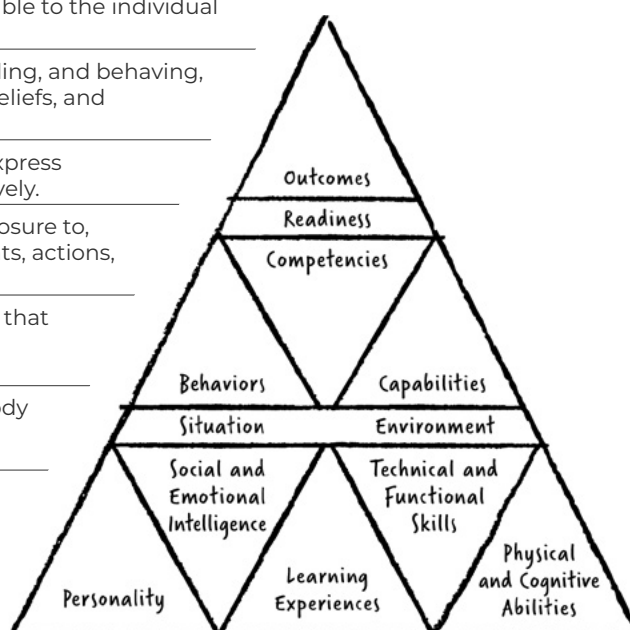
The Pyramid gives organizations a shared language for strategically defining competencies that blend technical and cognitive skills with social and emotional intelligence. Leaders and decision-makers use this holistic model to communicate workforce needs and craft well-balanced behavioral and capability-related competencies. Those who work with this model gain clarity and direction for diagnosing learning and skills deficits, harvesting and exposing actionable data, improving individual performance, and optimizing organizational effectiveness.



The Talent Transformation Pyramid

The Pyramid focuses on 12 essential factors for organizational success:

| | |
|---|--|
| Performance Outcome | the result of executing one or more tasks. |
| Readiness | the degree to which an individual, team, or organization is fully prepared to perform. |
| Behaviors | the way a person acts in a given situation. |
| Competencies | definitions of behaviors and capabilities required to perform a task. |
| Capabilities | the combination of abilities needed to perform a specific task. |
| Situation | the set of circumstances, such as pay, incentives, culture, behavioral norms, psychological safety, etc., that support or undermine behaviors. |
| Environment | the physical environment (air, noise, light, space, etc.), information, job aids, and work tools available to the individual while performing their tasks. |
| Personality | the characteristic patterns of thinking, feeling, and behaving, represented by personality traits, values, beliefs, and preferences. |
| Emotional Intelligence | the capacity to be aware of, control, and express emotions and handle relationships effectively. |
| Experiences | the learning experiences gained from exposure to, or participation in, or observations of, events, actions, and personal interactions. |
| Functional Skills | the motor-mechanical and cognitive skills that an individual possesses to perform a specific task. |
| Physical and Cognitive Abilities | the ability to move, balance, coordinate body movement, reason, and solve problems. |

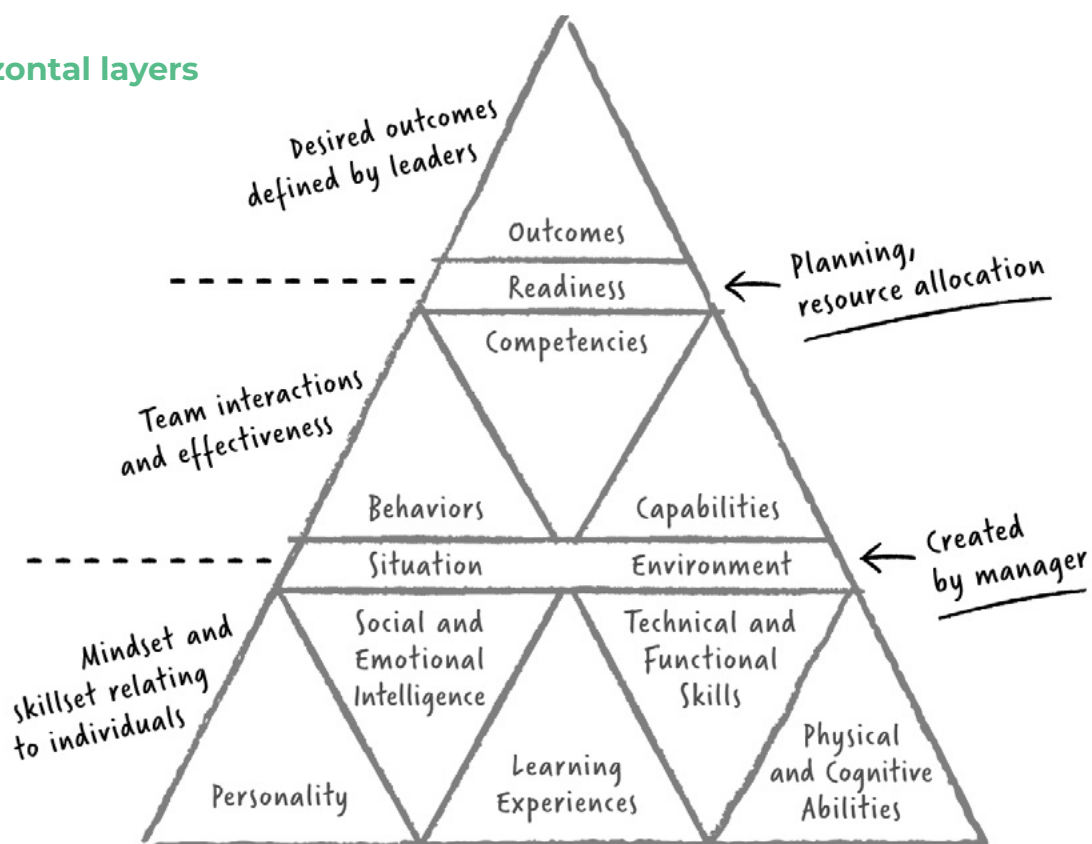


Detailed descriptions of the factors are available in the book **Talent Transformation: Develop Today's Team for Tomorrow's World of Work**.

Revealing Connections Among Performance Factors

Each factor in the Talent Transformation Pyramid has tremendous value on its own. But understanding how the factors support each other reveals the bigger picture and makes the model most useful. The Pyramid is arranged horizontally and vertically to illustrate these relationships.

Three horizontal layers



Organizational Readiness and Performance

Here, we evaluate readiness to perform with actual performance. Performance outcomes provide data that can help us improve future preparedness.



Team Talents

How individuals in teams interact and allocate tasks will determine the team's impact. Functioning teams rely on trust to enable authentic conversations that lead to commitment, accountability, and a focus on results.



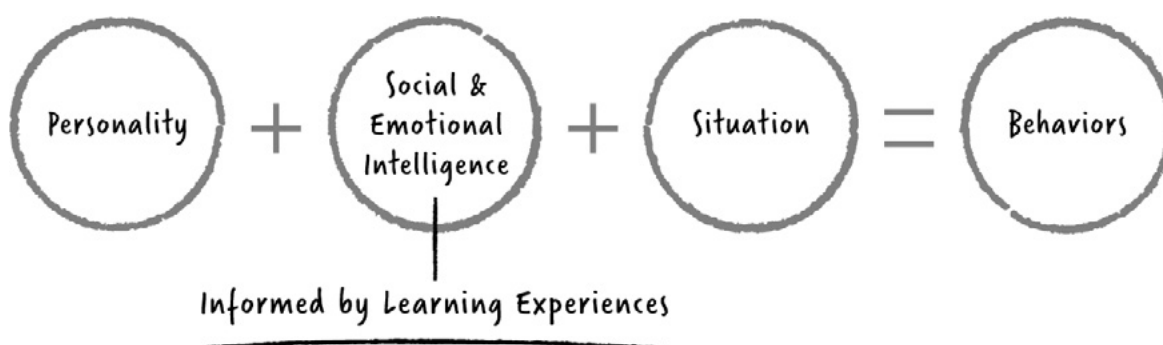
Individuals' Knowledge, Skills, and Abilities

A person's capabilities depend on their underlying personality traits, emotional intelligence, physical abilities, cognitive abilities, and the functional skills they have developed from formal and informal experiences.

Two Vertical Views

Left-Hand Side – Behavioral Supports

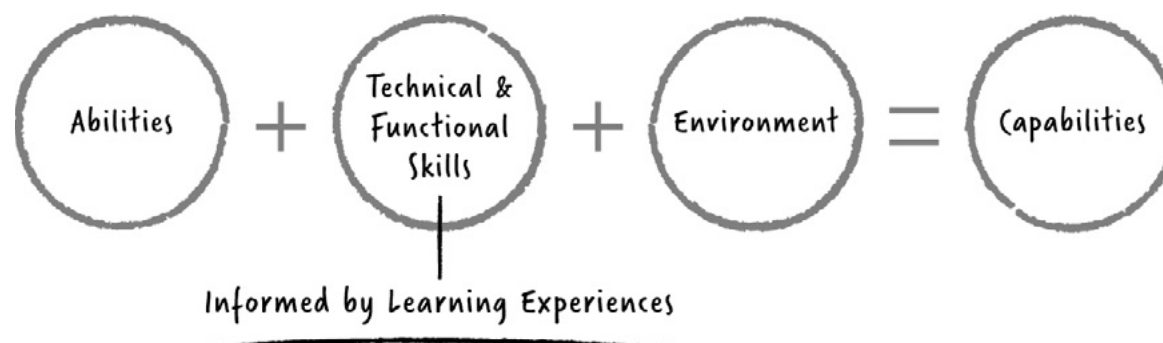
Behaviors are rooted in personality, an individual's current situation (including culture, behavioral norms, and psychological safety), and the social and emotional intelligence they have developed. Learning and life experience influence behaviors too:



The individual's emotional intelligence will have been developed by their work, learning, and life experience to date. The more someone needs to draw upon their emotional intelligence to behave as expected for their job, the more stressful they will find the role.

Right-Hand Side – Capabilities and Ability to Perform

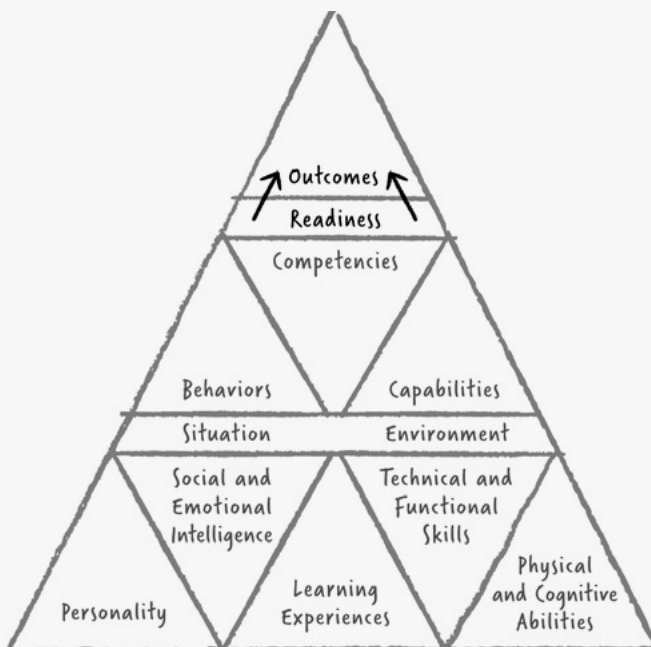
The right side of the Pyramid is about capabilities, which are rooted in technical and functional skills. An individual's skillset also relies on physical and cognitive abilities, along with formal and informal learning. A person's working environment strongly influences their capabilities.



How Factors Support Each Other

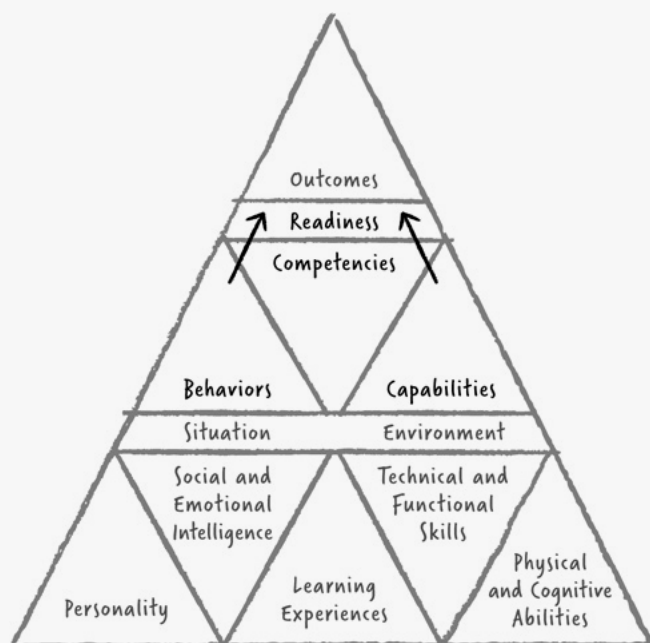
The twelve factors are crucial to performance, even when considered individually. However, just as weaving lengths of delicate fiber produces sturdy cloth, the factors gain power and strength from each other. At each level of the Pyramid, the triangular blocks and horizontal beams support those above them.

Here are some examples of how factors support other factors.



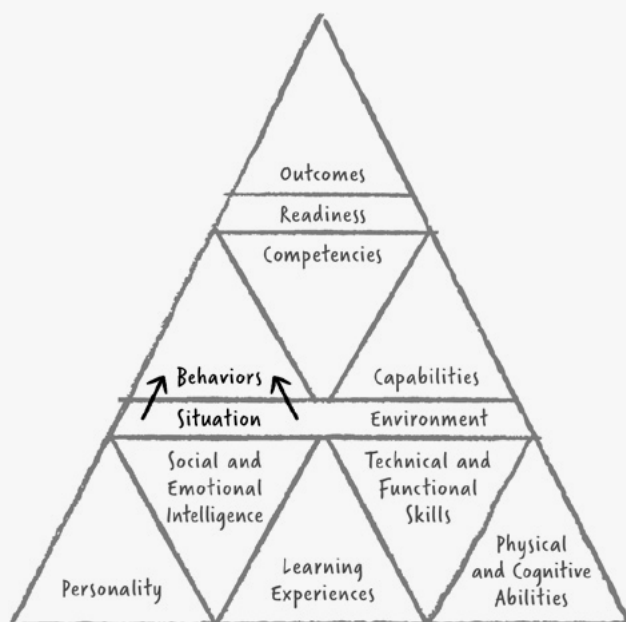
Readiness Supports Outcomes

Readiness is the degree to which an organization is fully prepared for something. Whereas outcomes look back at what has already happened, readiness predicts future performance.



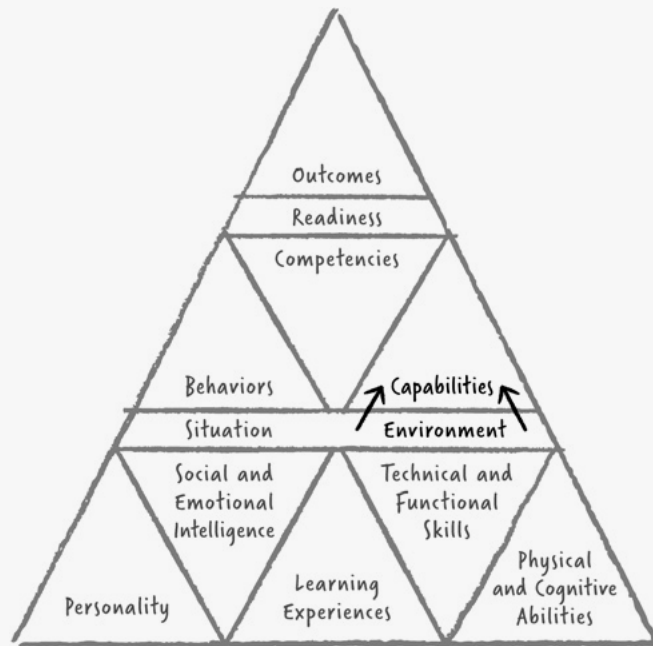
Behaviors and Capabilities Support Readiness

Behaviors and capabilities needed to perform a task support a person's readiness to do it well. Clearly written competency definitions describe these behaviors and capabilities, providing benchmarks for evaluating the degree to which an individual, team, or organization is ready to perform the required tasks.



Situation Supports Behaviors

The workplace culture, norms, incentives, and other aspects of the work situation can affect how individuals and teams behave. A positive, inclusive, and respectful workplace in which employees feel safe and cared for begets desirable behaviors. Everything should work smoothly if the situation is engineered to support the behaviors a job required. These include not only task-related behaviors but also creativity, resilience, discipline, and communication skills. When the situation is not supportive, people working within it will need to use more emotional intelligence to perform and behave well.



Environment Supports Capabilities

The tools used, information available, job aids, and physical work environment (air quality, noise, light, space, and so on) affect a person's ability to perform tasks. A poor environment can reduce even a highly competent individual's productivity and happiness on the job. Workers who must complete tasks in adverse environments need training to cope with these conditions.



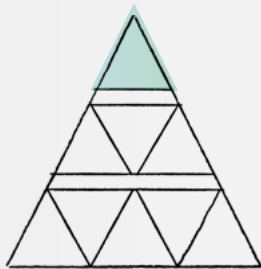
Isolate Each Factor, Then Seek Correlations

The Pyramid's bottom layer of factors relates to the basic building blocks for individual competence.

We need to assess how valid and reliable the data is from each of these factors individually to learn as much as we can about each of them before exploring how it correlates to other factors. Once we trust that each factor's data is valid and reliable, we can seek correlations with data about other factors. We can then take great care in further investigations to identify the root cause of any deficits or problems that need review.

Assess Each Factor

Assessments provide an effective way to gather data and make judgments.
Here are some methods for evaluating each factor:

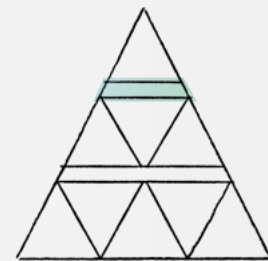


Performance Outcomes

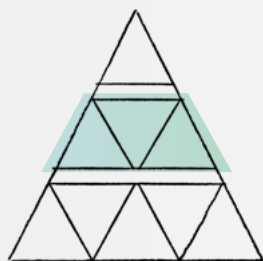
- Key Performance Indicators defined before a specified project or period (e.g., month, quarter, year) provide clear metrics for tracking progress.
- Objectives and Key Results offer a framework for defining and tracking goals and their outcomes and the activities required to achieve each outcome.
- Balanced Scorecards are used in strategic management to evaluate and improve various internal functions.

Readiness

- Organizational stress tests evaluate the ability of an organization to deal with an economic crisis.
- Team Project Readiness assessments measure a team's level of readiness to start a project, identify weak areas, and make recommendations for optimizing the team's effectiveness.
- Change readiness assessments evaluate an organization's ability to adapt to change while sustaining performance.



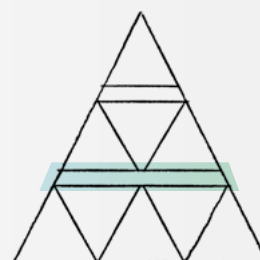
Competencies Including Behaviors and Capabilities



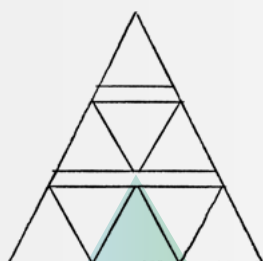
- 180 assessments survey an individual and their peers and reports to provide a score and feedback on their behaviors and capabilities based on a competency model.
- 360 assessment survey an individual and their manager, peers, and reports to provide a score and feedback on the individual's behaviors and capabilities based on a competency model.
- Observational assessments enable an observer to witness and score behaviors and capabilities while an individual performs a task.

Situation and Environment

- Employee satisfaction surveys evaluate whether employees are happy and fulfilling their desires and needs in the workplace.
- Climate surveys measure how policies, practices, and procedures influence employee and management behaviors, attitudes, and perceptions.
- Pulse surveys are fast and frequent assessments that provide a quick insight into employee satisfaction, behaviors, beliefs, views, and opinions.
- Team Fit assessments help determine an individual's suitability for placement in a team or to improve relationships within an existing team. These assessments ascertain people's values, preferences, motives, and personality traits.

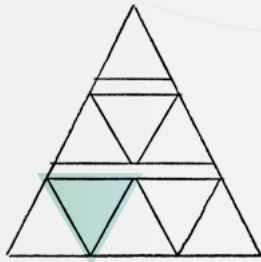


Learning Experiences



- Pre-course tests evaluate knowledge and skills before a course to create intrigue among students, inform the instructor of students' abilities, and set a benchmark for measuring progress.
- Formative assessments such as quizzes provide memory retrieval practice to reinforce learning and improve recall.
- Post-course tests measure knowledge and skills after a course to determine if participants have sufficiently learned the course material and, in some cases, are eligible to receive certificates of completion.

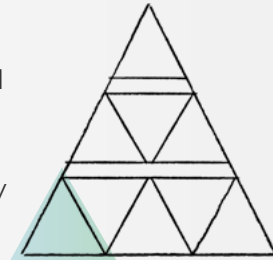
Social and Emotional Intelligence



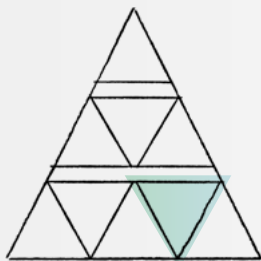
- Emotional intelligence tests measure an individual's capacity to be aware of, control, express their emotions—and handle interpersonal relationships thoughtfully and empathetically.
- Social intelligence assessments measure various aspects of an individual's ability to thrive socially, including conversational and listening skills, awareness of social norms, understanding of others' motives, comfort dealing with all types of people, and managing the impression they make on other people.

Personality Traits, Values, Motivators, etc.

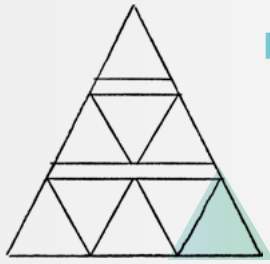
- Personality Tests ascertain values, preferences, motives, and personality traits.
- Personality tests are questionnaires about an individual's interests, values, motives, and preferences. Participants may complete it with or without assistance.



Functional Skills



- Formative assessments help strengthen memory recall by practice, correct misconceptions, and reinforce participants' confidence in their knowledge.
- Summative tests evaluate individuals' knowledge, skills, and abilities by comparing them against standards or benchmarks.
- Diagnostic tests assess knowledge, skills, and abilities to determine gaps, diagnose deficits, and prescribe learning activities.

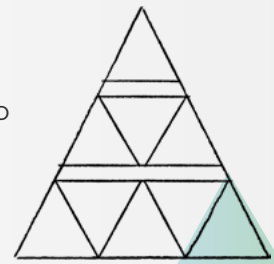


Physical Abilities

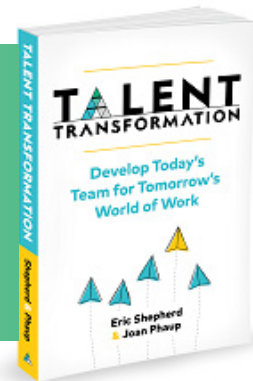
- Strengths tests assess an individual's movement, coordination, and balance.
- Agility tests (ability to move, balance, and coordinate body movement)

Cognitive Abilities

- Sustained attention tests evaluate the fundamental ability to look at, listen to, and think about tasks over time.
- Cognitive flexibility assessments measure an individual's ability to shift their thinking to adapt to new stimuli.



Details about many other assessment types can be found in **Talent Transformation: Develop Today's Team for Tomorrow's World of Work.**



Use Dashboards to Aid Evaluation and Decision Making

By bringing together data for each factor, dashboards enable leaders to evaluate assessment data, analyze metrics, make sound decisions, and allocate resources appropriately. Being able to see data about multiple factors in one place makes it easier to diagnose problems, prescribe solutions, and, in some cases, prevent small issues from becoming crises.



Case in Point: Wells Fargo

As an example, we can think back to the high-profile *Wells Fargo scandal* that revealed unsustainable management and operational practices in this once-trusted banking brand.

Dashboards based on a holistic performance model like the Pyramid would have highlighted early behavioral warning signs and red flags long before the scandal developed out of control. Even systems available at the time could have detected some Key Performance Indicators early on and raised questions even though revenues and typical bottom-line indicators were strong and seemingly healthy.

With the current and traditional performance management methods and data collection focused on performance outcomes and the right side of the model, organizations would be hard-pressed to provide a management dashboard to expose the underlying unsustainable behaviors that eventually led to the scandal.

Organizations that harvest more data about all the factors in the Pyramid and use machine learning to provide insights into the data could manage risk more effectively.

Other Examples: Enron, Lehman, and Arthur Anderson

Scandals at Enron, Lehman, Arthur Anderson, and many other companies have rested partly on unsustainable management practices that went unchecked due to narrow, capability-driven performance management systems.

A system that offered holistic oversight, prioritizing behaviors alongside capabilities, would have provided more comprehensive views. This holistic approach could have highlighted unsustainable practices early and helped avert disaster.



© Getty Images

Sports Teams Win Using Data Driven Decisions

All-inclusive views also improve risk management and optimize performance. For example, sports teams are using holistic analytics to win more games. Stats such as Expected Goals, Expected Assists, Player Comparison (Radars), and Score Effects enable managers to assess player and team capability and behavior in minute detail. These stats provide an unprecedented level of game-changing insights. Professional sports teams now incorporate data-driven insights into their hiring, training, and development strategies. Seattle Sounders and Toronto Football Club – the most prolific early users of analytics in Major League Soccer (MLS) – competed in back-to-back MLS Cup finals against each other. Holistic performance management founded on assessment and analytics is becoming a literal game-changer for sports teams.

Data-driven Upskilling

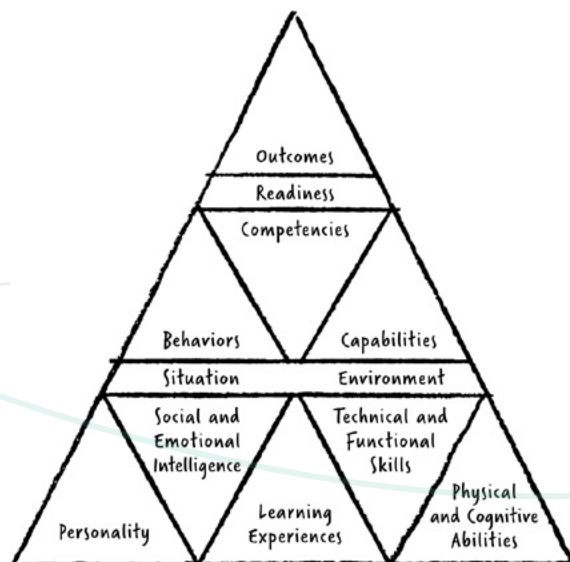
Automation is driving dramatic changes in the world of work, but it also provides valuable tools for helping organizations adapt and thrive. Thanks to today's technologies, we can now measure all the factors from readiness and performance outcomes to behaviors and functional skills. We also can discover which factor or factors are frustrating readiness and performance. The power of the Talent Transformation Pyramid stems from the ability to produce significant amounts of data for analysis. That data is the raw material leaders need to help them manage risk, highlight unsustainable practices, and optimize performance.



Staying Relevant During Times of Change

The future of work, learning and leadership will be unlike the recent past, when building technical skills predominated.

Complex technical skills will remain important, but improvements in technology, user interfaces, and augmentation have made it easier for most people to function at work without extensive tech training.



Now it's time for organizations to turn their attention to social skills that positively impact behaviors. To succeed at work, people will need to focus on these seven C's: Communication, Creativity, Conflict resolution, Collaboration, Cooperation, Compassion, and Curiosity.

As automation transforms organizational structures and working processes and the gig economy matures, qualities such as flexibility, agility, and empathy will be paramount. Staying relevant in the Fourth Industrial Revolution will mean building adaptability, learning new skills, and focusing on behaviors. Progressive organizations are shifting to a more holistic performance model that balances behavior and capability. A data-driven behavior assessment and optimization infrastructure supports this change in approach. The Talent Transformation Pyramid provides a framework for using this rapidly growing infrastructure to diagnose problems, find correlations, establish causation, and determine appropriate interventions.

The Talent Transformation Pyramid can be an entirely data-driven, diagnostic, and performance optimization tool—with assessments available for every dimension. Balanced scorecards, 180 and 360-degree assessments, employee climate/satisfaction surveys, personality tests, emotional quotient tests, formative assessment, summative assessment, physical tests (strength and agility), and IQ Tests. Organizations can boost readiness and improve outcomes by applying intellectual and statistical rigor to every dimension of the Pyramid.

It's an empowering and inspiring time for talent management professionals who now have the tools to elevate the profile of talent management and put it at the heart of the organizational strategy. This is just the beginning: Advances in virtual reality, augmented reality, gamification, and neuroscience will embed next-level performance assessment tools. The Talent Transformation Guild can keep professionals abreast of these and other developments.

Learn More

Talent Transformation Book



Talent Transformation Guild

During these fast-moving times, the Talent Transformation Guild helps professionals stay relevant by providing insights into the future of work, learning, and leadership.

With a consistent and concise flow of information via newsletters, webcasts, podcasts, and blog articles, we help you make sense of what's happening.