# How to Transition to Skills-Based Hiring in Four Steps

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About

Skillful, a non-profit initiative of the Markle Foundation with Microsoft, LinkedIn, the state of Colorado, and other partners, is working to achieve a skills-based labor market to help millions of Americans overcome barriers to obtaining better-paying jobs in today’s digital economy. Skillful helps employers achieve the workforce they need by providing data, tools, and resources that enable the adoption of skills-based hiring and training practices. Coaches and digital services enable job seekers to learn what skills are in demand and access training at any step of their career. At the same time, Skillful aligns employers and educators so that their training programs teach the skills required to succeed in today’s economy.
Introduction

This guide is designed to help state leaders and hiring managers in the public sector transition from traditional hiring practices, which rely heavily on proxies for skills (e.g., credentials), to skills-based hiring practices (SBHP), which focus on the skills needed to do a job.

Skillful and its partners work to show employers that SBHP can attract a greater number of skilled candidates than traditional hiring practices. SBHP can also help employers find the top talent they need to succeed, increase diversity, and reduce time to hire.

Skillful offers many open-source resources to help employers adopt SBHP and works to improve these resources by continually adding new tools and services. It is well known that public sector hiring differs from private sector hiring in a number of important ways. We have written this guide with these differences in mind.

The tools that Skillful provides are intended to facilitate the transition to SBHP; however, this guide is designed to be just that—a guide. We encourage you, the state leaders and hiring managers, to customize it to fit your needs. If you do, please let the Skillful team know what you have learned. We are always looking for ways to improve our resources.

If you would like to share your experiences with this guide with the Skillful team, please email your comments to info@markle.org.

Throughout this process guide, we will use the examples from three State of Colorado employers:

• The Unemployment Insurance (UI) Division
• Health Care Policy and Financing (HCPF)
• Skillful
The Process

Skillful suggests these four steps to transition to skills-based hiring practices (SBHP):

**STEP 1**  Charter Your Project
Bring together human resources personnel, subject matter experts, division heads, and employees to identify the benefits that skills-based practices can bring to your organization and identify their talent pain points.

**STEP 2**  Analyze Roles and Create Job Postings
Create a new skills-based job description. Start by understanding the role you wish to fill.

**STEP 3**  Create A Candidate Evaluation Process
Develop objective metrics to evaluate candidates’ and employees’ skills during the interview and assessment processes.

**STEP 4**  Hire New Employees
You’ve interviewed and assessed candidates based on their skills. Now learn how to score your results, select the best candidate for the position, and onboard that candidate using a skills-based approach.

These four steps will be described in more detail in the following pages.
A Letter from Beth Cobert, CEO of Skillful

Before I came to Skillful, I was the Acting Director of the U.S. Office of Personnel Management (OPM), where I worked on building a world-class federal workforce.

My time with OPM was a time of change – the agency was modernizing and shifting its focus to more data-driven methods, creating new paths to streamline our processes, and welcoming new tools and technologies in the workplace. As the nation’s largest employer, it was imperative that the federal government lead by example. We found creative new ways to recruit and hire top talent with high-demand skill sets and helped move our federal workforce into the 21st century.

That same modernization is needed in the national labor market. As automation, artificial intelligence, and other technological advances change the way we work, employers will have to change the way they hire.

That’s why at Skillful, we partner with both public and private employers to help transition them from credential-based hiring practices to skills-based hiring practices. We also work with job seekers, educators, and others to shift the entire labor market to one in which skills is the most valued currency.

With the support of our partners at Microsoft, LinkedIn, and the state of Colorado, we’ve made a strong case for skills-based hiring practices in Colorado, and know the lessons we’ve learned will be put to good use in other states.

I’d particularly like to thank Governor Hickenlooper and his administration. The outgoing governor determined that the state of Colorado, as an employer, should adopt skills-based practices wherever possible. This decision has positioned Colorado as a national leader in workforce issues and ensures that state employees have access to rewarding careers based on their skills. I would also like to thank the Colorado Department of Labor and Employment (CDLE), the Unemployment Insurance Division (UID), and Health Care Policy and Financing (HCPF) for working with us and for showing leadership in piloting these skills-based hiring practices.

Although there is a much work to be done, I believe our strong local and state governments can and will put in the hard work to accomplish lasting change – this guide is just the first step in the process. I’m confident that together we can build an American workforce that honors all pathways to a rewarding and well-paying career.

Let’s get to work!

Beth Cobert
CEO, Skillful
The Case for Skills-Based Hiring

Skills-based hiring practices (SBHP) can help you find the top talent you need to best serve the public, increase your team’s diversity, reduce your time to hire, and improve employee retention and engagement.

To create a resilient workforce where both employers and job seekers have the flexibility to adapt as the economy shifts, we must recognize how skills – both foundational and occupational – can be gained from different educational backgrounds and work experiences and then transferred to different jobs.

SBHP ask for skills up front and let applicants demonstrate those skills or provide evidence in a way that is relevant to a particular role. SBHP have been shown to help employers:

⭐️ Improve Retention and Reduce Turnover. When Mercy Hospitals in Michigan shifted to a skills-based hiring model for their entry-level medical and administrative staff, their turnover rate went down by 28%.

⭐️ Reduce Hiring Costs and Time to fill positions by attracting a higher quantity and quality of candidates. Burning Glass found that removing degree requirements decreases time to hire by 2-12 days.

⭐️ Improve Employee Productivity and Retention by simplifying the identification of competency gaps for targeted onboarding and training processes.

⭐️ Increase Diversity by Valuing Competencies regardless of the background in which they were gained.

⭐️ Hire Right, the First Time: When used as selection criteria, skills are 5 times more accurate in predicting a candidate’s success than education and 2.5 times better than work experience. Research at TalentSonar also found that the reduction of bias and a focus on skills in the hiring process resulted in companies finding 30% more qualified, diverse talent than traditional hiring methods.

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2 Fuller, J., Raman, M., et al (October 2017) “The practice of seeking a candidate with a four-year college degree for a position currently held by someone with a high school diploma or an associate’s degree.” Dismissed By Degrees. Published by Accenture, Grads of Life, Harvard Business School, 11.
3 Innovate Educate, 2015, “Skills-based hiring data and outcomes”
4 Covidien Health Care, manufacturing company, Talxcellenz Tools, 2016, “Defining, Validating, and Communicating Competencies Using Talxcellenz Tools
5 Mercy Health Hospitals and 911 Call Center, Talxcellenz Tools, 2016, “Defining, Validating, and Communicating Competencies Using Talxcellenz Tools.”
The Skills Gap

Beyond your agency, Skills-based hiring practices (SBHP) can help address your state’s larger workforce pain points, including the skills gap and degree inflation.

"What exactly is the skills gap? Simply put, it’s the perceived mismatch between the needs of employers for skilled talent and the skills possessed by the available workforce.” -Economic Modeling Specialists International (EMSI)

The skills gap hurts workers, employers, and local economies because:

- **Employers Cannot Find Employees With The Skills They Need To Move Their Organizations Forward**
  In June 2018, the Bureau of Labor Statistics found that employers are struggling to fill vacancies and that the United States has a record 6.3 million openings at the time of this writing.8

- **Workers Struggle To Find A Place In The New Economy**
  In November 2017, McKinsey Global Institute found that up to one-third of the American workforce will need to learn new skills and find new work by 2030.9 According to the World Economic Forum, the hottest occupations or specialties for most industries around the globe did not exist 10 or even 5 years ago, and this shift is projected to keep accelerating.10 The nearly 70% of working-age American adults who do not have a four-year degree are especially vulnerable to the changing dynamics of work. For the Americans whose highest level of educational attainment is a high school diploma, there are 7.3 million fewer jobs available today than there were in 1989.11

- **Local Economies Struggle To Remain Competitive**
  As EMSI notes in their report “The Skills Gap: A National Issue That Requires Regional Focus,”
  *The most obvious effect of a local skills gap is that local industries can’t perform at their full potential. And when key industries aren’t operating at peak potential, the regional economy suffers, both because of the loss of sales revenues and because of the reduction in local supply-chain purchases.*12

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Degree Inflation

Degree inflation (the practice of requiring a degree for a role that doesn’t need one) takes away opportunities from potentially great candidates and cheats employers of top talent.

In many industries, the percentage of job postings requiring a bachelor's degree exceeds the percentage of individuals in those roles who actually have that degree. This requirement is a major hurdle for millions of job seekers, as only about 3 in 10 Americans have a bachelor's degree. Only 56% of working-age Americans have a high school diploma and either some or no post-secondary training.¹⁴

Degree requirements create an “all or nothing” threshold and imply that the only way a person can pick up the skills necessary to succeed in a role is by attending a college or university for at least four years. The new economy needs a more nuanced language for communicating what competencies an applicant must have and what competencies an applicant could learn. Otherwise, inequity will worsen and hiring will become less effective.

¹⁴ U.S. Census Bureau, American Community Survey
### Degree Inflation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>% Current Staff with BA</th>
<th>% Postings Requiring BA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Assistants</td>
<td>76%</td>
<td>20%</td>
</tr>
<tr>
<td>Construction Managers</td>
<td>83%</td>
<td>34%</td>
</tr>
<tr>
<td>Cost Estimators</td>
<td>80%</td>
<td>33%</td>
</tr>
<tr>
<td>Transportation Supervisors</td>
<td>63%</td>
<td>17%</td>
</tr>
<tr>
<td>Purchasing Agents</td>
<td>43%</td>
<td>16%</td>
</tr>
<tr>
<td>Production Supervisors</td>
<td>57%</td>
<td>16%</td>
</tr>
<tr>
<td>Other Computer Jobs</td>
<td>51%</td>
<td>16%</td>
</tr>
<tr>
<td>Logicians</td>
<td>42%</td>
<td>16%</td>
</tr>
<tr>
<td>Manufacturing Sales</td>
<td>82%</td>
<td>42%</td>
</tr>
<tr>
<td>Admin Supervisors</td>
<td>71%</td>
<td>33%</td>
</tr>
<tr>
<td>Network Admins</td>
<td>83%</td>
<td>47%</td>
</tr>
<tr>
<td>Claims Adjusters</td>
<td>82%</td>
<td>47%</td>
</tr>
<tr>
<td>General Managers</td>
<td>77%</td>
<td>45%</td>
</tr>
<tr>
<td>Paralegals</td>
<td>73%</td>
<td>41%</td>
</tr>
<tr>
<td>Network Support</td>
<td>73%</td>
<td>41%</td>
</tr>
</tbody>
</table>

| Credential Gap (%)          | 56%                     | 49%                     |
| # of Jobs (Ks)              | 11                      | 6                       |
| Avg Salary ($Ks)            | $53                     | $93                     |

Sources: Burning Glass and BLS data

Notes: Included only occupations with annual salary greater than $45,000 per year, and at least 1,000 jobs in the state of Colorado. 2016-2017.
Beginnings in Colorado

Due to Governor Hickenlooper's interest in skills-based hiring practices (SBHP), Skillful began investigating opportunities and strategizing ways to implement skills-based practices in the state.

Research suggests great potential for the state government to adopt or expand SBHP in its workforce. For example, there appeared to be limited constitutionally or legally mandated preferences for higher education in Colorado (i.e., a forced numerical ranking system that would disadvantage the skilled workers who don’t have four-year degrees.

Skillful also found that the state allows experience as a substitute for education across a wide range of positions and that candidates are often chosen by the hiring manager or divisional human resources representative.

During this process, Skillful also learned that approximately 50% of state jobs do not require a bachelor's degree to apply, indicating that state jobs are more open to skilled applicants than the rest of the living-wage Colorado job market.

Skillful sought out an internal sponsor within the agency to spearhead a skills-based hiring initiative within the state. This partnership focused on:

- Revising high turnover job description templates to emphasize skills
- Clarifying the substitution model for education and experience
- Modifying job interest cards to emphasize skills over specific classifications
- Considering skills-based advancement instead of education or time-based promotions
- Promoting the percentage of state jobs that are already accessible to skilled applicants

To deploy the project, the Skillful team gathered key stakeholders at the state – human resources directors, agency directors, and teams who administer the rules and regulations for the state’s processes — for several meetings built with action-oriented activities to foster collaboration and encourage the adoption of SBHP. Following these meetings, a few agency directors nominated their groups for pilot transformations. Within these pilot programs, Skillful helped the state transform traditional job postings to skills-based job postings, build a mentor program for new hires, revamp the onboarding training programs for employees, and reconstruct how managers review and assess their employees through skills.
Bring together a working group of department heads, human resources personnel, and subject matter experts to discuss the benefits of skills-based hiring practices (SBHP) and determine how to implement SBHP.

Gain high-level support to get mid-level (e.g., senior, mid-level managers) buy-in to deploy SBHP.

Listen and gather as much qualitative and quantitative data from the project charter team to understand the agency’s needs.

Who Should Participate?
Which departments in your organization are struggling to fill jobs, align talent, and/or have high turnover? It is important to include these department heads first to discuss their critical issues and analyze their hiring practices, because they have the most to gain from SBHP. Ideally, senior leadership (e.g., agency directors) will head the project charter to pull together human resources directors, agency directors, the team that administers the rules and regulations for the state’s processes (e.g., Colorado Department of Personnel and Administration), and two or three subject-matter experts.

Following “Step 1: Charter Your Project,” the head of the project charter (i.e., a senior leader) will select a project champion to take the lead for Steps 2 to 4.

Preparation:
Before this meeting, the head of the project charter should ask attendees to provide any documents related to the role that will be discussed: job postings, internal documents, how the agency evaluates the role, etc. Additionally, make sure the head of the project charter is aware of any federal, state, local laws, regulations, and/or policies and guidelines that may impact the agency's hiring processes.

Build a presentation to guide the meeting that showcases the importance of SBHP and introduces their relevance to the selected organization(s).
Sample Meeting Agenda:

i. Welcome and Introductions
ii. Why Skills-based Hiring?
iii. Trends in the Future of Work
iv. Role of the Subject-Matter Experts
v. Process (Expectation, Timeline, Next Steps, etc.)
vi. Deep Dive into the [insert role]
vii. Q&A Discussion

The project charter head must also include a timeline and should be based on recruitment cycles. It is important to note that it takes approximately two quarters to transition to skills-based processes: one quarter to learn and overcome barriers and one quarter to deploy your plan. Therefore, the transition to skills-based hiring practices (SBHP) should begin at least one quarter before a large recruitment wave.

Takeaways:
The working group should leave the meeting knowing why skills-based hiring is important and applicable to their future of work. By the end of the meeting, the project champion should understand the role that is transitioning to a skills-based role. The stakeholders the team is working with should leave the meeting feeling heard and understood.

Notes:
Your governor is part of the Skillful State Network, a coalition of 20 governors committed to innovative workforce development and dedicated to supporting and honoring a labor market in which all career paths that lead to good-paying jobs are respected. To make this labor market a reality, this project requires support across organizational leadership to create real transformation in each organization(s).

Buy-in from the top down is incredibly helpful. Whether the support is from the governor, commissioners, or agency directors, use their leadership to drive this change.
State of Colorado Example

Colorado Governor Hickenlooper publicly stated his commitment to moving Colorado to skills-based hiring practices (SBHP), including integrating practices at state agencies.

Leadership at the Colorado Department of Labor and Employment (CDLE) decided to transition to SBHP — the agency was experiencing challenges with both recruitment and retention. They assembled a proactive team to execute the transition to SBHP, selecting two departments within the CDLE where the problems were most acute. Leadership identified a human resources manager, department heads, team leadership, and a set of subject matter experts (from entry-level to experienced) who were instrumental in providing a comprehensive understanding of the positions they were struggling to either fill or retain.

The state agencies that participated in the pilot had recruitment waves in the summer of 2018; therefore, the transformation for these agencies was concentrated in the spring of 2018.

Colorado Unemployment Insurance Division (UID) Example

The Skillful team listened to the Unemployment Insurance Division (UID) summarize the key issues in their talent pipeline. This baseline knowledge guided Skillful in finding solutions to address their pain points.

"We want people who want this [job] as a career; unfortunately, we created an artificial barrier for an applicant."
– Director of Unemployment Insurance Division (UID).

The listening session with the UID team provided helpful insights to help Skillful lead the transition to skills-based hiring practices (SBHP):

UID comment: 99% of promotions come from within and comprehensive job training is provided to all new hires.

• Skillful's Observation: Even if a candidate has a bachelor’s degree, they still need to go through the training to perform job duties. Therefore, the foundational competencies (e.g., ability to learn, judgement skills) are more essential than prior experience. The extensive training and promote-from-within culture also provide for substantial upward mobility.
UID comment: Once hired to the team, the candidate undergoes a training and development program. Altogether, the development investment is two and a half years. The first leg of the onboarding process is the initial first six months of learning as an intern. Once the candidate has demonstrated that they understand the baseline knowledge of the job, they are promoted from Intern to Specialist 1.

- **Skillful's Observation:** UID cares about the development of their hires and the culture of continuous training provides ample opportunities for upskilling and reskilling.

UID comment: The UID team used online testing to filter through applicants, but they lost a handful of applicants through these tests.

- **Skillful's Observation:** It will be important to ensure the types of tests are appropriate for the role, align with the knowledge needed for the role, and are flexible to the schedules of interviewing candidates.

UID comment: The team struggled to find the right balance of qualification and interest level in the role.

- **Skillful's Observation:** The team must find a happy balance of skill level and passion for the career path.

**Resources:**
Below are some baseline questions that will help guide the conversation:

- What is the most critical issue with the [insert role]?
- In the recruitment process for these positions, what seems to be going well?
- How many people do you need to hire for the [insert role]?
- What is your turnover and retention rate for the [insert role]?
- Are there any assessment tools that you currently use for these roles to identify successful candidates? Do they work for you? Why or why not?
- Are these positions constantly vacant? Why do you think they are?

The above questions have helped the agencies that Skillful has worked with understand their constraints. Through this work, Skillful came to understand the constitutional rules that the state of Colorado must follow with job postings, including:

- Minimum requirements must be directly correlated to professional status, which has substantial implications for compensation. However, substitutions (e.g., required competencies) can be highlighted, and those substitutions can be skills-driven.
- Candidates who are not selected may appeal, so the requirements for the job need to be explicit. This requirement demands systematic analysis of knowledge testing (e.g., data, Word, Excel, problem-solving) to support hiring decisions.
Objective:

- Break down the role’s responsibilities to determine what specific competencies a candidate needs to succeed in this specific role.
- Convert the traditional job posting to a skills-based job description and lay the foundation for skills-based practices in recruitment, assessment, and onboarding.

Who Should Participate?
This chapter is broken into two sections:

1. The first section is designed for the selected project champion to work independently to deconstruct the job description.
2. The second section is a meeting template for the working group (e.g., human resources personnel, agency directors, the team that administers the rules and regulations for the state’s processes, and two or three subject-matter experts) led by the selected project champion to present the skills-based job posting and findings.

Section 1: How the Project Champion Can Deconstruct Your Job Posting:
After the listening meeting with stakeholders, the project champion will need to conduct some independent research on the role to determine how to change the traditional job description to a skills-based job description. Skillful calls this in-depth profile an “occupational deep dive.”

The project champion will use the research to pull together a big data collection which should, if possible, include the field research from the prior meeting and external research through labor market tools. From there, the project champion can then determine the baseline competencies of the role. On the next pages are steps to follow to deconstruct the job description.

Section 2: Gather the Working Group to Present the Work Products:
As the project champion, prepare the work products (e.g., deck, draft skills-based job posting) to present to the working group, make sure to loop back to Step 1 and review what you heard. Are your findings relevant for today’s discussion? Skillful found that one of the most helpful takeaways from Step 2 was getting the teams to think about their work environment and the day-to-day requirements of the job as well as realistic advancement opportunities and to parlay those observations into “skills for success.”

The project champion will use the research to pull together a big data collection which should, if possible, include the field research from the prior meeting and external research through labor market tools. From there, the project champion can determine the baseline competencies of the role.
Takeaways:
The project champion should leave the meeting with a new skills-based job posting. Barriers to implementation should be identified and solutions to these barriers considered.

Notes:
It is important to keep the overall purpose in mind during this meeting. Conventional job postings may screen out diverse experiences. For example, a former teacher may be an excellent fit for client or customer services due to their patience or experience deconstructing issues. Skills-based hiring practices (SBHP) prevent these candidates from being eliminated because of experience gaps that have no impact on their ability to be successful on the job.
STEP 2 Analyze Roles and Create Job Postings

9 Steps To Deconstruct Your Job Description (Section 1)

1. Understand the Role(s)
2. Use Labor Market Tools to Help Match Responsibilities to Competencies
3. The Difference Between Required and Preferred Competencies
4. The Difference Between Foundational and Occupational Competencies
5. Cross-Reference Your Data
6. Narrow Down Your List to 4-5 Required and Preferred Competencies
7. Prioritize the 4-5 Required and Preferred Competencies
8. Define Your 4-5 Required and Preferred Competencies
9. Update Your Old Job Posting to a Skills-based Job Posting
Understand the Role(s): Read through the description of the role(s). Highlight phrases that detail the role’s task.

Use Labor Market Tools to Help Match Responsibilities to Competencies: Your agency may have access to EMSI, Burning Glass, or other tools that can make this process easier. A free resource is O*Net; however, O*Net does not provide data for all occupations.

a. Directions for Using O*Net for Job Analysis: Go to O*Net (www.onetonline.org/find/) and type in a title in the search function. Click “Go.” There will be a list that populates various jobs–read it through, cross reference job definitions of the roles to yours, and find an O*Net occupation that aligns most closely to the job role you are analyzing. Please note that O*Net does not have all occupations available.

b. Directions for Using EMSI for Job Analysis: EMSI is a software tool that provides labor market information and other workforce information. This tool is updated quarterly with over 18 billion data points regarding the labor market. Their new skills tool scans through over 100 million U.S. employment and education online profiles (e.g., LinkedIn) and compares the skills listed to the skills asked on a job posting. Tools to use in this software: Skills Transferability, Job Posting Analytics, Occupation Table, and Workforce Insight.

c. Directions for Using SkillsEngine for Job Analysis: Go to skillsengine.com/profiler/tryit. Select “Job Posting” from the options above the text box. Paste your entire job posting in the text box. Select “Analyze and View Output.” Review the skills in the SkillsEngine analysis and focus on high-scoring workplace essentials, knowledge, skills, and abilities. Scroll down below the “Work Activities.” Select 6-10 of these competencies that are relevant to perform the role.

By leveraging tech tools, you can make these three straightforward changes to your job posting with ease:

- Replace credentials that aren’t necessary to perform the job with relevant competencies
- Add clarity to what each competency means for the job
- Reduce bias in the language used in the job posting
### 9 Steps – A Deep Dive (Section 1)

#### 3 Understand the Difference Between Required and Preferred Competencies:

This understanding will help you and the working team narrow down the list of required and preferred competencies to 10 (5 required and 5 preferred) when the project champion is writing the job posting. By narrowing the list of required and preferred competencies, future candidates will have an easier time understanding whether or not they are a good fit for the position and whether or not they should apply.

You can easily classify skills into “preferred” and “required” competencies. As shown in the chart below, the distinction between these categories depends on the importance of the skill and whether an employee can learn it on the job. If the skill is highly important and a candidate cannot learn the skill on the job, it is considered a required competency. For example, the ability to fly a plane is a required competency for an airline pilot — this skill is essential, but cannot be learned “on the fly.”

In all other cases, a skill should be labeled as a preferred competency. For example, even though a social worker cannot become fluent in Spanish on the job, this skill may not actually be required to succeed in the role. Thus, it is a preferred competency. In a different example, a financial analyst may need to use a software package she has never seen before. Because she can learn how to use the software on the job, knowledge of the software should also be considered a preferred competency.

Refer to the table below to help you differentiate required and preferred competencies.

<table>
<thead>
<tr>
<th>ABLE TO LEARN ON THE JOB</th>
<th>ABLE:</th>
<th>UNABLE:</th>
</tr>
</thead>
<tbody>
<tr>
<td>PREFERRED:</td>
<td>Individuals need the skill, but can learn it after being hired</td>
<td>REQUIRED:</td>
</tr>
<tr>
<td></td>
<td>This skill is a “deal breaker,” they must know this skill day one</td>
<td></td>
</tr>
<tr>
<td>PREFERRED:</td>
<td>Individuals can learn this skill over time to make them better at the job</td>
<td>PREFERRED:</td>
</tr>
<tr>
<td></td>
<td>Skill is not a “deal breaker” but would be ideal if they had it</td>
<td></td>
</tr>
</tbody>
</table>
4 Understand the Difference Between Foundational and Occupational Competencies: Skills can also be divided into occupational and foundational competencies

**Occupational competencies** are specific to the industry or job.

You can think of these skills as technical competencies that a candidate needs to perform the job’s defined functions and responsibilities. A software developer’s ability to code or a nurse’s ability to identify which drugs interact with one another are both good examples of occupational competencies.

When screening candidates, look for occupational skills within their past experiences in your industry, and remember these skills are often best assessed through a demonstration or real-life example rather than typical interview questions.

Candidates may talk about coding new software or operating a 3D printer, for example, but getting them to show their skills in practice is the only way to be certain that they have the proficiency to succeed in a role.

**Foundational competencies** are professional knowledge and skills that are transferable from one job to another and across industries.

Some refer to these skills as “soft skills,” but this categorization implies they are less important than technical abilities, which is not true.

The ability to communicate effectively, for example, is an occupational skill for a reporter, but a critical foundational skill for anyone leading teams or working in collaborative environments.

5 Cross-Reference Your Data: Take a look at the “skills” section of the selected occupation that you cross-referenced with O*NET or other tools and determine which skills are required competencies and which are preferred competencies.

Consider which competencies an applicant cannot learn on the job – these competencies are required. Beyond these required competencies, consider which skills you would like a candidate to have, but can teach on the job or can live without. These competencies are preferred.
9 Steps – A Deep Dive (Section 1)

**NOTE:**
If you cannot complete the next steps below without your working team, save them for discussion for Section 2:

6 **Narrow Down Your List to 4-5 Required and Preferred Competencies:** Take time to discuss which 4-5 required competencies and 4-5 preferred competencies fit the job role. Refer to the job tasks as they will help the project champion decide which skills are required and preferred.

7 **Prioritize the 4-5 Required and Preferred Competencies:** After the project champion chooses 4-5 required competencies and 4-5 preferred competencies, prioritize each in order of importance.

8 **Define Your 4-5 Required and Preferred Competencies:** Once the project champion has 4-5 required competencies listed, write a definition for each competency that describes how it relates to the role.

9 **Update Your Old Job Posting to a Skills-based Job Posting:** Take the job posting and replace the education requirement (e.g., bachelor’s degree) with the required and preferred competencies. If the organization is mandated to keep an education requirement, follow the Case Study Department of Health Care Policy and Financing, where they valued experience over education and placed education as a substitution to a lack of experience.
Before Skills-Based Job Posting

Colorado Health Care Policy & Financing (HCPF) Example

Before Skills-Based Job Posting

STATE OF COLORADO
invites applications for the position of:
Member Contact Center
Call Agent
This position is open only to Colorado state residents.

CLASS TITLE: TECHNICIAN I
LOCATION: Denver Metro, Colorado
PRIMARY PHYSICAL WORK ADDRESS: 1570 Grant Street Denver, CO 80203
SALARY: $2,685.00 - $3,790.00 Monthly
FLSA STATUS: Non-Exempt; position is eligible for overtime compensation.
OPENING DATE: 03/06/18
CLOSING DATE: 03/08/18 12:01 PM
JOB TYPE: Full Time
DEPARTMENT INFORMATION:

Policy, Communications and Administration Office
Client Services Division
Customer Contact Center

Must be a Colorado resident to apply!

After Skills-Based Job Posting

STATE OF COLORADO
invites applications for the position of:

Health Care Coverage Representative II
This position is open only to Colorado state residents.

CLASS TITLE: TECHNICIAN II
LOCATION: Denver Metro, Colorado
PRIMARY PHYSICAL WORK ADDRESS: 1570 Grant Street Denver, CO 80203
SALARY: $2,886.00 - $4,074.00 Monthly
FLSA STATUS: Non-Exempt; position is eligible for overtime compensation.
OPENING DATE: 04/16/18
CLOSING DATE: 04/23/18 11:59 PM
JOB TYPE: Full Time
DEPARTMENT INFORMATION:

Policy, Communications and Administration Office
Client Services Division
Member Contact Center

Must be a Colorado Resident to Apply

changes
STEP 2  Analyze Roles and Create Job Postings

Colorado Health Care Policy & Financing (HCPF) Example

Before Skills-Based Job Posting

DESCRIPTION OF JOB:
Duties are as follows:

- Work in a high volume call center environment, taking in-bound calls from customers pertaining to the State Medicaid Program and other public health insurance programs offered by the State of Colorado.
- Elicit relevant facts and provide information, advice or instruction in accordance with the understood prescribed protocol about eligibility, benefits and health care alternatives.
- Work skillfully in multiple system applications, policies, procedures, practices, and methods in order to resolve consumer inquiries.
- Understand basic eligibility requirements for Medicaid, Colorado Indigent Care Program and Advance Premium Tax Credits.
- Assist customers in navigating a complex health care environment by telephone, in person, internet chat, fax, e-mail or through written correspondence.
- Research customer inquiries and assist with proper resolution.
- Interpret and apply program policies, procedures, and established standard guidelines to assist the customer and provider.
- Advise, counsel and direct consumers towards community resources and health care options for the uninsured.
- Provide information to the general public about departmental programs, benefits, rules and policies.
- Refer customers to appropriate party for resolution when out of scope.
- Ability to handle 75 calls a day.
- Typical call volume 25,000 per month.

*Please note that this job announcement will be used to hire both full-time and part-time Call Center Representative positions available in the Department of Health Care Policy & Financing.

After Skills-Based Job Posting

DESCRIPTION OF JOB:
This position serves to apply established techniques, procedures, practices and methods relevant to the below job description. After successfully completing training and on the job performance in this role, employees may be promoted to Health Care Coverage Specialist III with the potential for a pay increase. This is an entry level, customer service position with opportunities for advancement.

The Health Care Coverage Representative will be responsible for informing and assisting members to access appropriate health care, answering member’s questions regarding the services and benefits, and resolving problems a member is experiencing.

We are looking for hard-working team members who are passionate about making an impact on and serving the community. Additionally, team members should work well in a structured environment. The ideal candidate will need to have strong reasoning skills, provide excellent customer service, have the communication skills to guide clients through complex issues, and possess the ability to navigate complexity (e.g., systems, laws). While the Member Contact Center is a high-volume call center environment, inquiries are frequently complex. The combination of speed, efficiency and quality is valued.

Duties are as follows:

- Provide information to the general public about departmental programs, benefits, rules and policies; additionally, evaluate member issue and draw on available resources to direct members toward community resources and health care options for those uninsured.
- Actively listens and interprets member’s case while eliciting relevant statements to advise or instruct the member in accordance to our Member Contact Center standard protocol regarding eligibility, benefits and health care alternatives.
- Takes in-bound calls from members pertaining to the State Medicaid Program and other public health insurance programs offered by the State of Colorado (i.e., Colorado Indigent Care Program*).
- Assist members in navigating a complex health care environment by telephone, internet chat, fax, e-mail or through written correspondence regarding State Medicaid program, Colorado Indigent Care Program, and coordinating programs such as Medicare, CHP+, Connect For Health, etc.
- Expresses healthcare policies and relevant information clearly and accurately; provides instruction and guides members through various steps or processes. Speaks clearly, responding well to questions. Participates in meetings.
- Navigate through multiple computer applications as well as the State of Colorado policies, procedures, practices, and methods in order to resolve member inquiries.
## Before Skills-Based Job Posting

<table>
<thead>
<tr>
<th>Minimum Qualifications, Substitutions, Conditions of Employment &amp; Appeal Rights:</th>
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</thead>
<tbody>
<tr>
<td>Minimum Qualifications:</td>
</tr>
<tr>
<td>One year of related customer service experience handling incoming/outgoing calls</td>
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<tr>
<td>Substitutions:</td>
</tr>
<tr>
<td>One year of college, university or non-correspondence school course work related to the work assignment may substitute for the required experience.</td>
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<tr>
<td>Preferred Qualifications:</td>
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<tr>
<td>• 18+ months experience in a high-volume call center environment</td>
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<tr>
<td>• Associates Degree</td>
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<tr>
<td>• Bilingual in Spanish, Russian, Cantonese, Farsi and Vietnamese. Other languages will also be considered</td>
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<tr>
<td>• Customer Service experience working in Health Care, County or Health Insurance</td>
</tr>
<tr>
<td>• Experience in Billing in the Health Care field</td>
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<tr>
<td>• Experience with health care benefits or health care policy</td>
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## After Skills-Based Job Posting

<table>
<thead>
<tr>
<th>Minimum Qualifications, Substitutions, Conditions of Employment &amp; Appeal Rights:</th>
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</thead>
<tbody>
<tr>
<td>Minimum Qualifications:</td>
</tr>
<tr>
<td>Two years of experience demonstrating customer service skills or relevant technical knowledge related to health care or public health care. Sample prior work environments may include a call center environment, medical billing experience, etc.</td>
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<tr>
<td>Substitutions:</td>
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<tr>
<td>Two years of college, university or non-correspondence school course work related to the work assignment may substitute for one year work experience.</td>
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<tr>
<td>Preferred Qualifications:</td>
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<tr>
<td>• Bilingual in Spanish, Russian, Cantonese, Farsi or Vietnamese – other languages will be considered</td>
</tr>
<tr>
<td>• Experience in billing or policy in health care industry; or county eligibility experience</td>
</tr>
<tr>
<td>Required Competencies:</td>
</tr>
<tr>
<td>• Deductive Reasoning: Ability to decipher an individual concern; putting it in context of the member service that is provided. Picking out the key words of what the issue is through active listening. Having a solution-orientated response to apply healthcare policies to specific client questions and problems to provide accurate answers.</td>
</tr>
<tr>
<td>• Customer Service and Communication Skills: Demonstrates a commitment to excellent member service, providing internal customers and external members with accurate information or assistance in resolving problems with kindness and compassion demonstrated through active listening, comprehension, patience and composure. Excellent phone skills. Expresses information and ideas clearly and accurately; provides instructions that are clear and easy to follow.</td>
</tr>
<tr>
<td>• Instruction Skills: Ability to assimilate information and communicate it to others.</td>
</tr>
<tr>
<td>• Technical Skills: This position requires strong computer and typing skills for in-role documentation and the ability to demonstrate technical agility and resourcefulness through navigating through multiple complex systems (CRM, Eligibility System, Billing System, Pharmacy System, IVR, etc.).</td>
</tr>
<tr>
<td>• Diplomacy: Uses discretion and tact when interacting with external clients; effectively handles tense situations over the phone; attentively listens to external clients, taking time to understand the points being made; demonstrates patience and understanding in a time of crisis</td>
</tr>
<tr>
<td>Preferred Competencies:</td>
</tr>
<tr>
<td>• Adaptability: Adapts quickly to change and is able to handle multiple client problems and navigate through resources in a calm, organized manner; is open to new ideas and methods.</td>
</tr>
<tr>
<td>• Critical Thinking: Uses logic and reasoning to identify the strengths and weaknesses of alternative solutions, conclusions or approaches to member’s cases</td>
</tr>
<tr>
<td>• Service Orientation: Actively looking for ways to help serve members that contact the Member Contact Center</td>
</tr>
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**Changes**
Objective:

- Build interview questions that correlate to the chosen 5 required and 5 preferred competencies.
- Find ways to effectively screen and assess job candidates through skill demonstrations.

Who Should Participate?
The working group the project champion has gathered of human resources personnel, agency directors, the team that administers the rules and regulations for the state's processes, and two or three subject-matter experts.

Preparation:
Build a PowerPoint presentation to walk the working group through the project champion's findings.

How to Screen Candidates Based on Their Skills:
Too often, overreliance on resumes biases the process towards strong writers and those with visual design skills, which may not be competencies needed for the job. Screening should be designed to find and eliminate “deal breakers” such as a lack of required competencies. Adding a component to the application process that is tailored to the job can provide a more relevant basis for screening.

Examples of skills-based screenings:
- A short questionnaire designed to determine whether candidates have used particular required skills previously, in what context, and for how long.
- Ask candidates to submit a quick video answering a few questions about how their skillset fits your position.
- Ask candidates to submit a previous relevant work product.

What are other ideas that you can think of? Jot down your ideas in the space below:
How to Interview Candidates Using Skills-based Interview Questions:
Interviews are sometimes ineffective at measuring likelihood of success in the job. Questions such as “How are you a good fit for this position?” require extrapolation on the part of the interviewee and may introduce bias. Thus, they are not of high value in anticipating a candidate’s success in the role.

A skills-based question is a situational question that evaluates a candidate’s competency in the context that it will be used in the job. These questions allow you to assess a candidate’s skills, understand how that skill was developed, and provide a view for how that skill will be used in the position. These questions allow for open discussions on the candidate’s skills.

Principles of Skills-based Interview Questions
- **One question, one competency:** Each question should focus on a specific competency from the job posting and not overburden the candidate.
- **Situational:** The question should prompt the candidate to provide situations in which they have used the skill previously, how their skill grew, and how that skill would apply to experiences in your position.
- **Inclusive to diverse experience:** The question should allow candidates to draw from any experience (e.g., work, volunteer, personal) and avoid suggesting where a candidate has developed their skills.
- **Same questions to all candidates:** Every candidate should be asked the same questions with flexible follow up questions.

Resources:
- Sample skills-based interview questions at [Skillful.com/employers](http://Skillful.com/employers)
- Interview questions by occupation at [ReadyPrepInterview.com](http://ReadyPrepInterview.com) and adapt to your needs

Notes:
Be sure to be on the lookout for talent that provides thoughtful, new, innovative ways of critical thinking and solving common problems your company experiences. For instance, veterans may bring dynamic approaches to personnel management that they gained from their military experiences.
How to Assess a Candidate’s Skills through Skill Demonstrations:
Interviews give you the sense of the individual’s interpersonal skills, values, passions, decision-making ability, and critical-thinking skills. You can also talk about topics related to the field and get a sense of their industry knowledge during the conversation.

However, **skill demonstrations** provide a great way to focus on the occupational skills that you cannot test during the interview. Having candidates demonstrate their competencies allows you to put their skills to the test and gives you the confidence that you’re hiring someone that can do, not just talk about doing, the job. Skill demonstrations narrow the pool to only skilled candidates who have the skills needed to succeed in your role.

**Below are steps the Skillful team used to craft a demonstration:**
1. Write down several occupational competencies that apply to your role
2. Pick one competency
3. Provide some example situations of how the competency is used in your role
4. Look at those example situations and think with your team how you can duplicate that situation in an interview

**Sample Meeting Agenda:**
1. Review of Skills-Based Job Postings (Refer to Handout)
2. Discussion of Methods for Screening Candidates
3. Discussion of Interviewing and Skill Demonstration Techniques
4. Wrap Up

**Takeaways:**
The project champion should leave the meeting with a set of effective skills-based interview questions and skills-based assessments for the role.
STEP 3 Create A Candidate Evaluation Process

Screening:

Colorado Department of Health Care Policy and Financing (HCPF) Example

The HCPF hiring team completely re-vamped their interview E-skills testing to align with the required skills they had determined for the role. They tested the revised online tests on several current high performers and those who were successfully meeting expectations. An employee who has worked at HCPF for four years said, “Wow, this is so much better aligned to the job that we do! Taking this test as a first step in the process would have given me so much more insight into the job I was applying for.”

Skills-Based Interview Questions:

Colorado Department of Health Care Policy and Financing (HCPF) Example

1. **Customer Service and Communication Skills:** In this position, you will be responsible for informing and assisting members by answering questions and resolving problems over the phone and on live chat in a fast-paced environment. What strategies will you use to respond to client's needs in this environment and ensure that you won’t experience burn out? By what metrics were you measured at your previous job?

2. **Diplomacy:** Describe a previous challenging experience with a customer. What action did you take and why? What did you learn from this situation that you can use in your future interactions with customers

3. How do you respond when you don’t know the answer to a question?

Assessments:

**Skillful**

Skillful uses skills-based hiring practices (SBHP) to build the rapidly evolving Skillful Colorado team. For example, Skillful Business Associates must possess excellent skills in research, communication, and active learning. Openness to varied backgrounds encouraged a large pool of applicants; a first step in screening was a 30-minute video questionnaire. The second phase was phone interviews asking questions to exemplify specific skills from different backgrounds, work, or volunteer experience. The last assessment was a case study exercise that included research, analysis, and a brief presentation, conducted in 30 minutes. The first two activities encouraged candidates to demonstrate their communication skills and research capabilities, as some of the questions were specific to Skillful projects but did not require prior experience in the field to respond. The final, in-person skills assessment required candidates to show that they can do quick research and analysis, learn on the job, and communicate findings effectively via PowerPoint and verbally.
In-Person Assessments:
Colorado Unemployment Insurance Division (UID) Example

**Scenario 1: Assess customer service; assess communication skills**
- Walk me through a tense experience where someone held a different viewpoint than you and you de-escalated the situation.

**Scenario 2: Assess critical thinking; assess information retention; assess complex problem-solving**
- **For the presenter:** Build a case study that involves knowing different sections of the law. Gather more than enough information of the law and put into a Word document.
- **For assessment:** Present candidate with the case study they have to work through. Give them 20 minutes to review the provided information document that you created. Assess how well they were able to explain a new concept; assess how well they were able to filter through concepts that weren’t relevant; assess how well they were able to problem-solve.

**Scenario 3: Role-play – assess interpersonal skills and phone skills (technical)**
- **Scene:** Bring candidate into a room with a phone and the interviewer in another. Candidate is provided a script with sample questions and sample responses. Interviewer calls the candidate in another room and runs the candidate through a mock intake conversation. Objective is not to test knowledge, but rather ability to move a caller through a sample scenario in a positive manner.
Create scoring guidelines to prepare hiring managers and those participating in the hiring process for a guided conversation rather than one that relies on an interviewer’s personal subjective opinion.

Who Should Participate?
The working group the project champion has gathered of human resources personnel, agency directors, the team that administers the rules and regulations for the state’s processes, and two or three subject matter experts.

Preparation:
Provide clean versions of the skills-based job postings, interview questions, and screening demonstrations to your human resource personnel and hiring managers.

How to Screen Candidates Based on Their Skills:
To score and easily compare candidates, define numeric scoring guidelines for each competency on your job posting before the hiring process begins. This process sets expectations on the skill level candidates need to have. Setting a minimum standard score that is required to successfully perform the skill on the job is a numerical way of expressing “Does the candidate have the necessary skill level for this competency?”
Once you, the project champion, has defined guidelines for successful candidates, you are prepared for an effective selection process. For skills-based selection, follow the three steps below:

1. Eliminate candidates that do not meet your standard for required skills – they are missing crucial competencies to be successful. Before eliminating a candidate, ask yourself:
   a. Is the candidate highly competent otherwise?
   b. Can you re-evaluate if this competency can be trained so you do not lose a great candidate?
2. Discuss highest-scoring candidates with everyone involved in the hiring process.
   a. How do their skills compare?
   b. Where are their gaps?
   c. What might their personality, passion, values, and background add to your existing team?
3. Select the best candidate.
   a. Are there competencies that need training

The data that you collect and learn as you identify the skills needed for the role helps you determine how to onboard your new hire.

Sample Meeting Agenda:

i. Review of Step 3
ii. How to Score and Select Candidates Based on Skill
iii. Discussion on Onboarding
iv. Next steps: When Should We Revisit Our Hiring Process?
v. Wrap Up

Takeaways:

• Objective skills-based scoring criteria for the role.
• Beginning development of onboarding program based on the data gathered during the skills-based transformation.

Resources:

• Take a look at the Employee Turnover Calculator by the Center for Economic and Policy Research: http://cepr.net/calculators/turnover_calc.html
• Download Skillful's template of a skills-based scoring sheet for your selection process: skillful.com/employers
Conclusion

As automation, artificial intelligence, and other technological advances transform the way we work, it only makes sense that employers will need to change the way they hire.

Traditional hiring practices that value a candidate's credentials and background over their skills put both job seekers and employers at a disadvantage. Job seekers miss out on rewarding work in which they would have excelled. Employers are cheated of the top talent they need to succeed.

The public sector, as an employer, is uniquely positioned to benefit from the transition to skills-based hiring practices. By hiring based on skill, public sector employers can make sure that every new hire has the skills needed to succeed in the role. By adopting skills-based hiring practices, public sector employers can reduce bias in their hiring process and more accurately represent the communities they serve. And by opening up their talent pools, public sector employers can get a better idea of what talent their city, county, or region has to offer.

Perhaps most importantly, by transitioning to skills-based hiring practices, public sector employers can connect skilled workers in their communities to opportunity.

We applaud your interest in skills-based hiring practices and look forward to hearing about what you learned in the process. What was helpful to you? What could you have done without? Let us know by sending an e-mail to info@skillful.com.
Acknowledgements