

Optimising the return on investment in your skills development journey

Five key insights to leverage skills in SAP SuccessFactors



welcome to brighter

Introduction

In today's rapidly evolving business landscape, organisations increasingly realise the importance of becoming skills-powered organisations (SPO).

The concept of skills-powered organisations has gained significant traction due to various factors, including tight labour markets, technological advancements, and economic pressures. To enhance workforce productivity, companies are planning transformation, with skills and technology taking centre stage from a human resources perspective.



This article explores ways to use SAP SuccessFactors to transform your company into a skills-powered organisation, including:

1. Defining your skills architecture development
2. Implementing a use-case-driven design
3. Considering interdependencies and allowing for imperfections
4. Making skills an important part of your people analytics
5. Recognising the importance of change, communication, and governance

1. Defining your approach to skills architecture development

Building a solid skills foundation is important to ensuring success on the journey to becoming a skills-powered organisation. This involves addressing the most critical design questions first and ensuring that your skills data aligns with your organisation's structure and prioritised use cases.

Before collecting the relevant skills data, organisations should address the key design questions to establish the framework for their skills taxonomy, including:

- What types of skills are needed?
- How many skills are attached to a job profile?
- How granular are the skills?
- What does the proficiency scale look like?
- How are employees' skills assessed?

Answering these questions helps to structure and organise the skills data from the outset. Generally, there are two primary approaches to building skills data:

1. "Offline" skills mapping

This approach involves building the skills data — mapping skills to job profiles — offline. Once the skills data has been validated and refined, it is integrated into the system. The primary advantage of this method is that it allows for using multiple skills data sources.

2. "Inferred" skills method

This approach uses SAP SuccessFactors' AI functionality to automatically assign skills to job profiles based on their content. While this method is efficient in terms of time and resources, the quality of the identified skills heavily relies on the accuracy of the job profiles themselves.



It is advisable that both approaches be combined. First, build the taxonomy offline to establish a solid skills foundation. Then, once integrated into the system, enable the "inferred" skills functionality to maintain the relevance of the skills data continuously.

2. Implementing use case-driven design

A skills-powered organisation is a comprehensive concept that companies need to clarify and make practical. Therefore, it is essential to address the question of what you ultimately want to use skills for at an early stage.

Detailed use cases can be an excellent way to make the skills-powered organisation concept more realistic, enabling collaboration with stakeholders and avoiding expectation gaps. According to Mercer's Skills Snapshot Survey Report (2024/2025) the most common use cases are:

- Career development
- Talent acquisition
- Performance management
- Learning
- Career pathing
- Succession management
- Rewards

The use case perspective can also help identify conceptual questions that need to be addressed, such as the extent to which processes like development should be employee-driven versus company-driven.

Key considerations include:

- Assessing and prioritising the different use cases at an early stage. Skills can add value to various processes in many ways. Once prioritised, we recommend working on the different use cases step-by-step to avoid the risk of the project becoming overwhelming.
- Combining a long-term vision with short-term tangible use cases and developing a roadmap. By doing so, you can leverage success with the short-term outcome to build momentum and commitment for the next steps and the long-term plan.
- Making sure that you have business buy-in and articulate the value that the use cases drive. For example, improved career transparency can lead to more internal movement, better employee opportunities, enhanced retention, higher proficiency, and cost savings.



3. Considering interdependencies and allowing for imperfection

Analyse and plan for the impact on the entire suite, not just the Talent Intelligence Hub (TIH).

The TIH is the linchpin when it comes to skills management in SAP Success Factors. The greatest added value can be achieved by not using the TIH on its own, but by integrating it with other modules and processes, such as Recruiting Management, Performance Management and Learning.

Project planning should consider the impact on all SAP SuccessFactors modules, including those not yet implemented, or third-party modules such as third-party LMS, LXP, or ATS to ensure a seamless and comprehensive skills journey. Also, recognise that the skills transformation journey is an evolving goal. While the TIH offers many capabilities, some functionalities may still be missing.



Plan the project with a roadmap in mind, recognising that improvements and updates will be necessary along the way.

Key considerations include:

- Thinking about how the data will flow between the different modules and tools. For instance, if you want your growth portfolio or the opportunity marketplace to work properly, you must think about other modules (learning and recruiting, for example) first, since they feed into the growth portfolio and the opportunity marketplace.
- Considering the correct sequence of the implementation, taking into account some potential gaps throughout the journey until all components are in place. A possible roadmap for a customer with a full SAP SuccessFactors suite may include setting up the talent intelligence hub with the growth portfolio first, adjusting the talent modules such as LMS and recruiting management, and finally setting up the opportunity marketplace.

4. Making skills an important part of your people analytics

Proper analytics are crucial for managing the skills transformation.

They allow you to define KPIs to monitor the transformation progress, but more importantly, they create the managers' awareness and mindset of looking at the workforce through the skills perspective. Establish an analytics strategy early to effectively track and analyse skills data. SAP SuccessFactors provides powerful modules and functionalities that can streamline talent processes, improve decision-making, and drive better outcomes.

Key considerations include:

- Establishing a process for effective analytics can be difficult, especially regarding timeline and trending analytics. Therefore, your analytics strategy should be defined early in the process.
- Focusing on developing a powerful, easy-to-understand skills dashboard for managers in an early stage to engage them and connect them to the skills-powered organisation concept.
- Exploring the SAP capabilities to maximise the benefits of AI and technology.



5. Recognising the importance of change, communication, and governance

Effective change management, communication, and enablement are vital for a successful skills journey.

Engage stakeholders, communicate the benefits, and provide training, and support to ensure a smooth transition.

Establish governance mechanisms, such as data quality controls and ongoing monitoring, to maintain the integrity and relevance of skills data over time.

Key considerations include:

- Skills are not changing at the same speed for all jobs. Hence, regular review of how the skills landscape changes is typically good to include in the governance. AI capabilities help to monitor the changing skill landscape.
- Do not underestimate the importance of communication, enablement, and change management. We have seen many projects fail not due to a lack of conceptual quality but rather because the importance of explaining the new concept and enabling the organisation was neglected.

In today's dynamic business environment, becoming a skills-powered organisation fosters enhancing the workforce and achieving sustainable success.

Leveraging the capabilities of SAP SuccessFactors is an important element of this journey, but it requires careful consideration. To successfully leverage SAP SuccessFactors for the skills journey, organisations should consider the five key insights shared. By doing so, they can maximise the potential of SAP SuccessFactors, achieve a successful skills journey, and ultimately become skills-powered organisations.



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About Mercer

Mercer, a business of Marsh McLennan (NYSE: MMC), is a global leader in helping clients realize their investment objectives, shape the future of work and enhance health and retirement outcomes for their people. Marsh McLennan is a global leader in risk, strategy and people, advising clients in 130 countries across four businesses: Marsh, Guy Carpenter, Mercer and Oliver Wyman. With annual revenue of over \$24 billion and more than 90,000 colleagues, Marsh McLennan helps build the confidence to thrive through the power of perspective.

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