

# MANAGING THE TALENT PIPELINE:

## A New Approach to Closing the Skills Gap



**U.S. CHAMBER OF COMMERCE FOUNDATION**  
Center for Education and Workforce



**NWILLINOIS**  
Economic Development

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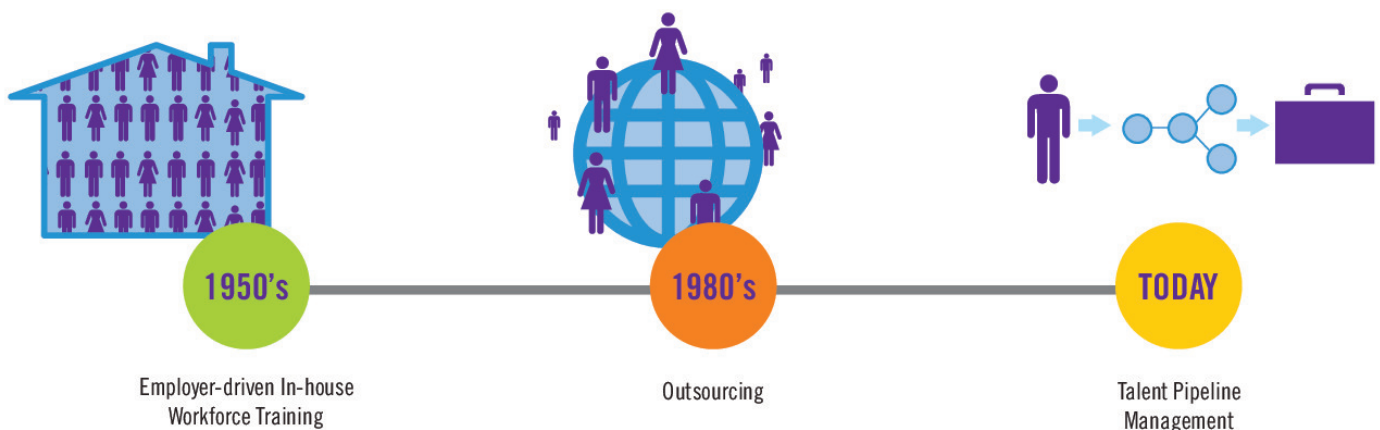
# AMERICA'S SKILLS GAP

Our education and workforce systems are failing to keep pace with our economy and the new skill sets it requires. The 'skills gap' is the disconnect between what skills employers need and what prospective employees are prepared to do.

## We have people without jobs and jobs that can't find the right people.

U.S. employers are increasingly reporting problems finding qualified workers. A poll of 500 American executives by staffing solutions company Adecco found that **92 percent** of executives believe there is a serious gap in workforce skills, and nearly 50 percent are struggling to fill jobs. In manufacturing alone, more than 75 percent of manufacturers report a moderate-to-severe shortage of skilled workers, according to a recent study by Accenture and the Manufacturing Institute.

The skills gap is a threat to American growth and competitiveness. A survey by Chartered Global Management Accountants (CGMA) found that because of ineffective human capital management, 43 percent of employers failed to achieve key financial targets, 40 percent had a reduced ability to innovate, and 37 percent were unable to start a major project or strategic initiative.



# TALENT PIPELINE MANAGEMENT

Employers are unlikely to return to the past and take on the risks and additional costs associated with large-scale, in-house training. They are less likely to find just-in-time talent given the inability of providers to quickly respond to workforce needs. Therefore, rather than sourcing new graduates, many employers have opted to poach employees from other companies because experience is judged as a more trustworthy proxy for talent than are newly acquired credentials—even though poaching drives up the cost of wages within an industry.

To close the skills gap, the U.S. Chamber of Commerce Foundation (USCCF) is engaging employers and their partners across the country in developing a new demand-driven approach based on supply chain principles called Talent Pipeline Management (TPM).

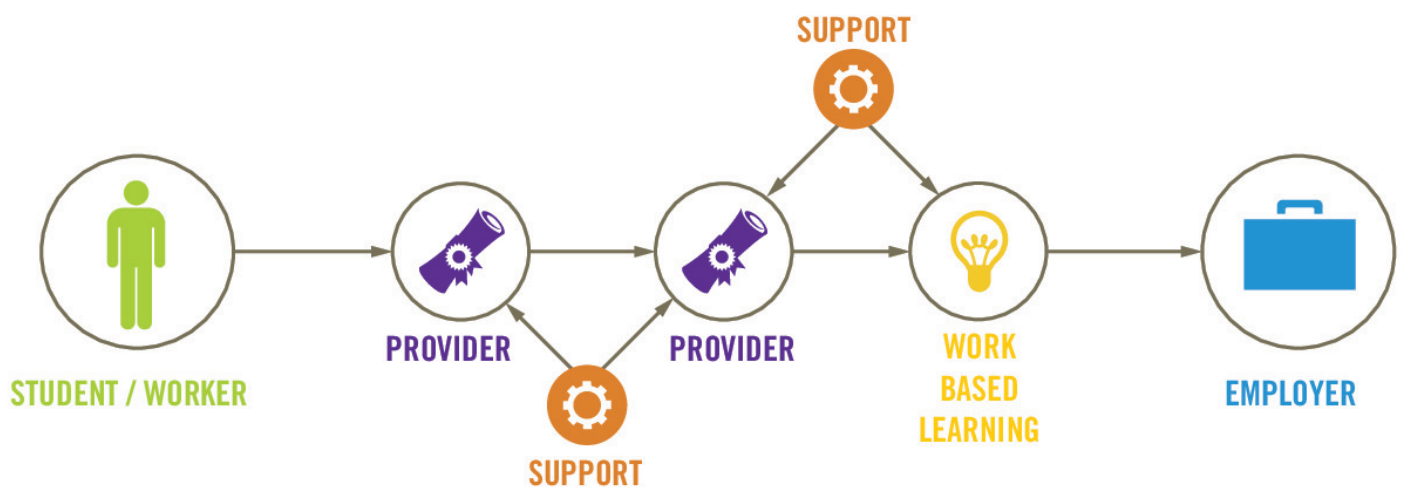


*Video: What is Talent Pipeline Management? by USCCF Center for Education and Workforce.*

To secure and grow the talent they need to compete, employers must link their talent strategy to their business strategy. This means identifying core capabilities (e.g. critical functions) and related jobs that are the most fundamental in executing competitive strategies. This requires collaboration and shared responsibility among the various operations and functions within a business, including human resources, finance, and line managers. Together, those management teams can then develop workforce sourcing strategies for each business function.

# USING THE PRINCIPLES OF SUPPLY CHAIN MANAGEMENT

Employers, working independently or through collaboratives, must function as end customers and build flexible and responsive talent pipelines for new hires.



*2014, Managing the Talent Pipeline: A New Approach to Closing the Skills Gap*

Talent Pipeline Management borrows a number of principles from Supply Chain Management.

PRINCIPLES	
Supply Chain Management	Talent Pipeline Management
1. Supply chains drive competitive advantage; they are not a cost of doing business.	1. Connect your talent strategy to your business strategy to improve competitiveness.
2. Supply chain networks create shared value and competitiveness across all partners.	2. Organize and manage flexible responsive partnerships with preferred providers to create shared value.
3. End-to-end metrics and aligned incentives improve performances across the supply chain.	3. Shared measures and aligned incentives improve performance of education and workforce partners.

*2015, Building the Talent Pipeline: An Implementation Guide*

## STRATEGIES

Supply Chain Management	Talent Pipeline Management
<b>1. Joint Sourcing</b> Improve market leverage as a group and achieve economies of scale in sourcing and purchasing of products and services.	<b>1. Organize Employer Collaboratives</b> Form new employer alliances to manage the talent pipeline around a shared need.
<b>2. Plan</b> Forecast demand for products and services.	<b>2. Engage in Demand Planning</b> Identify which positions and capabilities to focus on and how many workers are needed.
<b>3. Develop Sourcing Requirements</b> Develop specifications for products and services that are included in procurement.	<b>3. Communicate Competency and Credential Requirements</b> Specify what workers need to know, what they need to be able to do, as well as what evidence is needed to prove it.
<b>4. Develop Sourcing Networks</b> Develop supply chain networks for supplying products and services based on sourcing requirements.	<b>4. Analyze Talent Flows</b> Identify current sources of qualified talent and where there are underutilized or alternative providers.
<b>5. Manage and Improve</b> Manage and improve the creation, delivery, and returns of procured products and services from sourcing networks.	<b>5&amp;6. Build Talent Supply Chains and Continuous Improvement</b> Establish and implement the performance measures to build talent supply chains.

# THE SIX STRATEGIES OF TALENT PIPELINE MANAGEMENT

The six strategies of Talent Pipeline Management allow employers to be more effective end customers of education and workforce partnerships. While each strategy can be pursued independently as a best practice, the strategies are intended to be coordinated as a systemic supply chain approach. Implementing the strategies in the recommended order will optimize the benefits received.



# ABOUT NW ILLINOIS ECONOMIC DEVELOPMENT



NW Illinois Economic Development Alliance is an economic development alliance covering the tri-county region in Northwest Illinois: Jo Daviess, Carroll, and Whiteside Counties.

The NW Illinois Economic Development Alliance promotes economic development by:

- assisting expanding and relocating businesses in determining their needs for growth with cooperation of their government and business partners.
- encouraging entrepreneurs by assisting with resources to begin and grow their businesses.
- employing all available resources to create a welcoming business environment, aligning the skills of their workforce with the needs of businesses by building the economic capital required to grow their communities' quality of life.

NW Illinois Economic Development has been selected and trained by the TPM Academy and has experience forming collaboratives in various sectors of the economy.

[VISIT WEBSITE](#)

For more information, contact Lisa McCarthy - [lmccarthy@nwiled.org](mailto:lmccarthy@nwiled.org)



## American Supply Chain Summit

Connect with NW IL Economic Development at the 2018 American Supply Chain Summit to learn more about Talent Pipeline Management or locating your business in Northwest Illinois.

April 9-10 | Dallas, TX | [supplychainus.com](http://supplychainus.com)





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