A COUNTERINTUITIVE FIX FOR ROBOT-DRIVEN UNEMPLOYMENT

The little-known practice of 'outskilling,' where employers train about-to-be-laid-off workers for jobs outside the company, is gaining ground as a solution to automation-related labor disruption.

By Lauren Weber
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Imagine Jane, a hypothetical teller at a regional bank in the Midwest. Last month, the bank, buffeted by the rise of digital banking, announced there would be layoffs. In February, the pink slip arrives. Jane receives eight weeks of outplacement services – resume review, a rewrite of her LinkedIn profile and a couple of phone sessions with a career counselor who lives in Dallas – and a balloon. After eight weeks, she's on her own.

Now, imagine a different scenario. It's January 2024. The bank knows it will need to eliminate 200 teller positions by year's end due to automation. It begins working with a consortium of other local employers and community colleges to design and fund three 10-week courses. The classes cover skills needed for positions for which the employers need workers; the employers also agree to loosen their hiring requirements. The bank gives Jane and 199 other tellers six months' notice that their jobs will be eliminated and offers them the free courses, as well as access to on-site career counselors. Jane studies cybersecurity – it plays off her skills with numeracy and compliance – then takes a competency assessment. She's offered a job with a local hospital system.

In our digital age, layoffs are a certainty, like death and taxes. But unemployment might not automatically follow if employers, educators, workers and policy makers can train people whose jobs are eliminated for new careers in expanding occupations.

That's the vision of a small but growing cadre of workforce experts who think "outskilling" might be the future of technology-driven labor disruption. Today, some employers invest in training to retain workers and prepare them for new jobs internally. Outskilling would prepare workers for new jobs outside the company, sometimes in entirely different fields.

Even as some occupations are being automated or made obsolete by technology – think of mortgage underwriters, administrative assistants or medical transcriptionists – other fields are growing. This is the nature of a dynamic economy, and that churn is healthy.

But churn also creates gaps, as not enough skilled workers are ready to staff emerging occupations.

By 2030, up to 30 percent of all work activities globally could be automated using current technologies, according to the McKinsey Global Institute. Some 16 million to 54 million U.S. workers will need to switch occupations in that time.

What if there were an efficient way to match workers on the verge of a layoff with jobs in other companies or industries?

It isn't a pipe dream, says Hamoon Ekhtiari, founder and chief executive of FutureFit AI, which uses data and artificial intelligence to help individuals and companies explore career

pathways. But it requires preparing people for new jobs and careers well before the pink slip arrives.

A few companies are experimenting with a more humane approach to technological unemployment. Amazon.com Inc. said it earmarked a portion of the $700 million it committed to employee training over the next five years to its Career Choice program, which helps hourly workers prepare for jobs outside the company in fields like health care and skilled trades. (The program isn't explicitly tied to future workforce reductions.)

Some firms are asking Mr. Ekhtiari to help them plan for technology-driven layoffs that are months or years away. (None would describe these efforts publicly.) Layoffs are morale-killers and make employers look heartless; companies are loath to take on the reputation risk. Federal and state governments have an interest in minimizing claims for unemployment insurance, and want to avoid the domino effects of laid-off workers cutting their spending, losing their homes, moving away or worse. And of course, workers want jobs because jobs provide income, identity and purpose.

"Employers increasingly come to us and say, 'I know I have to let people go, but I can't take the brand risk,' " says Frank Britt, the chief executive of Penn Foster, a company that trains people for middle-skill jobs like manufacturing and animal health. "In a world where social media is weaponized and where you can see the future and you know three years in advance that you're going to be laying off a few thousand people, it's not plausible to not do something about it."

Today, the data exist to fill skill gaps faster and cheaper, but it's fragmented. Professional profiles sit on social networks, workers' performance reviews and assessments are buried in corporate human-resources systems, and job ads are hosted on job boards or inside companies' career sites. The Holy Grail is a system that uses a combination of data and human coaching to assess people's skills and interests, match them with training opportunities – based on forecasts for job and wage growth, along with how much money and time they or their current employer can invest – and help place them in open positions.

Mr. Ekhtiari hopes to see cross-industry coalitions, where employers in a region collaborate on workforce planning to help Jane's real-life counterparts.

Employers, along with community colleges or online education providers, could agree on "bridge" programs that provide some minimum amount of training – and commitments from the employers to say, " 'We're willing to look at people who may not have the job experience but have gone through the reskilling program to get basic skills,' " says Mr. Ekhtiari. Employers remove barriers to hiring and individuals get the training they need to transition careers, he says.

"We can't put our heads in the sand," he says.