

• SKILLS GAP ANALYSIS · GUIDE

## How to do a skills gap analysis, *properly*

A skills gap analysis is not just spotting today's weak points. It is the deliberate comparison of where your team's capability is now against where the business will need it to be, quantified, prioritised and turned into a plan. This is how to run one that actually changes what you do next.



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**Reading time** 12 min · **Method** Upleashed 0 to 5 capability framework · **Updated** May 2026

### THE SHORT ANSWER

To do a skills gap analysis, define the capability your team will need, today and over the next few years, measure the capability it actually has on a consistent scale, then quantify the difference skill by skill. Prioritise the gaps by business impact, choose how to close each one, train, reskill, redesign or recruit, and re-run the analysis on a cycle. In short: **compare required capability against real capability, quantify the gap, and act on the biggest, most critical shortfalls first.**

#### KEY TAKEAWAYS

- **It is a comparison, not a hunch.** Current capability versus required capability, measured on the same scale and quantified.
- **Look forward, not just at today.** A real gap analysis includes the skills the business will need over the next few years, not only the ones it lacks now.
- **Quantify the gap.** A gap expressed as a number, per skill, can be ranked and tracked; a vague worry cannot.
- **Prioritise by impact.** A large gap on a critical or future-facing skill outranks a small gap on a peripheral one.
- **The matrix is the foundation.** A skills matrix supplies the current-state data; the gap analysis is what you do with it.

#### — START HERE

## What a skills gap analysis *really is*

A skills gap analysis is a structured comparison between the capability your workforce currently has and the capability it needs to meet the organisation's goals. The "gap" is the measurable distance between those two pictures, found deliberately rather than discovered the hard way when something stalls.

### It is the distance between two states

Every gap analysis rests on three things: a clear **current state** (what people can do now), a clear **desired state** (what the work requires), and the **gap** between them. Get those three right and the analysis almost does itself: measure where you are, define where you need to be, and the shortfall is simply the difference. The discipline is in making both states precise enough, on the same scale, that the gap is a number you can act on, not a feeling you can argue about.

### It looks forward, not just at today

This is what separates a real gap analysis from simply noticing current weaknesses. The desired state is not only what you need this week; it is what the business will need as it grows, adopts new technology, enters new markets or faces new regulation. A proper analysis maps those **future requirements now, before the gap becomes urgent**, so you have the lead time to train or hire into them calmly rather than scrambling when the work

arrives. Skills gaps rarely announce themselves; the point of the exercise is to find them early.

## The matrix is the foundation, the analysis is the action

A skills matrix and a skills gap analysis are closely linked but not the same. The matrix is the structured record of who can do what, at what level, your current-state data. The gap analysis is **what you do with that data**: setting it against the required levels, quantifying the shortfalls, and turning them into priorities and a plan. The matrix supplies the facts; the analysis supplies the decisions. One without the other is either data with no direction, or direction with no evidence.

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### — WHY IT MATTERS NOW

## The gaps you cannot see are the ones that *hurt*

Skills gaps do not arrive with a warning. They surface as missed deadlines, stalled projects and work that quietly is not good enough, usually too late to fix calmly. A gap analysis drags them into the open while there is still time to act.

8%

GARTNER, 2024

of organisations have reliable data on their workforce's skills, so most cannot even see their gaps clearly.

39%

WEF, 2025

of workers' core skills are expected to change by 2030, making the forward-looking part of the analysis essential.

63%

WEF, 2025

of employers call skills gaps the single biggest barrier to business transformation.

The picture these figures paint is stark: skills gaps are the leading brake on change, the required skills are shifting fast, and yet most organisations lack the reliable data to see where they actually stand. That combination is how teams end up blindsided, committed to a goal they do not have the capability to deliver. A skills gap analysis is the antidote. It is the difference between

**discovering a gap when it stops you and seeing it months ahead**, with time to close it on your terms.

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— THE METHOD

## Seven steps to run a skills gap analysis

This is a sequence: define what you will need, measure what you have, quantify the difference, then prioritise and act. Follow it in order and the analysis produces a ranked, defensible plan rather than a list of vague concerns.

### 1 Define the required capability, including the future

Start with the desired state. List the skills the work needs, and the level required for each, drawing on both today's roles and where the business is heading: new systems, markets, regulations, growth. Be explicit about the level, "Level 3 in data analysis", not just "data analysis". A required-state list with no levels produces a gap analysis too vague to act on.

**WATCH OUT** A list of skills with no proficiency levels is not a desired state. Specify how good people need to be, or the gap cannot be measured.

### 2 Prioritise the skills before you measure

Not every skill matters equally, so weight them before you start scoring. Mark which are business-critical, revenue-impacting, regulated or central to the strategy, and which are merely useful. This early prioritisation means that when gaps appear, you already know which ones deserve attention first, rather than treating a shortfall in a peripheral skill the same as one in a critical capability.

**WATCH OUT** Skipping prioritisation leads to treating all gaps as equal. A gap matters in proportion to how much the skill matters.

### 3

#### Measure current capability honestly

Now the current state. Score every person against every required skill on the same consistent scale, backed by evidence. Combine manager assessment with self-assessment and any hard performance data, so the picture is rounded rather than one-sided. A skills matrix is the natural home for this, giving you a structured, comparable inventory of exactly what the team can do today.

**WATCH OUT** Inflated scores shrink the gap on paper while leaving it wide open in reality. Honest, evidenced scoring is the whole point.

### 4

#### Quantify the gap, skill by skill

Set current against required for each skill and express the difference as a number, a level gap per person, or a capability percentage gap across the team. This is the heart of the analysis: it turns "we feel a bit thin on compliance" into "compliance sits at 46% against a required 75%, a 29-point gap". A quantified gap can be ranked, tracked and shown to anyone; a qualitative impression cannot.

**WATCH OUT** A gap analysis that stays qualitative ("we could be stronger here") gives you nothing to prioritise. Put a number on every gap.

### 5

#### Rank the gaps by impact

Combine the size of each gap with the importance you assigned in step two. A large gap on a critical or strategic skill is your top priority; a small gap on something peripheral can wait. Ranking this way stops you pouring effort into closing the widest gap when a narrower one on a more important skill would do far more for the business. Impact, not raw size, sets the order.

**WATCH OUT** The biggest number is not always the top priority. A modest gap on a regulated or strategic skill can outrank a larger one elsewhere.

## 6

### Choose how to close each gap

Each prioritised gap has several possible fixes, and the right one depends on size and timescale. Train or coach to lift existing people a level or two; cross-train to spread a thin skill; redesign roles to move work to where the capability sits; recruit for gaps too large or too urgent to grow internally. Match the intervention to the gap rather than defaulting to one tool for everything.

**WATCH OUT** Defaulting to "hire" for every gap is slow and costly. Many gaps close faster and cheaper through training or cross-training people you already have.

## 7

### Re-run the analysis on a cycle

A gap analysis is a snapshot, and snapshots date. Re-measure on a regular cycle, and whenever the desired state shifts, a new strategy, system or regulation, so you can see gaps closing and spot new ones forming. Re-running it against the same required levels also proves your interventions worked: the gap you quantified last time should be visibly smaller this time.

**WATCH OUT** A one-off analysis filed away gives false comfort. The value is in the cadence, catching new gaps while they are still cheap to close.

#### — THE CORE IDEA

## The three states of a gap analysis

Strip a skills gap analysis to its essence and it is three things in sequence. Getting each one right, and on the same scale, is what makes the gap a number you can act on.

#### STATE 01

##### Current state

What the team can actually do today, measured honestly on a consistent scale and backed by evidence. This is the skills matrix: the

#### STATE 02

##### Desired state

What the work requires, now and over the next few years. The required level for each skill, drawn from strategy, roles, regulation and

#### STATE 03

##### The gap

The measured distance between the two, quantified per skill and ranked by impact. This is the output that turns into

structured inventory of real, present capability.

where the business is heading.

priorities, a plan and, ultimately, action.

The three only work together. A current state with no desired state is just an inventory; a desired state with no current state is just a wish list; and neither delivers anything without the gap that connects them and the action that follows. The skill is to express all three on one shared scale, so the gap is a clean, comparable figure rather than a clash of opinions. That is precisely what a defined capability scale gives you.

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— THE SCALE BEHIND THE SCORES

## The 0 to 5 capability framework

Measuring a gap needs current and required capability expressed on the same clear scale. This fixed framework, developed by Dr Alex J. Martin-Smith, provides it, defining each level the same way for everyone so the gap between "have" and "need" is an honest, comparable number.

0

### No skill required or desired EXCLUDED

No expectation that the person or role needs this skill within the next year. Take a longer-term view here, and do not use this level for short-term assessments. A 0 drops the skill out of that person's score entirely.

1

### In training / Trainee WEIGHTING 25%

Expected to be proficient within a year. Has completed up to 75% of training and does not yet fully understand the quality requirements.

2

### Developing capabilities WEIGHTING 50%

Has completed more than 75% of training. Can probably perform the task alone, but consistent quality and productivity are not yet evidenced, so complex output still needs checking or verification.

3

### Capable WEIGHTING 75% · USUAL TARGET

Has completed 100% of training and shown consistent quality and productivity. Can work unsupervised. This is the level most desired states are set at, the point at which a person genuinely counts on a skill.

4

### Subject Matter Expert / Trainer WEIGHTING 100%

Prolonged experience at a consistent quality and productivity level. Works autonomously and can train others to a high standard. If the skill has not been used in three months, drop back to Level 3 to reconfirm competence.

5

## Strategic ownership / Leadership

WEIGHTING 100%

Can define and develop new processes and skill requirements, show cross-function expertise, and demonstrate leadership. Carries the same numeric weight as Level 4; the purple flag highlights strategic capability and helps you spot succession candidates.

### How a gap becomes a number

Each level carries a proficiency weighting: Level 1 = 25%, Level 2 = 50%, Level 3 = 75%, and Levels 4 and 5 = 100%, with 0 excluded. Average those across a skill's column and you get the team's current capability for that skill as a percentage; set it against the required level, also a percentage, and the gap is simply the difference in points. That single figure is what you rank and track.

**A worked example.** Quantify the team's gap on Data analysis, a strategic priority set at Level 3 (75%):

Data analysis column 2, 1, 2, 1, 2, 1 → 50, 25, 50, 25, 50, 25 =  $225 \div 6 = 38\%$  current  
required (future state) = 75%  
the gap = 37 points – large, and on a strategic skill, so a top priority.

— SEE IT ON A REAL TEAM

## A skills gap analysis, *quantified*

Here is the output of a gap analysis for a six-person team, summarised at the skill level. Each skill's current capability is set against the required future level, the gap is expressed in percentage points, and each is ranked by priority. This one view turns the whole matrix into a plan.

Skill	Current	Required	Gap	Priority
Complaint handling	83%	75%	Met	—
CRM / Salesforce	71%	75%	4 pts	Low
Coaching others	58%	75%	17 pts	Medium
Compliance (KYC)	46%	75%	29 pts	High · regulated
Data analysis	38%	75%	37 pts	High · strategic

2 critical gaps (Compliance, Data analysis) to close first 1

skill already exceeds its required level (Complaint handling)

*Illustrative analysis on the Upleashed 0 to 5 framework. Current is the team's average capability per skill; required is the desired future level; the gap is the difference in percentage points.*

#### HOW TO READ THIS ANALYSIS

- **The big gaps stand out instantly.** Data analysis (37 points) and Compliance (29 points) are far below the required level, and both are flagged critical, so they lead the plan, ahead of the smaller CRM gap.
- **One skill is already met.** Complaint handling exceeds its required level, so it needs no investment, and its surplus capable people are a source to redeploy or to train others.
- **Priority is impact, not just size.** Compliance is regulated and Data analysis is strategic, so both rank high. A similar-sized gap on a peripheral skill would not.
- **It doubles as the proof.** Re-running the analysis next quarter against the same required levels shows the gaps narrowing, hard evidence the interventions are working.

#### — CLOSING THE GAP

## Four ways to close a gap, and when to use each

Once a gap is quantified and prioritised, the question becomes how to close it. Each option suits a different size and timescale of gap. Here is how they compare, so the fix fits the gap.

Option	Best for	Watch out for
<b>Train / upskill</b>	Lifting existing people a level or two on a skill they already part-hold	Takes time; start before the capability is needed, not when the work lands
<b>Cross-train / reskill</b>	Spreading a thin skill to more people, or moving people into new skill areas	Needs a capable trainer and the learner's time protected from the day job
<b>Redesign the work</b>	Moving tasks to where capability already sits when growing it is too slow	A workaround, not a fix, if the underlying gap is strategic and lasting
<b>Recruit</b>	Gaps too large, too specialised or too urgent to grow internally in time	Slowest and most expensive; the wrong default for a gap you could train

A reliable rule: close foreseeable, lasting gaps by developing the people you already have, since that builds durable capability at the lowest cost, and reserve recruitment for gaps that are genuinely too big or too urgent to grow in time. Redesigning the work is a useful short-term bridge while capability is built. Whichever you choose, the quantified gap from the analysis tells you how far you have to move, and re-measuring tells you whether you got there.

— AVOID THESE

## Six mistakes that undermine a gap analysis

**MISTAKE 01**

**Only looking at today**

An analysis that ignores future needs misses the gaps that matter most. Map what the business will need, not just what it lacks now.

**MISTAKE 02**

**No proficiency levels**

"We need data analysis" cannot be measured. Specify the level required, or the gap stays a vague impression.

**MISTAKE 03**

**Leaving the gap qualitative**

"We could be stronger" cannot be ranked or tracked. Put a number on every gap so it can drive decisions.

**MISTAKE 04**

**Ranking by size alone**

The widest gap is not always the priority. Weigh each by how critical, strategic or regulated the skill is.

**MISTAKE 05**

**Inflating current scores**

Generous ratings shrink the gap on paper and leave it open in reality. Score honestly, against evidence.

**MISTAKE 06**

**Running it once**

A single analysis dates fast. Re-run it on a cycle to see gaps closing and catch new ones while they are small.

The method is free. A ready-made matrix just does the *gap maths for you*.

Everything here works in a blank spreadsheet, and that is a fine place to start. A purpose-built template simply automates the analysis. Score the current state, set a required level per skill, and the grid calculates each gap as a percentage, ranks the shortfalls and shows the critical ones at a glance, so the analysis falls straight out of the data and re-running it next quarter takes minutes.



*The Advanced Excel Skills Matrix turns current-versus-required scores into a quantified, ranked gap analysis automatically, per skill and across the team, all on the same 0 to 5 framework used throughout this guide.*

TRY IT FREE	MOST POPULAR	WHEN YOU ARE READY
<b>£0</b> The online 5x5 builder maps a small team in your browser, with no sign-up. A fast way to run your first analysis.	<b>£199</b> The full Excel template: heat map, automatic gap analysis, required-level targets, up to 30 people and 30 skills. One-off, yours forever.	<b>£1</b> Upgrade to PulseAI in your first year for a living, web and mobile version with AI skill suggestions and reminders.

## — COMMON QUESTIONS

### Quick *answers*

#### **Q What is a skills gap analysis?**

It is a structured comparison between the capability your workforce currently has and the capability it needs to meet the organisation's goals, now and in the future. The "gap" is the measured distance between those two states, quantified per skill so it can be ranked and acted on.

#### **Q How is it different from just spotting weaknesses?**

Spotting weaknesses is about today; a proper gap analysis is deliberate and forward-looking. It defines a desired state that includes future needs, measures the current state on the same scale, and quantifies the difference, so you find gaps early and prioritise them by impact rather than reacting to whatever surfaces.

#### **Q What are the steps in a skills gap analysis?**

Define the required capability including future needs, prioritise the skills, measure current capability honestly, quantify the gap per skill, rank the gaps by impact, choose how to close each one, and re-run the analysis on a cycle. The matrix supplies the current-state data; the analysis turns it into a plan.

## Q How do I quantify a skills gap?

Express both current and required capability on the same scale, then take the difference. On the 0 to 5 framework, average a skill's scores into a current capability percentage, set it against the required level (also a percentage), and the gap is the difference in points, a clean number you can rank and track.

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## Q How often should I do one?

Re-run it at least annually, and whenever the desired state changes, a new strategy, system, market or regulation. If you keep a live skills matrix, the analysis is effectively continuous: you simply read the current gaps against your required levels whenever you need them.

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## Q Do I need software to do a gap analysis?

No. A well-built spreadsheet calculates gaps and ranks them perfectly well, and most teams should start there. Software helps when you want the analysis kept live and shared across many teams, with required levels and gaps updating automatically, plus reminders and AI-assisted suggestions.

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### — ABOUT THE AUTHOR



## Dr Alex J. Martin-Smith

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Alex is the creator of the Upleashed capability framework that powers Skills Matrix Template, the award-winning Excel skills matrix. A Chartered Manager with an MBA, an LLM and a doctorate in business administration, he has spent more than two decades helping operations, HR and quality teams turn capability from a gut feel into something they can measure, manage and prove.

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A stylized, handwritten signature in black ink that reads "Alex J. Martin-Smith".

Dr Alex J. Martin-Smith

### — SOURCES

Gartner. (2024). *Talent management research: Workforce skills data*. Gartner.

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World Economic Forum. (2025). *The future of jobs report 2025*. World Economic Forum.

## Find the gap *first*.

You now have the whole method. The quickest way to start is to set a required level for each key skill this week, including where the business is heading, score your team against it, and let the gaps quantify and rank themselves. Your plan is hiding in that difference.

[Try the free 5x5 builder →](#)

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