

What Every SME Needs to Know About Upskilling and Reskilling

As business evolves, small and medium-sized enterprises (SMEs) find themselves under increasing pressure to stay competitive. Technological advancements, shifting market demands, and evolving customer expectations mean that the skills one needs today might not be relevant tomorrow.

To thrive in this volatile business reality, SMEs must prioritise upskilling and reskilling as a means of empowering their workforce with new capabilities that drive adaptability, innovation and growth.

Upskilling vs reskilling, what's the difference?

While often used interchangeably, upskilling and reskilling serve different purposes.

Upskilling enhances an employee's existing skills to help them perform their current role more effectively, such as training a marketing executive in advanced data analytics.

Reskilling, on the other hand, equips employees with entirely new skills that help them transition into a different role within the company. An example of reskilling would be training a sales associate to work in digital marketing.

A unique advantage for SMEs

Both upskilling and reskilling are vitally important to any company. That's because while upskilling helps teams stay efficient and innovative, reskilling ensures business continuity when roles evolve or become redundant due to automation or new technologies like Artificial Intelligence.

But the two play a particularly important role within SMEs.

Unlike large corporations, SMEs often operate with leaner teams and tighter budgets, and losing skilled staff or lagging in digital transformation can have significant consequences.

Investing in employee development helps mitigate these risks by:

- **Boosting retention and morale:** Employees who see a clear path for growth are more engaged and less likely to leave.
- **Improving agility:** A multi-skilled workforce can adapt quickly to new challenges and market shifts.
- **Enhancing competitiveness:** SMEs that continually build their internal capabilities can respond faster to emerging opportunities and trends.

- **Reducing recruitment costs:** Developing existing talent is often more cost-effective than hiring externally.

Implementing an effective upskilling/reskilling strategy

When it comes to implementing an upskilling and reskilling strategy, SMEs should start small and scale gradually. Prioritise critical skill areas, allocate time for learning within work hours, and use technology to reduce costs. Even modest, consistent efforts can yield long-term benefits.

Other things to keep in mind include:

1. **Identify current and future skills gaps:** Start by analysing business goals and upcoming industry changes. For instance, SMEs adopting AI tools may need staff trained in data interpretation or automation software.
2. **Leverage digital learning:** Online training platforms, webinars, and microlearning modules offer affordable and flexible learning options, which are ideal for smaller teams.
3. **Foster a learning culture:** Encourage employees to take ownership of their development. Managers should lead by example, sharing learning goals and celebrating progress.
4. **Collaborate with external partners:** Local colleges, training providers, and industry associations often offer government-funded programmes or grants tailored to SMEs.
5. **Measure impact:** Track performance improvements, employee engagement, and retention rates to ensure training investments deliver measurable results.

[SME4DD](#), an EU-funded project under the [Digital Europe Programme](#), offers a wide-range of short-term training programmes based on the actual needs of companies – especially SMEs. Each of its [courses](#) and workshops are specifically designed to give SME employees and professionals the essential skills and knowledge they need to navigate and leverage the digital innovations that are defining our future.

No longer ‘nice to haves’

Upskilling and reskilling are no longer optional or ‘nice to have’. They are essential to the survival and growth of SMEs.

But by building a culture of continuous learning, small businesses can unlock innovation, retain talent, and [future-proof their operations in a rapidly changing world](#).