

# Piloting Innovation: Launching LERs in Arizona

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## INTRODUCTION

Karsten's Ace Hardware includes five stores in the Phoenix area, with about 120 frontline employees. With a well-designed and highly used internal training system, the Ace Learning Place, employees can build their skills across a huge variety of topics. They can also earn badges, specializing in competencies that are core to serving Ace Hardware's customers.

Employees earn, and wear, their badges with pride. Lacey Dobbs, back office human resources manager for Karsten's Ace Hardware, said, "We literally have a magnet badge that employees can put on, showing customers that they are an electrical expert, for example. That badge signals that the employee will be able to give information – tell customers how things work and what they need to know. That is the goal of the badge – not just where a product is but let me take you down aisle 15 and show you what it is. Hopefully that sets us apart from a big-box store. We're the helpful folks."

In partnership with Center for the Future of Arizona (CFA) and Arizona State University (ASU), Karsten's Ace Hardware piloted a digital badge that enabled employees to have not only a portable, verified record of the skills they built but also a record that would move with employees, wherever their career took them. Dave Karsten, owner of Karsten's Ace Hardware, commented, "We're willing to test most anything that could help develop, attract, retain, train, or enhance our employee experience. If there are tools that can make these things easier to learn or easier to track, easier to remember what we have actually done in our career, the business should consider supporting the team with tools such as this tracker."

## THE PILOT OPPORTUNITY

The opportunity to test a growing platform with a business partner did not happen overnight. CFA is deeply involved in workforce development guided by their 2020 [Gallup Arizona Survey](#) that found the majority of Arizonans want "good-paying jobs and the education and training needed to fully participate in a vibrant economy." As a "do tank," CFA has impact initiatives and programs that are building a competitive workforce where Arizonans can use their talents so the state's economy can thrive.

One such initiative is a Retail Employer Network. CFA has convened this retail employer network for nearly seven years, bringing retailers from across the Phoenix

region together to solve problems and share best practices. Karsten's Ace Hardware is a longstanding member of that group.

CFA also developed a deep partnership with Arizona State University (ASU), which has created an innovative tool: Pocket. Pocket allows learners, currently ASU students and select people piloting the system, to collect evidence of learning and achievements from a variety of sources, including education, work, or training opportunities. These credentials are held securely in a learner-controlled system. Credential holders can curate their Pockets to reflect their comprehensive learning and experiences and then share their portfolios with employers and education institutions.

Kate Giovacchini, executive director of the Trusted Learner Network at ASU, said, "Where we're centered at ASU, the focus of our charter is who we include and how they succeed rather than who we exclude. So, for us, the main tagline for learning and employment records (LERs) and digital credentials is how they help people tell their own story. That is a meaningful activity for education. Telling your own story affects the confidence you bring and the type of employer and employment you might seek, and it's also pragmatic, enabling someone to write a resume and craft a narrative about themselves."

With support from Walmart, CFA and ASU sought to partner with an employer interested in testing out not only how Pocket's capacities in supporting verified credentials and skills would benefit employers but also how they might affect employees. Holly Kurtz, director of workforce development at CFA, said, "When we had this opportunity to go into the LER space and test whether this was something that could help support the workforce ecosystem, we were really interested in understanding whether this would give workers more agency. Would workers be proud of having these credentials in their Pocket, to have that agency in what they had and could share? The pendulum mostly swings toward the employer side, so to be considering this from an employee perspective was a powerful opportunity for us to test out some hypotheses."

Kurtz put out a call through CFA's retailer network, and Karsten's Ace Hardware answered. Kurtz commented, "I knew they were an employer interested in doing right by their workers. And Lacey, she sees the upside in everything. She sees the possibilities, how things might work."

That Karsten's Ace Hardware already had a robust training program and internal badging system was a bonus. Giovacchini noted, "With Ace, it was easy to describe what a digital credential is. It's a digital version of the cool things they're already doing. They have that 'patch on the apron' mentality, which is a clear value proposition that this, employee learning and badging, is already important to them."

Working in partnership with Karsten's Ace Hardware, the ASU team translated the existing badging information into digital credentials, which were then available for employees to claim through My Skills Pocket, the wallet app for career-focused users. Dobbs shared information about the pilot with employees through their workforce management system, Basecamp, inviting employees to download My Skills Pocket and receive their credentials.

In this case, Karsten's Ace Hardware served as the credential issuer, validating that the employee has successfully completed the training. Once an employee claims the credentials, the employee "owns" that record and can use it both inside and outside Ace's environment.

The pilot was an easy sell to company leadership. Dobbs said, "Dave was very excited. He's always interested in what we can do for our employees. He likes to empower our people as much as possible, so when I brought this to him, something that could benefit our employees, there was no hesitation."

Karsten voiced his enthusiasm for the pilot in an email to employees:

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*"To all of our App volunteers:*

*I think this is a big deal – a partnership with ASU! Think about that for just a second. When the whole world is focused on the high-tech industry and what those workforces look like and what tools they may need to improve and develop in their roles, ASU in partnership with Center for the Future of Arizona is looking at all industries to improve personal development and promote a higher quality of life for Arizonans... ASU and CFA came to us looking for an organization with an engaged workforce that would be willing to help create an impactful tool on their quest to find real solutions for the workforce in Arizona. Thank you for getting on board and making a difference."*

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## AN EXISTING BADGING SYSTEM

Ace Hardware supports a comprehensive national learning program for all Ace affiliates called Ace Learning Place, where all the company's training programs are housed. Through the system, employees can find training through more than 5,000 classes ranging from broad topics like leadership to more specific topics, like learning about paintbrushes, as well as required safety and compliance training.

Employees can also earn badges, specializing in competencies that are core to serving Ace Hardware's customers. Through eight badge programs, including Electrical Expert, Paint Prodigy, and Plumbing Pro, employees can dig deeper to build the more comprehensive expertise they need to work with customers. Most badges include a minimum of 40 hours of training, which includes about 20 hours of coursework and 20 hours demonstrating competencies under supervision. Employees can spend time at work, with pay, working toward their badges, as well.



On the back end, Dobbs can see how employees are taking part in training activities and acquiring badges. Employees who participate in the pilot can dig into the data inside of badges to see everything they learned and what they accomplished, and that helps create a sense of pride. Dobbs said, "When they click on a badge, it shows what you had to do to earn it. You spent 40 hours getting that badge; here's what it is. It's great for sharing, even with a family member. In our feedback, we heard a lot that employees shared with their spouses. It wasn't necessarily about advancement for them – it was about sharing an accomplishment with someone important in their life."

Badges are logged in the learning system, and upon completion, employees receive a physical badge that they can wear on their vest or hat, showing customers what they know.

"A lot of employees love wearing their badges. The badge shows you have training and can talk about specific things with customers. People with more badges make more money in their stores because they can sell the right items to their customers. We also put badges up on boards in the breakrooms. Employees make it into a competition. Everyone can see what badges people have, and it's exciting," said Dobbs.

## MOTIVATIONS: CREATING NEW VALUE FOR RETAIL EMPLOYEES

Many companies run high-quality internal training and education programs designed to help employees upskill and improve in their roles. A smaller cohort of companies support internal credentialing programs, with performance-based assessments and badges that have meaning across the organization. And fewer still seem interested in allowing those credentials to move outside of the company if employees separate. This latter aspect, though, is what intrigued leaders at Karsten's Ace Hardware.

Dobbs, who has worked in retail operations her entire career, saw immediate value. "You forget about the accomplishments you've attained across your whole career. If someone left Ace, unless they keep their physical badge, they wouldn't have access to that record – that system is gone. To save that as a digital transaction that they can use for future employment, show future bosses – that could help them!" she said.

Company leadership agreed. Karsten said, "We already have a great tracking system for all Ace training, including our own internal training, but the concept of a user-friendly tool that can hold credentials across all platforms and that lives with *me* and not just my current employer intrigued me."

Although Karsten's Ace Hardware wants to keep employees with them, they recognize that people will move on. With a digital record of the skills and credentials they earned on the job, as well as a record of their employment dates, Dobbs believes that Karsten's Ace Hardware is supporting employees in a different, necessary way. "We always want our employees to stay and grow with us, but that will not always happen. So, the questions become: 'What can you take from your experience with us? What can you leave with that you gained from us and take that into your next role?' We want them to grow and learn, and hope they gained knowledge here that will help their future."

## EMPLOYEE FEEDBACK

The learning team, led by CFA and ASU's product manager for Pocket, Marianna Milkis-Edwards, connected in small groups with each of the pilot participants to gain insights into how the tool worked for them and where they found the greatest value. Milkis-Edwards targeted employee learning sessions toward two objectives. The first focused on usability. She said, "Because we're working with cutting-edge technology, we needed to talk to non-techie end users and make sure that what we're building is accessible and understandable and suits their needs."

She also prioritized understanding of value add for current and future needs: "As a product manager, my interest lies in understanding these aspects: Is there a value in this for you? What problem does it solve for you? How well does it solve this problem? What else could solve this problem? We asked about the value they see in the app from their current experience, and fast-forward 20 years when the app can do amazing things – what would it do in that future state ideation?"

Findings were compelling and will be valuable for any organizations working to build digital credentialing and LER systems.

Beyond high Net Promoter Scores, more than double the baseline for software products, employees provided some great feedback through a survey:

- 91% of respondents indicated they found the app easy to use.
- All respondents said they had a positive experience with My Skills Pocket.
- All participants were able to use and access My Skills Pocket (one person required some help).
- More than 90% indicated they would use My Skills Pocket going forward.

In considering this future state, employees indicated they were seeking a simple way to create a resume and tailor skills and accomplishments toward specific jobs. They also were excited about opportunities to link up their My Skills Pocket with LinkedIn and job boards, enabling easy connections to jobs that align with their skills and credentials.

Employees found greatest value in their initial experience with My Skills Pocket as a personal tool that reflected their own learning. Specifically, researchers identified the following as priorities for badge holders:

1. **Bragging rights.** Employees saw value in being able to point to their badge and show others that they had earned it. They engaged in some “friendly competition” with their colleagues, according to Milkis-Edwards.
2. **Metacognition.** Employees valued the tool in that it reflected their own learning back to them and validated what they knew and were able to do. Some employees expressed that they did not fully appreciate what they knew – the digital badge reflected their learning and abilities in a tangible, meaningful way.
3. **Motivation.** Employees expressed that their badges excited them and made them want to learn and achieve more. In fact, several employees were excited that My Skills Pocket would continue to be available after the pilot ended – they did not want to lose access to their digital badges.

Employee feedback also elevated some opportunities for the team to reflect on their approach.

1. **Understanding of credentials.** The language of credentialing matters a lot to higher education and, to some degree, workforce and leadership organizations. Through the pilot, the team learned that employees did not particularly care what organizations called their credentials. Giovacchini said, “The badge is the thing that employees stick on their apron. It’s going to be the recipient who decides how much a badge or credential means to them. For us inside the house, we can get into arguments about whether things are a badge, an achievement, a skill. These folks didn’t care.”
  - The implications here are clear. Organizations developing and issuing credentials, and supporting credential portability, should connect with end users to understand what they care about and the language and names they value.
  - Organizations should also eliminate jargon and simplify their communications to end users, never assuming that the labels they value will resonate with employees.



- Specifically, employees did not immediately recognize employment records as “credentials,” viewing that language as relevant only to learning achievements. Once employees learned about how employment records were included as credentials in their LER, “It made sense to them,” said Milkis-Edwards. “They didn’t think of it as a timeline. They thought about it as a wallet with cards, but after we told the employees we could give them employment record credentials, and they saw their work progress in history, they thought that was cool.”
  - Further, Milkis-Edwards noted that the data included in employment records could be useful for employees who struggle with articulating what they know and can do. “Many folks don’t have the confidence or the support or the vocabulary to describe what they do and to be able to phrase bullet points on a resume to show their impact. This approach, which links to job descriptions, gives them a vocabulary immediately. It could help equalize the playing field,” she said.
2. **Credential sharing.** Employees were not as interested in the idea of sharing their credentials with others as the team anticipated. Reflecting, the team noted that they did not explicitly communicate with participants that sharing was possible through LinkedIn and other platforms, so employees may not have realized it.
- Given that the sharing is a primary value for credential issuers, this misalignment underscores the need to conduct end user research and to provide explicit instruction and guidance for optimal use.
  - The team also reflected that the idea that employer-provided training “belongs to the employer” may be deeply ingrained and that there may be some cultural and belief issues to address, as well.

## PILOTING INNOVATION

While all LER efforts are innovative, as the field is so new, CFA and ASU partnered to understand the value of LERs and digital records in a space that has not yet been deeply addressed:

- **The value of credentials for employers as issuers.** To date, most platforms have prioritized credentials issued through education providers, including colleges and universities.
- **The value of digital credentials and LERs for incumbent employees.** As companies shifted to skills-based hiring, much of the conversation about the value of these solutions focused on new employees and the hiring process.
- **The value of digital credentials and LERs for small and mid-sized businesses.** While Karsten's Ace Hardware enjoys some of the infrastructure of a large corporation, with about 140 employees, Karsten's is a mid-sized business. Understanding how LERs and digital credentials can be meaningful and impactful for small and mid-sized businesses and their employees is a priority.

Within the pilot, Karsten's Ace Hardware issued 228 credentials to 17 incumbent employees, aged 23 to 71. Working at a small scale proved to be an excellent learning experience for the team at ASU. Giovacchini said, "At ASU, our focus is scale and quality, and our 'modest' goal is providing something of value to every learner on the planet. We recognize that the key to scaling technology is iteration. Instead of going in and trying to attack an automated hiring system or working our way into an HRIS [human resources information system] or brass ring hiring process, the opportunity was actually going in at this level, speaking directly with the hiring manager and with the HR leader. They know the names of their employees. It's a perfect microcosm, and the perfect scale to start answering these questions."

As noted earlier, CFA was building on strong relationships and was particularly focused on understanding the unique needs of small and mid-sized employers in the region, as well as how tools could be valuable for incumbent workers. Kurtz said, "A big lesson learned here was that it was valuable to go at this organically. If we had gone into the corporate office and said we wanted to do this, we would have likely gotten a big no. So, working with owners we know, where they have experience, and where these tools can fill a gap – that is a much more effective way to iterate and scale."

She continued, "I knew our best opportunity was a small business. It is so hard to break into the big businesses. They are locked up with systems, and they don't necessarily have the flexibility of looking at something like this."

## LESSONS LEARNED AND NEXT STEPS

For the three organizations involved in the pilot, outcomes were overwhelmingly positive. For Karsten's Ace Hardware, the opportunity to help employees gain a better understanding of their own learning and to have a portable record of their expertise was important. Since the pilot wrapped, Dobbs has shared information about the pilot with Ace Hardware corporate, and she has spoken with CFA's Retail Network about their experience.

CFA emerged from the pilot with a renewed sense of the importance of reaching end users – employees – with products and tools that meet their needs and deep pride in the partnership and collaboration that emerged between CFA and ASU. Kurtz noted, "I am proudest of the partnership we have built with ASU Enterprise Technology and so impressed at how agile they were. For anything we asked, they were able to deliver, and they ended up building as strong a relationship with the employer as we did. This is a powerful partnership between us, the employer, and ASU. That was important – ASU didn't impose what they wanted. They sought to understand what CFA and the employer wanted out of this project."

Under Giovacchini's leadership, ASU Enterprise Technology will continue to explore ways to make its Pocket more valuable and relevant to users, iterating on successes and determining new ways to empower users. Giovacchini noted, "In addition to the fact that we've developed cool technologies, our grander vision is that we believe in digital verifiable credentialing and the meaningful impact it can have for folks to tell their own stories."

For other organizations working to build LERs, some smart lessons emerged from this pilot:

1. **Recognize readiness.** While not every small or mid-sized employer will have a structured internal credentialing program like Karsten's Ace Hardware, LER leaders should keep their eyes open in the field for signals of learning. Pins and badges on aprons and hats, notations on nametags, and even whiteboards celebrating learning achievements in places of work can indicate that a company is ripe for a conversation on digital credentialing and LERs.
2. **Start small.** LER leaders are seeking scale, and for good reason: The more people and organizations engage with LER tools, the more value they will have. But as Kurtz points out, it can be difficult to break into large businesses, especially national companies that have complex human resources systems.

Working with small and mid-sized businesses and their employees, with whom project leaders can build personal relationships, can lead to deeper knowledge and understanding of the value of the tools and can potentially fill a need for the businesses that may be tracking learning and achievements in spreadsheets.

- 3. Prioritize end users.** Although much of the effort in building LERs to date has focused on the technological infrastructure, ASU and CFA took significant time and energy to understand upfront where their tools could support the needs of employers and workers/learners and are building plans for future work based on insights gained from these end users. Milkis-Edwards said, "I'm aggressively real about what we're really doing for real people and real-life situations. It's all very techie and cool, and we can spend hours being excited about what we're doing, but my first questions are always: 'Does the student or the learner need it? Is this the right thing for them? Can they use it? Can they understand it?' That's what projects like this do. They blow up some of the wishful thinking and expose where the real value is, which might not be as perfectly aligned with how we had originally conceptualized that value. But we know that there is value because folks are excited and asking to keep using it. That is what matters to me."
- 4. Pick your partner.** In working through a pilot like this, relationships and relationship management are important. Staying on the same page, while prioritizing the employer and end users' needs, is vital to the success of the pilot and to the long-term partnerships that will ultimately grow this movement. ASU Enterprise Technology and CFA developed deep trust and respect for each other during this pilot, built on shared values and a commitment to creating value for the employer and employee participants. Where this trust is lacking, or where values do not align, projects are destined to struggle. LER leaders should pick their partners wisely and ensure up front that they are working toward the same goals.

As work progresses in Arizona, we will update this case study.

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## LICENSING

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