



Enterprise Learning and Talent Management 2010

Predictions for the Coming Year

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TABLE OF CONTENTS

Talent Strategies Evolve as the Global Economy Recovers	5
1. Integrated Talent Management Will Reach the Boardroom.	7
2. The HR Function Will Start a Radical Transformation.	9
3. High-Impact Leadership Development Programs Will Focus on First-Line Management.	12
4. We Are Shifting Our Focus from e-Learning to “We”-Learning.	13
5. L&D Practitioners and Leaders Will Start to Learn New Disciplines.	15
6. Deep Specialization Will Emerge as a Key to Your Strategy.	18
7. The Words “Talent Mobility” Will Start to Drive Your Talent Management and Development Strategy.	20
8. Talent Acquisition Approaches Will Move Even More Rapidly toward Social Networks.	22
9. Integrated Talent Management Systems Will Become More Integrated and Many Standalone Vendors in Areas like Talent Acquisition Will Be Acquired.	23
10. Learning Management Systems Will Continue to Evolve into Talent and Informal Learning Platforms, and Collaboration Systems Will Become Hotter. Other Learning Tools Will Continue to Grow.	25
11. Innovation, Engagement and Diversity Will Become “Hard Disciplines” in Many Companies	27
12. Measurement of HR and L&D Programs Will Become a High Priority Again.	29

Summary: 2010 Will Be a Pivotal Year of Evolution and Growth	31
Come Visit with Us in 2010	32
Appendix I: Table of Figures	34
About Us	35
About This Research	35

Talent Strategies Evolve as the Global Economy Recovers

What a year this has been. We have just survived the longest and deepest global recession since the 1930s, and we are just starting to see the tipping point. While the U.S. unemployment rate remains high, our *TalentWatch*® research¹ shows increasing business optimism. As our profile of business growth remains flat from last quarter, 41 percent of the organizations we surveyed told us that they believe their organizations will experience strong positive growth within six months.

At the same time that these economic transitions are occurring, many other changes are affecting the market for talent.

- This year, for the first time, there are more women in the workforce than men, so one of the trends we will discuss is the changing nature of diversity in business and leadership. In addition to gender diversity, organizations of all sizes now have diversity in:
 - Age (four generations at work);
 - Culture (increased globalization); and,
 - Experience.

These changes are making diversity and onboarding programs key to competitive advantage.

- The leadership gap in organizations has actually become wider – driven largely by organizations' tendency to lay off older, more senior workers. Our *Leadership Development Factbook*®² (a new research program we launched recently) shows a tremendous "reverse dumbbell" effect in leadership development. There is a distinct lack of leadership development in the executive ranks (*almost one out of five organizations offers no coaching and development for executives at all*) and also a tremendous lack of confidence in first-line leaders.

¹ For more information, *TalentWatch*® Third Quarter 2009, Bersin & Associates / Josh Bersin, December 2009. Available to research members at www.bersin.com/library.

² For more information, *Leadership Development Factbook*® 2009: Benchmarks and Analysis of Leadership Development Spending, Staffing and Programs, Bersin & Associates / Kim Lamoureux and Karen O'Leonard, October 2009. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/ldfactbook.

We are going to see leadership development investments come back, with a focus on these two audiences.

- Technology has moved ahead at light speed. Recessions always seem to be good times for new tools – and this one has given us integrated talent management suites, social networking, informal learning systems and a new generation of HRMS solutions. SaaS (Software as a Service) is now a standard new approach for HR software and we will see this continue.
- Business itself is focusing, once again, on innovation. For the last 18 months, our research members have all focused on restructuring, consolidation and cost-reduction. This month, for the first time in several years, our research shows a focus on building programs that drive innovation and customer focus. This is a good sign and will bring talent management to new areas of business.

In the context of these broad trends, what are the top 12 trends we predict?

1. Integrated Talent Management Will Reach the Boardroom.

The last several years have been challenging for HR and L&D. In the face of budget cuts and consolidation, organizations have rapidly gained an understanding of the need for integrated talent management. Our *2009 Talent Management Factbook*³ proved that talent management matters – organizations with superior talent management strategies outperform their peers.

Figure 1: The Business Impact of Superior Talent Management

Organizations with Superior Talent Management have **significant** advantages:

- 26% higher revenue per employee
- 28% less likely to have downsized during 2008 - 2009
- 40% lower turnover among high performers
- 17% lower overall voluntary turnover

- 87% greater ability to “hire the best people”
- 156% greater ability to “develop great leaders”
- 92% greater ability to “respond to changing economic conditions”
- 144% greater ability to “plan for future workforce needs”



www.bersin.com/tmfactbook

Source: Bersin & Associates, 2009.

³ For more information, *2009 Talent Management Factbook®: Best Practices and Benchmarks in Talent Management*, Bersin & Associates / Karen O'Leonard, July 2009. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/tmfactbook.

PREDICTIONS



In 2010, most business

leaders will demand that their HR and L&D counterparts implement talent management programs that are described in business terms with business benefits.

But more than this, the topic is now becoming well understood. When we first published our *High-Impact Talent Management*® research in 2006, we were speaking to an audience of thought leaders. Today, more than 35 percent of all large organizations have a talent management leader and almost one-third have a strong strategy in place. While every company's talent management strategy is different (*and we believe it should be*), we now live in a world in which talent management has arrived. We are in the middle of a major case study of talent management in one of the nation's largest nonprofit institutions, clearly showing that the topic is becoming mainstream.

More importantly, the words "talent management" are now entering the boardroom. (*I remember a few years ago when one of the most profitable bond-trading companies asked us to help them develop a program to rebuild their top leadership team in the face of some significant departures. I mentioned the words "talent management" to them and they asked if I was talking about Hollywood. Today, that type of reaction no longer occurs.*)

Consider the following real-world scenario. A large, well-known electronics and hydraulic systems manufacturer has seen its business rapidly decay and shift from the automotive industry to the alternative energy industry. The company also knows that its engine for growth has shifted from the U.S. to Asia and other developing markets. This company's response is to completely reorganize itself to build three independent global business units, each with product development, manufacturing, sales and marketing support for their developing markets.

In meeting with the top executives of this company, we asked them what they believed were the biggest obstacles to success. The answer – *"... We are not sure we have the right people and the right talent acquisition strategies to develop the right people in each geography to engineer, manufacture and sell the right products in these geographies. While we know we have some of the right products, our new strategy is designed to help us build localized products in growing markets. We don't yet know how to hire, train, manage and lead people for optimum performance in these markets."* Guess what? This is a talent management problem.

(In early 2010, we will be introducing our brand-new Talent Management Framework, updated from our 2007 version, which shows how integrated talent management has evolved and is now more business-driven than ever.)

2. The HR Function Will Start a Radical Transformation.

PREDICTIONS

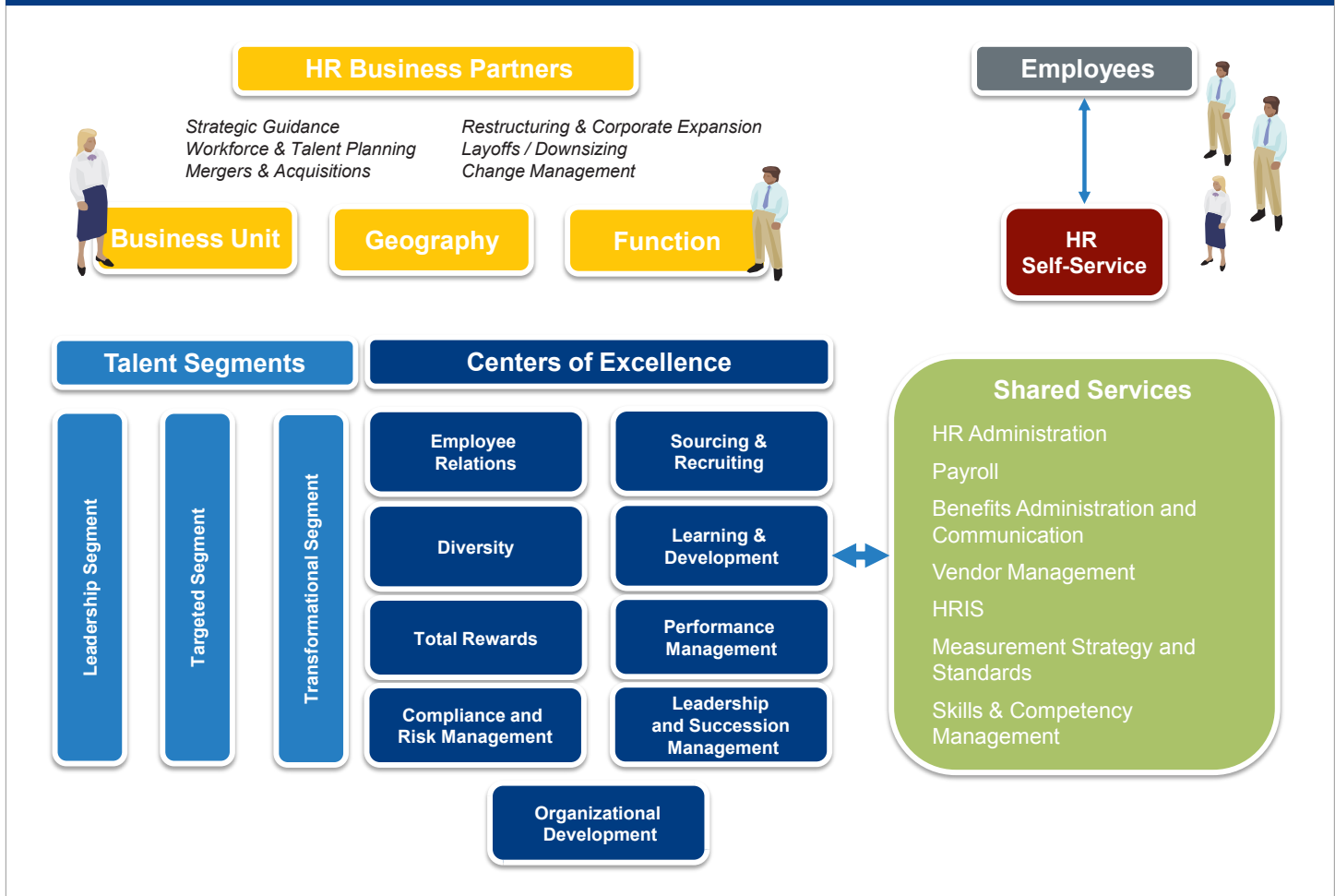


In 2010,
businesses

will once again rethink
the human resources
function and transition
from “strategic HR” to
“business-driven HR.”

Integrated talent management, changed labor markets and new technologies will start a dramatic change in the HR function. Over the last 10 years or so, human resource executives have focused on separating the “strategic” parts of HR from the “operational” or “transactional” elements. This shift has been very positive – it has enabled HR organizations to outsource many repeatable but low-value practices, driving down the cost of overhead. Many of the fastest-growing HR systems have helped fuel this evolution, including HRMS systems, recruiting systems and now talent management systems.

As these transactional areas are being outsourced, streamlined and automated, HR has then built “centers of excellence” that focus on some of the more strategic areas. These typically include teams that focus on leadership development, talent acquisition, performance management, total rewards, diversity and engagement. These changes have been very powerful and most organizations are in various stages of maturity in implementing this architecture.

Figure 2: Today's Modern HR Organization

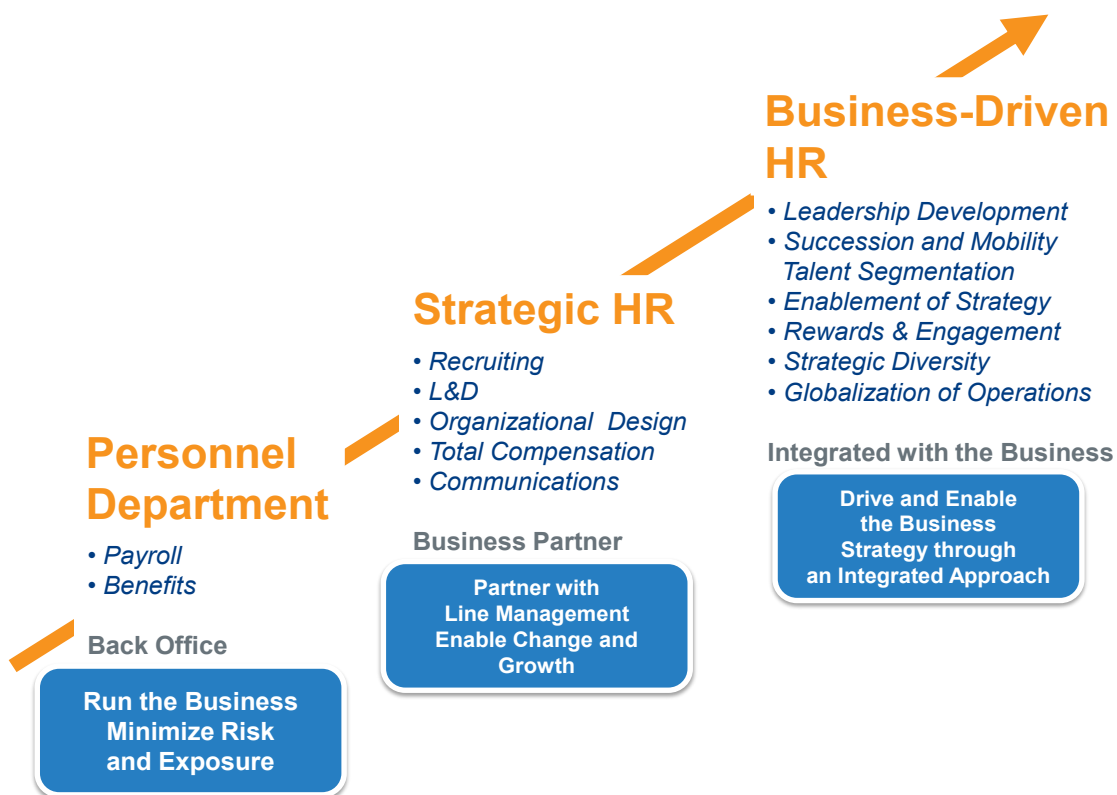
Source: Bersin & Associates, 2009.

However, we see another major change coming. This wave (that of separating “strategic” from “tactical” HR) is just not enough any more. Today’s high-impact organizations are now rapidly focusing on even higher-value solutions; they are:

- Identifying critical high-value talent segments;
- Creating succession and leadership pools;
- Implementing high-volume talent mobility solutions;
- Developing new onboarding and alumni programs to tap into the knowledge of their external networks; and,
- Looking at engagement in far more strategic way.

One of our research members (a very large retailer) has developed an engagement model that measures the engagement level of each employee in each store – and then correlates a variety of managerial competencies directly to employee engagement. This strategy has enabled this retailer to build a new leadership development program for store managers that will specifically and directly impact sales in a very measurable way.

Figure 3: Evolution of the Role of HR



Source: Bersin & Associates, 2009.

This new, transformed HR is not just more efficient – it is a business performance organization in its own right. We are in the middle of a major research program in this area; our upcoming *High-Impact HR Organization®* research⁴ will be launched at our annual research conference in April⁵.

⁴ For more information on our upcoming research, *High-Impact HR Organization*, due to be published in April 2010, please visit www.bersin.com/hihr.

⁵ For more information about this conference, please visit www.bersin.com/impact.

3. High-Impact Leadership Development Programs Will Focus on First-Line Management.

PREDICTIONS



Companies
rate their

first-line supervisors as
“less capable” than their
entry-level employees. In
2010, high-performing
organizations will
refocus their leadership
development toward
supervisory and first-line
manager positions.

One of the disturbing trends we continue to see is the struggle by organizations to build leadership, coaching and management skills among first-line managers. In fact, our research continues to show that HR leaders rate their first-line managers as their “least ready” workgroup in the company, even less capable than their entry-level employees.⁶

One research member (a major manufacturer of aircraft) told us that, after years of leadership development programs, they still find that supervisors do not honor or understand their roles as managers. I believe this will be true forever. Remember that most supervisors and first-line managers learned how to manage from another manager. If a strong development program is not in place, people are “learning how to lead” by chance.

We must remember that first-line managers typically “run” the operation. They are the ones who engage, align and incent all employees to succeed. In customer-facing roles, first-line managers (e.g., store managers, customer service managers) often leverage millions of dollars of revenue and customer satisfaction.

In 2010, organizations must rethink their leadership development investments – and take the time, money and resources to rebuild first-line management programs. Companies (like Lowe's, Kaiser Permanente of California, Children's Hospital of Atlanta and many others) have built new, creative, performance-excellence programs for first-line supervisors, which have completely transformed their workforces.

In the case of one major hospital, its investment in supervisor development transformed its staff from “care-providers” to “talent developers.” This program resulted in an 80 percent reduction in turnover and a 35 percent improvement in employee engagement. Another of our clients (a major software vendor) put in place an end-to-end sales manager coaching program. The results were a near doubling of revenue per sales representative and a dramatic reduction in turnover.

⁶ For more information, *Leadership Development Factbook® 2009: Benchmarks and Analysis of Leadership Development Spending, Staffing and Programs*, Bersin & Associates / Kim Lamoureux and Karen O'Leonard, October 2009.

In 2010, think seriously about taking your leadership development program and turning it upside down. Focus on first-line leadership and the results will be fantastic.

4. We Are Shifting Our Focus from e-Learning to “We”-Learning.

PREDICTIONS



In 2010,
organizations

will realize that “we-learning” and internal collaboration are not just nice to have but, rather, are drivers of competitive advantage.

Corporate training is also in the middle of a major transformation. In the early 2000s, driven by the last recession, we spent a lot of time and energy building online training programs to replace many hours of instructor-led training (ILT). Today, 10 years later, the recent recession (*coupled with amazing new technologies for content management and knowledge-sharing*) is shifting L&D energies toward what we call “we-learning” – a whole range of informal learning strategies.

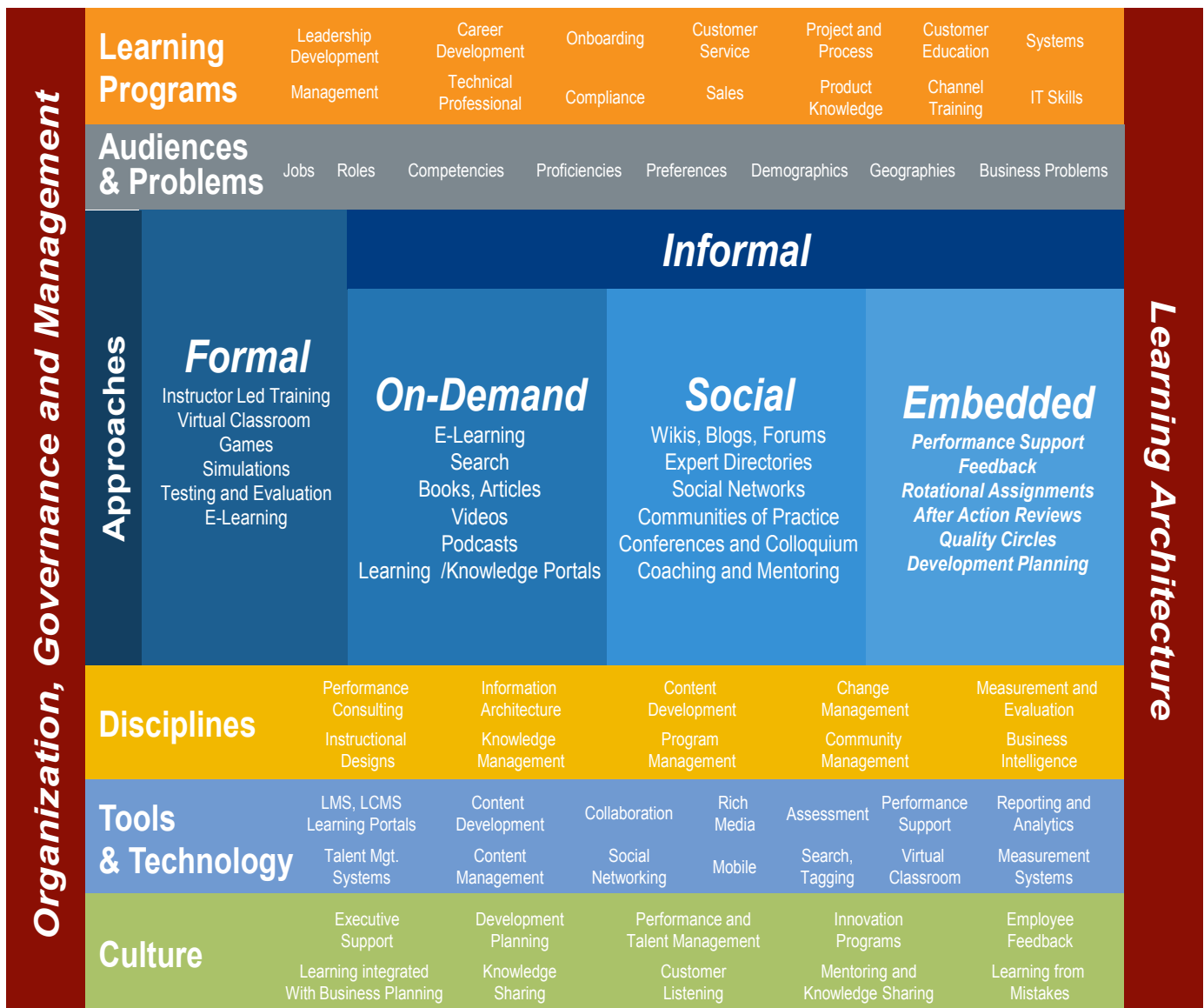
In March of this last year, we launched our Enterprise Learning Framework®, a tool that has already helped hundreds of companies understand what informal learning really means.⁷ The interest and demand have been overwhelming. Organizations of all shapes and sizes now realize that “putting training online” is not enough. Skills development and organizational learning are a complex problem – one which must be solved by formal and informal methods.

Informal learning (*as defined in our Framework, see Figure 4*) involves three different types of new disciplines:

1. On-demand training;
2. Social learning; and, (*what we call*)
3. Embedded learning.

Seventy-two percent of corporate executives tell us that the most important development strategy in their companies is “on-the-job training.” How can L&D organizations leverage, improve and integrate on-the-job training with all the tools and programs they build? The answer is to build an enterprise learning architecture – one which incorporates both formal and informal solutions.

⁷ For more information, *The Enterprise Learning Framework: A Modern Approach to Corporate Training*, Bersin & Associates / Josh Bersin, April 2009. Available to research members at www.bersin.com/library.

Figure 4: The Bersin & Associates Enterprise Learning Framework®⁸

Source: Bersin & Associates, 2009.

⁸ For more information, *The Enterprise Learning Framework: A Modern Approach to Corporate Training*, Bersin & Associates / Josh Bersin, April 2009.

PREDICTIONS

In 2010, L&D professionals

will find tremendous career opportunities to learn new disciplines and expand their roles into the formalization of informal learning.

We have written about on-demand learning for many years and, in 2010, we must take the performance support strategies more seriously. Organizations are awash in content – so the problem has shifted from one of “developing content” to one of “sharing, leveraging and organizing” content.

“We-learning,” or social learning, is one of the newest trends we see in 2010. Organizations (like the military, the Federal Reserve and many high-technology companies) have been building knowledge-sharing communities for years. This type of approach is now becoming mainstream – and in 2010, we expect to see an accelerating focus on tools, strategies and programs that will allow employees to rapidly and easily share knowledge and best practices within their own functional areas.

We firmly believe that any major L&D organization should take some time during 2010 to stop and redefine its content development process to embrace informal learning. *(We provide a fantastic two-day workshop to help with this and much of our research will step you through this process.⁹)* Boeing, for example, developed what it calls a “rapid development process,” which completely reengineers its traditional training development process to incorporate the use of informal learning from the beginning.

5. L&D Practitioners and Leaders Will Start to Learn New Disciplines.

One of the keynote research programs we launched this year is called *High Impact Learning Practices®¹⁰*. This research *(which took us more than two years to complete)* looks at the modern training practices that drive high levels of impact.

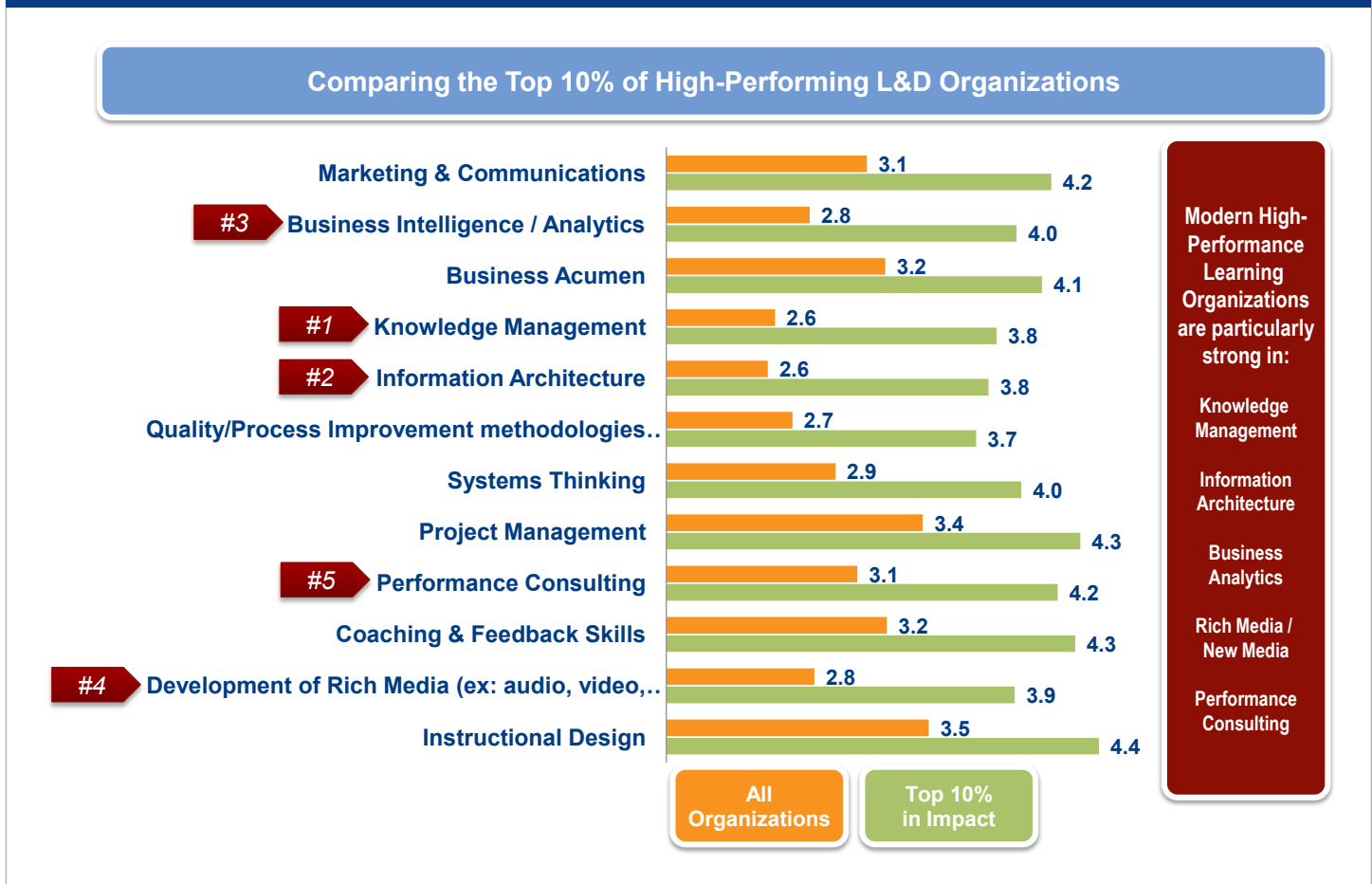
⁹ For more information on our upcoming events and webinars, please visit <http://www.berstein.com/News/Events.aspx>.

¹⁰ For more information, *High-Impact Learning Practices: The Guide to Modernizing Your Corporate Training Strategy through Social and Informal Learning*, Bersin & Associates / David Mallon, July 2009. Available to research members at www.berstein.com/library or for purchase at www.berstein.com/hilp.

What we found is that today's modern training programs demand new skills in the L&D organization. These new disciplines (*as we describe in the Enterprise Learning Framework, see Figure 4*) do not replace traditional instructional design – rather they are complementary. The top five disciplines we need include:

1. Information architecture;
2. Knowledge management;
3. Rich media design;
4. Analytics; and,
5. Performance consulting.

Figure 5: The Modern Disciplines for High-Impact Learning and Development



Source: Bersin & Associates, 2009.

While we do not have the space to describe these here, it is important to realize that these disciplines are actually new to L&D. Some of these competencies may reside in your IT department; some may not exist at all. In 2010, we believe medium to large organizations will have no choice but to jump into these areas – which represent exciting new career opportunities for us all.

Also, an important skill now being developed in most companies is the discipline of “community management.” Whether you like it or not, your employees are now members of online communities (*both within and outside of your organization*). These communities will talk, share information, collaborate and come up with new ideas. Rather than try to control these communities, our opportunity in L&D is to harness and leverage them.

Many new issues in community management are important to consider.

- How do we make sure people share “correct” information?
- How do we rate, rank and score information, so that “correct and valuable” information is promoted – and poor or incorrect information is demoted?
- How do we incent and encourage subject matter experts (SMEs) to share information more regularly?
- How do we manage renegade networks that discuss inappropriate topics (or should we at all)?
- What is the right software platform to manage all this content and information-sharing?
- What role should IT, legal and HR play in all these networks?

Our research will continue to focus in these areas and we will have many interesting solutions presented at our annual research conference¹¹. In 2010, these new disciplines will emerge as new vital foundations for success.

¹¹ For more information about this conference, please visit www.bersin.com/impact.

6. Deep Specialization Will Emerge as a Key to Your Strategy.

PREDICTIONS



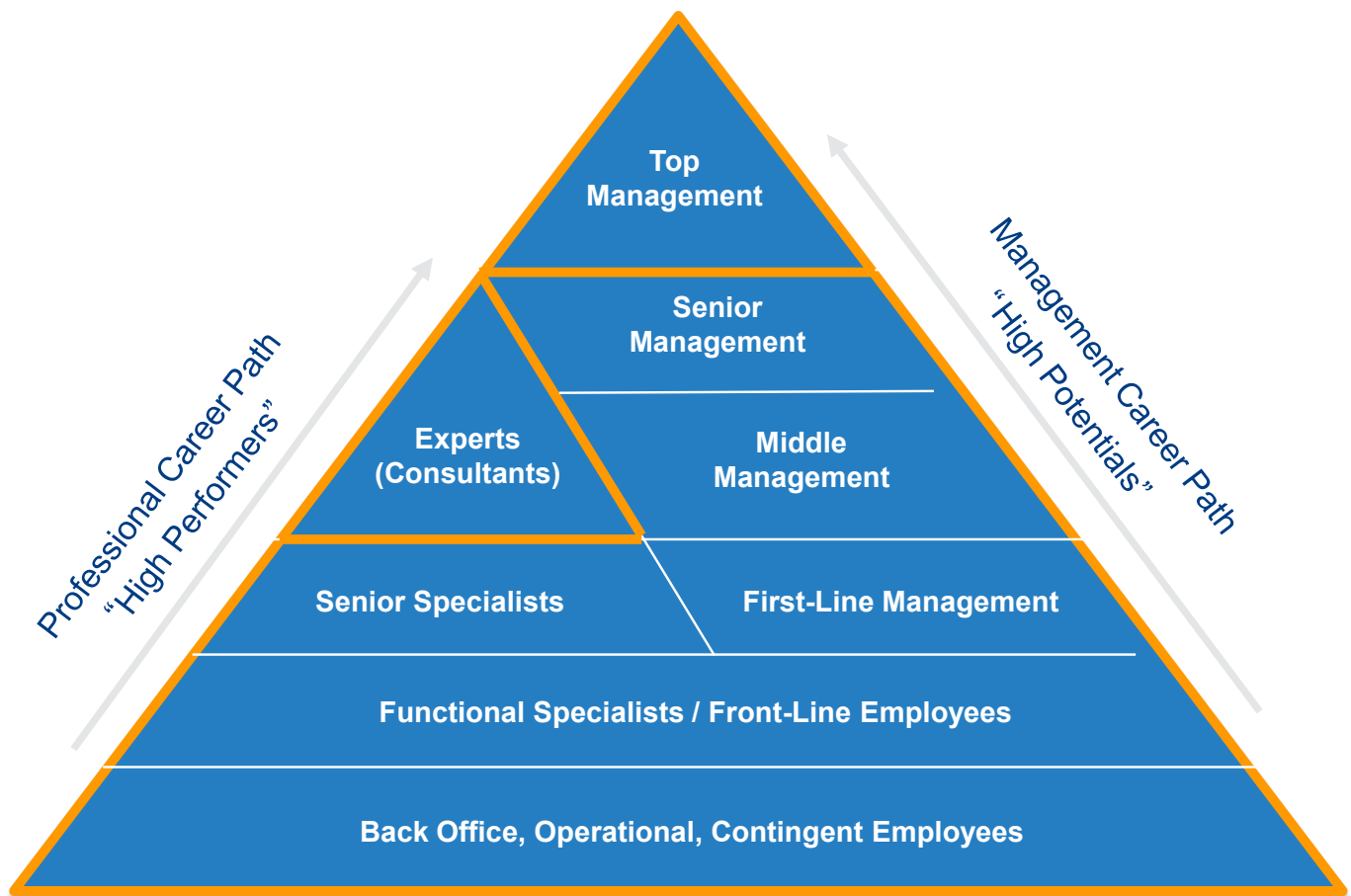
In 2010, organizations with “deep specialization” strategies will continue to outperform their competition.

One of the unfortunate impacts of our aging population (*and the layoffs most companies experienced*) is that many specialized and expert skills are going away. The U.S. Department of Defense believes that it takes 14 years to develop an expert defense acquisition specialist. Yet the Defense Department also knows that almost 70 percent of these experts will retire in five to seven years.

Even though people are now working longer, they are not working forever – and specialized skills are more specialized than ever. Accenture (*a company we have studied extensively for years*) now understands that the consulting business is no longer one of “deploying smart people to clients” – but, rather, one of having “better trained, deeper experts” than their clients (*and competitors*).

This is also true in high-technology and manufacturing companies. One of the most successful talent programs in GM is its program to recruit and attract young design engineers. While the future of GM is certainly a complex question, one thing we all know is that without exciting, innovative cars and trucks, GM will not survive. The company must attract, develop and build deep levels of expertise in design, batteries, electric car technologies, hybrid technologies and more.

One of our clients, Qualcomm, is well-known for inventing much of the underlying infrastructure in our exploding cellphone industry. Qualcomm (a company known for its amazing financial performance) considers talent management as a program to build, deepen, reward and incent expertise. Intel is run the same way. If your company does not know what skills you need to flourish and does not have a deep specialization strategy to build these skills, you will likely find a competitor breathing over your shoulder.

Figure 6: Redefining the “Talent” to Drive Deep Specialization

Source: Bersin & Associates, 2009.

How does an organization build a deep specialization strategy? There are many elements, but fundamental is the need to redefine the concept of “talent” – and drive professional career programs, mentoring, knowledge-sharing, rewards, job rotation and succession programs that reward deep levels of expertise.

In our company, we call this “continuously climbing the value ladder.” Businesses must always innovate – in products, processes, customer intelligence and market awareness. These innovations come from highly skilled people – and in 2010 we believe deep specialization will continue to emerge as a growing theme.

7. The Words “Talent Mobility” Will Start to Drive Your Talent Management and Development Strategy.

PREDICTIONS



In 2010, “transparent talent mobility” will become a new vision for enterprisewide succession management and career development.

Over the last three years, we have done a tremendous amount of research on the maturity and business value of succession management. Our *High-Impact Succession Management*®¹² research identified a tremendous focus and variation in expertise in this area among organizations. The concepts of nine-box grids¹³, talent reviews¹⁴ and potential¹⁵ are well-understood by some organizations, but still new and not well-implemented in most.

In 2010, we believe the whole conversation about succession management will shift (*and this is already occurring*) to the words “talent mobility.” The recession of the last few years has forced companies to make tremendous shifts in their workforces – and our research shows that many organizations do not have well-developed processes to move people from role to role, identify low performers rapidly (e.g., during a layoff) and implement organizationwide career management strategies.

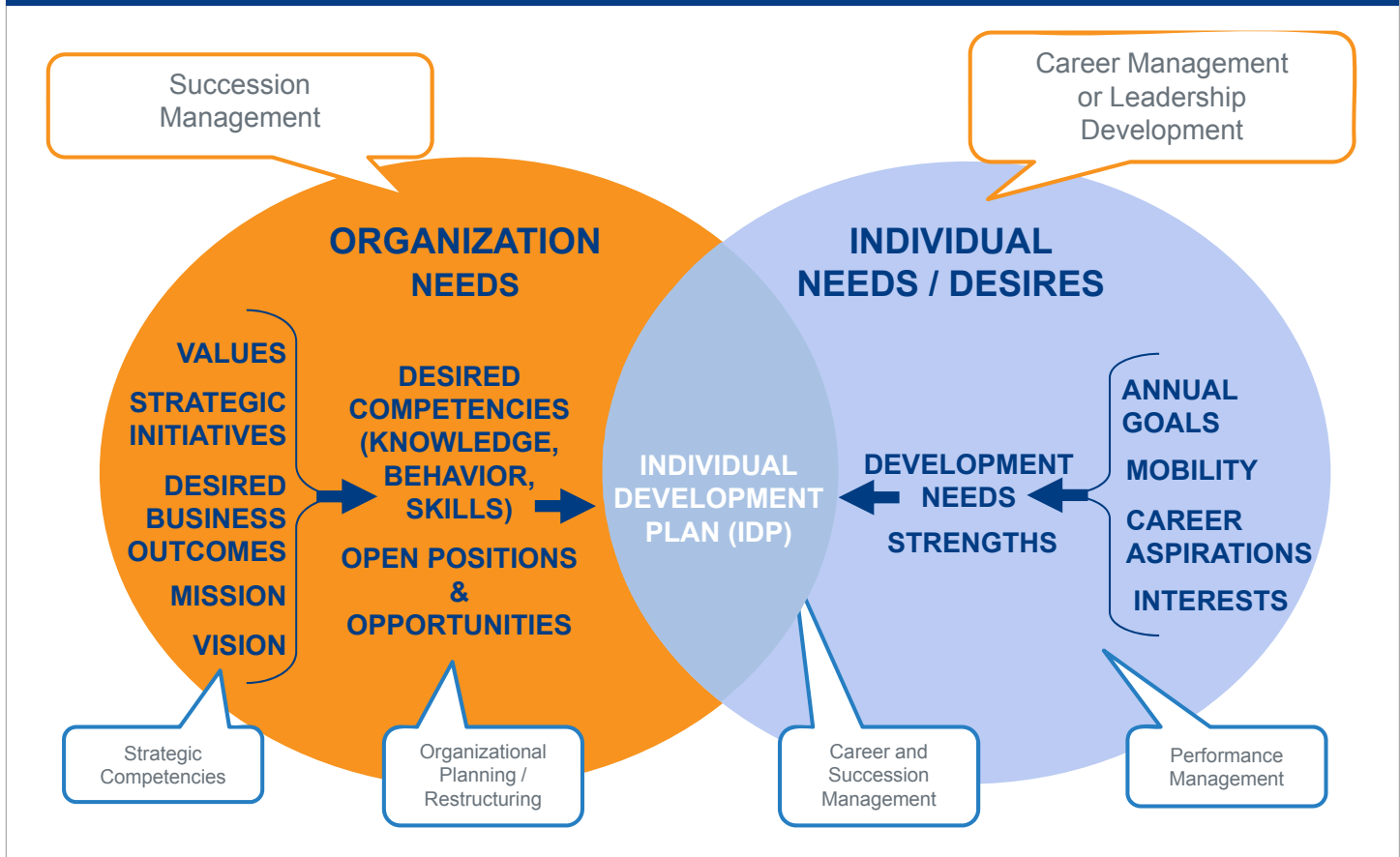
We define “talent mobility” as a major strategy, encompassing career development, succession management, talent planning and development planning. It also requires, of course, internal systems for talent acquisition (e.g., job postings, internal résumés), as well as programs to help managers coach employees on their own development.

¹² For more information, *High-Impact Succession Management: Best Practices, Models and Case Studies in Organizational Talent Mobility*, Bersin & Associates / Kim Lamoureux, April 2009. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/hism.

¹³ A “nine-box grid” is a matrix tool that is used to evaluate and plot a company’s talent pool, based on two factors, which most commonly are performance and potential.

¹⁴ A “talent review” is a meeting in which business leaders discuss talent information, often as part of an overall succession management process; agree who the high-potential talent is; facilitate a collective understanding of the bench strength; and, create essential development plans.

¹⁵ A “high-potential employee” is an employee who has been identified as having the potential, ability and aspiration for successive leadership positions within the company. Often, these employees are provided with focused development as part of a succession plan and are referred to as “HiPos.”

Figure 7: Managing Talent Mobility

Source: Bersin & Associates, 2009.

Even more significantly, if your organization considers where your L&D investments are going, you may find that you need a major new focus on career-oriented development programs, coaching and mentoring programs to make talent mobility work.

The reason talent mobility is so critical now is because no business stands still. Today, perhaps more than ever, economic and demographic changes have radically transformed all our markets – so almost every organization we talk with is trying to restructure its products and services (*and, therefore, the internal organization*) to address these changes.

Talent mobility does not conflict, by the way, with deep specialization. (*Many people ask us this.*) In fact, if you look at the way high-performing organizations manage people, they build programs that develop deep skills and also integrate talent mobility into this strategy. Intel, for example, expects its top senior engineers to regularly rotate assignments

from year to year, so that they can contribute to new programs and projects. IBM, Accenture, Boeing and others have implemented similar programs.

In 2010, organizations must expand their definition of succession management to consider the end-to-end talent mobility strategy.

8. Talent Acquisition Approaches Will Move Even More Rapidly toward Social Networks.

PREDICTIONS



In 2010, talent acquisition

leaders will increasingly rely on social networks for employer branding, recruiting, internal career mobility and alumni relationship management.

We started a major focus on talent acquisition in early 2009. Madeline Laurano (*our principal analyst in this area*) has talked with hundreds of organizations this year and regularly offers her perspectives on the talent acquisition marketplace in her blog, “All Aboard.”¹⁶

While talent acquisition has been far less of a focus for most companies in the last 18 months, it is coming back. The tools and the strategies for talent acquisition have radically changed. Today, you must fully accept the fact that your employment brand is tremendously affected by social networking – and your recruiting and talent acquisition strategy is, as well.

First, many of the traditional job boards are losing market share to social networks. Companies like LinkedIn, Facebook and many others now have more focused search and promotion tools for hiring than the traditional job boards (like CareerBuilder and Monster). One major retailer has shifted nearly all its job advertising dollars to Facebook, because it can deliver an employment ad that displays for “Spanish-speaking people between the ages of 20 and 25 in Atlanta” easily. Not only can social networks deliver these job promotions, but they can measure the impact of these ads quickly.

Second, applicant tracking systems now integrate with social networks. Taleo, iCIMS, Peopleclick, SilkRoad and others now have direct linkages between the recruiter and talent acquisition manager’s needs, and active social networking ads and promotions. This makes it easier than ever to launch, measure and capture data from candidates through social networks.

¹⁶ For more information on our blogs, please visit <http://www.bersin.com/blogs>.

Third, most organizations must now understand that your employment brand exists on social networks – so you must embrace and extend your marketing to these systems. One major food retailer told us that it was trying to squelch its employees' discussions on internal and external collaboration systems. As a result, employees (*and ex-employees*) simply created a group in Facebook and ranted openly. We, as talent management leaders, must simply accept the fact that social networks exist and are a wonderful thing – and use them as a new point of leverage to explain and reinforce our employment brand.

In 2010, this trend will continue to grow, and we will see a flurry of new tools, vendors and best practices in this area.

9. Integrated Talent Management Systems Will Become More Integrated and Many Standalone Vendors in Areas like Talent Acquisition Will Be Acquired.

The integrated talent management systems market is maturing at a rapid rate. In 2009, Taleo (the largest provider of talent acquisition software) not only acquired its largest competitor, but the company also made great progress on its systems for performance and development planning, now becoming the largest talent management software provider. SuccessFactors (the largest provider of performance management software) significantly upgraded its talent acquisition software, moving toward an end-to-end solution. ADP, Cornerstone OnDemand, Halogen, Kenexa, Lawson, Plateau, Oracle, SAP, SilkRoad, Softscape, Saba, Salary.com, SumTotal, Ultimate, Workscape and many other companies all expanded their platform offerings to provide an end-to-end solution.

In 2010, some of the standalone talent management systems companies are likely to be acquired – particularly those in the talent acquisition, compensation and learning technology areas. Organizations are snapping up talent management software at a rapid rate, yet they still tell us that their single biggest technology issue is the integration of these systems with each other. Even though most of the platform providers have plans for end-to-end solutions, very few have everything a business needs today – so there will continue to be a focus on integration and mergers in this market.

PREDICTIONS

In 2010, talent management

systems will continue to grow and become more of a “must-have” for organizations of all sizes.

We expect to see some important changes in the systems market in 2010. First, the HRMS market is heating up again. Most companies either do not like their HRMS or they are not getting nearly the value they want. This is because the whole architecture of an HR management system was really developed years ago when organizations were somewhat simpler.

Today’s businesses (of any size) have a complex tapestry of workers – exempt and nonexempt employees, contractors, alumni, hourly workers, part-time and seasonal workers, as well as outsourced people who function as though they are part of the organization. The top-down hierarchy in companies is going away – people have multiple reporting relationships, they work in dynamic teams with team leaders and often the traditional span of control is very large (nursing supervisors, for example, have 50 to 100 direct reports). Companies want to implement complex employee programs, such as pay for performance, career planning and certification. They want to understand total spending by employee and often look at “high-value” roles and “transactional” or “support roles” differently. Also, we now define diversity in many ways – by age, nationality, gender, race and even culture.

Bottom line: The traditional view of an HRMS with a bunch of data elements for compensation level, job level and reporting structure does not quite cut it any more.

In addition, one of the growing interest areas in talent management is enterprisewide talent planning. The words “workforce planning” have traditionally been used to define the job of consolidating headcount requirements. Now organizations want to build dynamic talent planning scenarios that allow the company to plan for future talent needs based on specific business scenarios.

All this means that the traditional definition of an HRMS has to change and we believe that, in 2010, companies are going to start to relook at their HRMSs in addition to their talent management systems. Smart HR software companies are addressing this today; Plateau, Salary.com, SilkRoad, Softscape and Workday are now architecting new underlying employee management systems that will help organizations move well beyond the traditional view of ERP and HRMS. We do not expect this market to become a huge trend in 2010, but the buzz around it will heat up.

PREDICTIONS

The talent management

systems market will evolve to one of “people management” that becomes a core platform for many new HR applications.

10. Learning Management Systems Will Continue to Evolve into Talent and Informal Learning Platforms, and Collaboration Systems Will Become Hotter. Other Learning Tools Will Continue to Grow.

PREDICTIONS



In 2010,
learning

management systems will continue to be strategic, high-value operational platforms, and will take on more and more of the workload of informal and collaborative learning.

Our history in the learning management system (LMS) market has given us tremendous appreciation for the role of the LMS in enterprise learning and talent management. While the market is fairly mature (*approximately 15 years old*), and many large and small organizations still do not have an LMS. Those that do are looking for ways to transform these systems into informal learning platforms, talent management platforms, customer training systems and generalized employee learning portals.

Our informal Learning Framework (see Figure 4) and related research¹⁷ shows how rapidly companies have moved beyond the concept of the LMS as an employee “destination” to the role of the LMS as a back-office system that handles formal training. If the LMS vendors let their platforms move into this role, their growth rates will slow – but no one has built the “end-to-end” informal learning and collaborative learning platform as yet.

Several years ago, we studied the market for social learning tools in detail. What we found is that there are still dozens of small companies competing for this market. Today, most companies realize that social networking and internal collaboration systems belong to IT, and that the HR and L&D organizations must adopt and use the tools they are given. In many cases, the HR and training groups can buy what they want, but as the company grows these systems become underlying infrastructure.

The virtual classroom market, which began as a tool for training (*pioneered by a company called i-Linc in the late 1980s*), is now more than a billion dollar market – and includes systems for informal meetings, webinars, training and general collaboration. This year, Citrix (the world leader in PC software emulation) launched an exciting new system called GotoTraining – which is likely to be as useful as WebEx, at a fraction of

¹⁷ For more information, *The Enterprise Learning Framework: A Modern Approach to Corporate Training*, Bersin & Associates / Josh Bersin, April 2009.

the cost. Adobe, Microsoft, Cisco, IBM and Oracle are all in this market, typically selling systems to IT.

We, as HR and L&D experts, must now look at these systems as part of our corporate infrastructure and work with IT in 2010 to make sure we help them select technologies that address our needs. We are more and more unlikely to be able to buy anything we need for collaboration and social networking.

Some of the important markets we have discussed in the past continue to grow. The market for learning content management systems (LCMSs) continues to exist and is now dominated by a few companies – while most content development tools vendors include some form of LCMS with their tools. As we always believed that the LCMS market would be critically important to large training teams, we now recognize that this software category is unlikely to become huge. There are just so many content management systems available that buyers can often lash together what they need from already existing systems.

Rapid e-learning tools are becoming ever-more exciting. In 2010, we will see even more focus on this area, as many tools providers (Articulate and Adobe being among the largest) also offer 100 percent web-based offerings. Today it is very easy and common for e-learning programs to embed video, animations, characters and sound. The tools for capturing, authoring and arranging these materials are readily available at low cost. The important disciplines for success, as discussed earlier, are no longer “buying the right tool” – but, rather, understanding how to best edit, use and manage rich media.

We all live in a world with too much information. Corporations no longer worry about how to build content – but, rather, how to arrange, manage and reuse content, so that employees can do their jobs quickly and learn what they need easily. The next generation of training tools will include systems for tagging, searching, indexing and the use of rich employee profiles, so that someone can simply “find an expert” instead of taking an e-learning course.

Some of the exciting innovations we see emerging in 2010 include the use of rich employee profiles to provide expertise directories, the regular use of wikis¹⁸ to share information, the integration of tools like Yammer

¹⁸ “Wiki” is from the Hawaiian word for “fast” – and stands for web pages that can be collectively and collaboratively edited on the fly by readers.

(an internal Facebook communications application) for employee presence and sharing, and open knowledge-sharing portals that provide the “YouTube” of training.

Many L&D executives we have talked with lately have said, “... *If I only had a YouTube system for people to share information in my company, I may not need an LMS.*” First, you should build a knowledge-sharing system now (*just as many companies are doing today*); and, second, this will never replace your LMS. Come to IMPACT 2010¹⁹ to learn more about this whole area.

11. Innovation, Engagement and Diversity Will Become “Hard Disciplines” in Many Companies

Several years ago, we started tracking general talent trends in businesses around the world and, in late 2008 and 2009, we saw a significant uptick in two topics – engagement and innovation.

Engagement is an old term that often means “employee satisfaction” to many people. Of course the best definitions of engagement go much further, discussing how employees value their company benefits, their relationship with their manager and more. Today, as a result of the recent recession, the topic is even more important. Employees are engaged because they are afraid of losing their jobs. This, of course, does not lead to high levels of participation and innovation.

We believe that in 2010 most companies are going to spend time rethinking and refocusing on engagement – because as the economy starts to grow, people will rethink where they want to work based on how they felt they were recently treated. We are starting a major research program on engagement, being led by Stacey Harris on our research team. If you are rethinking your employee engagement strategy – how you define it, measure it and improve it – let us know. We would like to include you in a series of focus groups and research surveys we plan for 2010.²⁰

¹⁹ For more information about this conference, please visit www.berstin.com/impact.

²⁰ For more information about this research, please contact Stacey Harris at research@berstin.com.

PREDICTIONS

Innovation, globalization, multigenerational diversity and multicultural diversity will emerge as keys to success in 2010 talent strategies.

The second major topic that will be important in 2010 is the topic of innovation. During a downturn, companies naturally focus on employee performance, productivity and cost-reduction. But this energy rapidly goes away as markets grow. *(I remember quite well the way companies behaved during the last three recoveries – suddenly overnight, CEOs and business leaders worry about market-share growth, competitive positioning and product leadership again.)*

All businesses thrive through continuous innovation. The U.S. auto makers, for example, are now laser-focused on their products again. Microsoft will likely retake its prior market growth simply because the company is launching a major new series of products in 2010. This story goes on across all industries. The difficult issue for these companies is not whether innovation is important but, rather, how they can build talent programs, cultures, leadership and systems that encourage and drive innovation.

Our *High-Impact Leadership Development*®²¹ research and our brand-new *Leadership Development Factbook*®²² clearly show how valuable it is for leaders to drive innovation – which is also created through different forms of collaboration, performance management and learning culture. All of these topics are going to be very important areas of focus in 2010, as innovation rises to the top as a key strategy in the minds of business leaders.

Finally, the third important new topic for 2010 is diversity. While many organizations have treated diversity and inclusion as an HR-driven compliance program over the years, it is time for this to change. Today, more and more organizations tell us that diversity (e.g., gender, generational, cultural, educational) is actually a part of their business strategies.

Consider the following. A major retailer that sells food and other products around the country now realizes that the diversity of its workforce, management and executive teams has a direct bearing on its

²¹ For more information, *High-Impact Leadership Development 2009: Trends, Best Practices, Industry Solutions and Vendor Profiles*, Bersin & Associates / Kim Lamoureux, November 2008. Available to research members at www.berin.com/library or for purchase at www.bersin.com/hild.

²² For more information, *Leadership Development Factbook*® 2009: *Benchmarks and Analysis of Leadership Development Spending, Staffing and Programs*, Bersin & Associates / Kim Lamoureux and Karen O'Leonard, October 2009.

ability to bring the right products into its stores and to attract employees who represent the community. This makes diversity a critical part of talent management.

A major defense contractor with operations around the country correlated its diversity index with employee engagement and performance, and found a direct link. This defense contractor now considers diversity a part of its talent management strategy – as well as a strategy to build high-performing teams.

A major manufacturer going through a globalization strategy now sees global awareness and cultural diversity as critical to its leadership model.

In 2010, we believe diversity will rise up as a business and talent strategy, not only as an engagement and compliance program. We plan to launch a series of best-practice studies on business-driven diversity programs this next year.

12. Measurement of HR and L&D Programs Will Become a High Priority Again.

PREDICTIONS



Learning
and talent

measurement will continue to be an important discipline within HR and L&D. Organizations that focus on measurement will stay ahead of those that do not.

Finally, an important but somewhat technical topic in HR and L&D is measurement – an ever-changing area that continuously demands attention. In the area of L&D, companies continue to adopt traditional measurement strategies (*Kirkpatrick*²³, as well as our *Bersin & Associates Impact Measurement Model*²⁴) and most see tremendous benefits from this effort. Measuring the impact, alignment and utilization of training helps guide the entire training development and delivery process toward a strategic business outcome. It is too easy to solve a problem by saying, “these people just need more training.” Such a dialogue never leads to a

²³ Donald Kirkpatrick’s four-level Measurement Model has been widely published in many articles and its terminology is well-known to most training professionals. The original model was published in *Training and Development Handbook*, R. L. Craig, McGraw-Hill, 1976.

²⁴ For more information, please read: (1) *The Training Measurement Book: Best Practices, Proven Methodologies, and Practical Approaches*, Josh Bersin / Pfeiffer, 2008; or, (2) *High-Impact Learning Measurement: Best Practices, Models, and Business-Driven Solutions for the Measurement and Evaluation of Corporate Training*, Bersin & Associates / Josh Bersin, November 2006. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/measurement.

major result unless someone says, “what are we trying to accomplish and how will we measure it?”

The bigger issue in measurement, of course, is how to measure all the talent-related programs, investments and HR measures in a company. We have found a wide variety of measurement programs going on in companies today, and many are very innovative and repeatable. Supporting these are a wide range of measurement tools and systems, including the end-to-end data warehousing tools provided by IBM, Oracle, SAP, Hewitt and others.

More than a year ago, we discussed the role of a talent management system as a predictive platform. Today, more and more companies are into their second and third years of implementation – and what they find is that the talent management platform (*considered as a complete system with performance management, learning, job profiles, work assignments, et al*) holds more strategic information than almost any other system in the company. Talent management software companies realize this, and they are slowly beginning to build tools that make HR and talent measurement easy. Many exciting new smaller companies (such as Vemo, Aruspex, InfoHRM, OrcaEyes, Authoria and others) are taking advantage of this trend, and are building planning and analytics tools designed specifically for HR.

Organizations may not invest in measurement programs during a recession, but they sure do use them. Over the last few years, companies that built measurement strategies have been able to use them very effectively to determine what programs and resources to cut, and what investments will provide the greatest benefit. In 2010, we believe companies will start to reinvest in talent and learning measurement programs again, and we have a major research program in talent measurement planned to help you.

Summary: 2010 Will Be a Pivotal Year of Evolution and Growth

This report has grown over the years, and we hope it gives you some important guidelines for your 2010 planning and strategy. No one can predict the future of the global economy, but we can predict to where much of the world of HR and L&D is going. As always, we welcome your personal feedback and comments on this and all our research, and we look forward to helping you on your continuous journey toward excellence in talent management, enterprise learning and organizational success.

Sincerely,

A handwritten signature in grey ink that reads "Josh Bersin". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Josh Bersin

Come Visit with Us in 2010

We have a very exciting roadmap of research, tools and networking events for you in 2010.

First, I want to make sure you mark your calendar for IMPACT 2010: The Business of Talent®, on April 6 through 8 in St. Petersburg, Florida.

This year we expect to have more than 400 senior HR and L&D leaders join us – we will be discussing key new best practices in enterprise learning and talent management strategies for the economic recovery. Our keynote presentations will include talent and learning leaders from some of the most successful organizations in business and government. You can register for our annual conference at <http://www.berstin.com/impact>.

Second, for those of you who are considering joining our membership program, in 2010 we will be introducing many new exciting research programs. During Q2, for example, we will launch our *High-Impact HR Organization®* research – a set of tools and best practices to help you optimize the management, organization and operations of the HR function. Throughout the year, we will launch new research on:

- Organizational learning culture;
- Innovation;
- Globalization;
- Executive development;
- Leadership content strategies;
- Talent management systems;
- HR software success strategies; and,
- A whole new library on best practices and tools for high-impact talent acquisition.

We will also introduce a new set of tools and best practices to help you assess and improve managerial effectiveness throughout your organization.

Finally, in 2010 we are making major enhancements to the WhatWorks® membership program itself. In addition to our innovative and

groundbreaking research, we will be introducing a series of new offerings to give you more:

- Peer-to-peer networking;
- Industry benchmarking;
- Professional development; and,
- Advisory services.

We have redesigned the membership program further – in addition to giving you indispensable information to help you make decisions and build business alignment, we have redesigned the program to meet the needs of HR and L&D leaders at all levels.

We now want you to consider the research membership as a resource for your entire team – from executive to director to manager to individual contributor. Our goal is to give all talent and learning managers in your organization unique, world-class information, tools and resources that give them the insights and tools to build a high-performance organization.

Thank you for your continuing support and we look forward to working with you in the coming year.

Appendix I: Table of Figures

Figure 1: The Business Impact of Superior Talent Management	7
Figure 2: Today's Modern HR Organization	10
Figure 3: Evolution of the Role of HR	11
Figure 4: The Bersin & Associates Enterprise Learning Framework®	14
Figure 5: The Modern Disciplines for High-Impact Learning and Development	16
Figure 6: Redefining the "Talent" to Drive Deep Specialization	19
Figure 7: Managing Talent Mobility	21



About Us

Bersin & Associates is the only research and advisory consulting firm focused solely on *WhatWorks®* research in enterprise learning and talent management. With more than 25 years of experience in enterprise learning, technology and HR business processes, Bersin & Associates provides actionable, research-based services to help learning and HR managers and executives improve operational effectiveness and business impact.

Bersin & Associates research members gain access to a comprehensive library of best practices, case studies, benchmarks and in-depth market analyses designed to help executives and practitioners make fast, effective decisions. Member benefits include: in-depth advisory services, access to proprietary webcasts and industry user groups, strategic workshops, and strategic consulting to improve operational effectiveness and business alignment. More than 3,500 organizations in a wide range of industries benefit from Bersin & Associates research and services.

Bersin & Associates can be reached at <http://www.bersin.com> or at (510) 654-8500.

About This Research

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