2013: New Year and New Directions

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Introduction

2013 is here, and the business community is poised and ready to take advantage of a year filled with possibilities - A year where the impact of social, mobile and cloud is no longer a question of when but how much? A year where words like data analytics, contextual information, and adaptive engagement models will become just as important to the talent and learning communities as they've become to the marketing and sales functions. A year where business performance is redefined and the role of Leadership, Sales, Marketing, Learning, and Talent all will be re-evaluated. It is a year of new directions.

A Look Back at 2012

We can’t look forward without taking stock of how our world changed in the amazing year of 2012

Mergers and Acquisitions:

This was the year that HR data became valuable to the business equation, especially cloud based HR data. We kicked off 2012 with news of SAP’s purchase of SuccessFactors and rounded it out with IBM’s purchase of Kenexa. In-between we saw Oracle purchase Taleo and Corporate Executive Board quietly pick up SHL, one of the largest assessment firms in the market.

Market Movement:

Although on a global front 2012 was a difficult economic year, the US seemed to have turned a corner with unemployment down to 7.7% and consumer confidence on the rise. Outside the US recovery was much slower and more fragile, as Europe and Asia in particular struggle to manage growth, debt, and infrastructure issues. The difference is that looming massive layoffs and impending feelings of financial doom seem to be in the past – with cautious eyes watching political and government decisions.

Changing Demographics and Political Views:

No matter your political leanings, the political scene had a major impact on our world and our concept of demographics and data. Since 2010, we’ve seen established governments under constant challenge from a new generation armed with mobile voices connected to social platforms. In the U.S., Nate Silver, a data crunching analytics guy, showed how a little knowledge in analyzing that social data, demographics, and polling information could predict the U.S. presidency. Today we must admit that our
world is more diverse and connected than it has ever been before and simple data shows us that the demographics of the working and politically active populations are changing.

Rise of the Machines:

Mobile became a way of life – and no one would argue that it is changing how we live and how we work in the US and globally. Terms like “Bring your own Device” have become common for even conservative organizations. With over 5 billion mobile connections globally, smart phones share about 1.1 billion of those connections. In the U.S. smart phone penetration has surpassed 47%. Tablets are changing how we think about computers, with over 117 million sold by the end of 2012. No other technology has taken off as fast and furious as the tablet. No matter how you look at it mobile tools are part of how we live today.

So what does this all mean when we look at the opportunities ahead of us in 2013? Which developments will have the greatest impact on the lives of those in the business of helping people perform better?

Executive Management Predictions

Business leaders will be driving many multifaceted initiatives in 2013. Today as we think forward, our economy still could be impacted from the ramifications of the just-passed fiscal cliff deal in Washington and further political wrangling. We also know that in just a few short years our world has changed dramatically and cloud, mobile, and social based businesses have led that change. This year leaders won’t be as focused on getting ahead of the changes as they will be on monetizing and sustaining their business brand through the changes. That said, based on our research over the years, here are the developments we predict over the course of 2013:

Driving customer interactions: Relationships are back. CEOs will demand and keep pushing companies to become obsessive about their customers. Interactions with customers will be scrutinized and analyzed to ensure that companies are putting their best foot forward. Customer satisfaction is the lead indicator to customer loyalty and executives in all industries will be focusing their leadership initiatives and communications around maximizing their customer relationships.

A new look at partnerships and alliances. In a world of global economic instability and uncertainty, savvy CEOs will mitigate risks and position their organizations for success by teaming up with other organizations to make their products, deliver their services, and reach their customers. Think Google and Amazon working with each other to unseat Apple. The world is going through an explosion of innovation and creativity. Top executives will be looking to make bigger market imprints more quickly by partnering with organizations that possess the innovation and creativity they need and may not be able to fully develop in-house. Partnering will also help to ease the economic crunch
facing the top and bottom lines of companies by sharing in the opportunities and challenges in growing ahead of the market.

**Going Beyond Big Data Buzz.** A term that has taken on many meanings, but for CEOs it means one thing – collecting and analyzing huge amounts of data as quickly and as efficiently as possible to make accurate and timely business decisions. Executives will be pushing to increase their organizations’ expertise in data and analytics to uncover important market trends and factors that will lead them down the road to success. There was a time when it was not cool to have your company run by “number crunchers or bean counters.” But in 2013, companies will take a new look at metrics and they will become the critical success factors for organizations.

**Outsourcing product development overseas diminishes** – Companies like Apple and General Motors will start to realize the hidden costs of outsourcing 100% of product development overseas. We will start to see a renaissance of jobs coming back to the U.S. By year’s end, our country’s unemployment rate will be down to 6.7% provided we have no further dramatics from either the government or mother nature.

**Talent Retention takes first prize.** This is the year when most companies will “get” the need to not just find, but also retain, great talent. It’s hard to run a great company if your talent is continuously revolving and you spend more time on your talent challenges than on your company goals. People have always been the major asset of any organization; however, the premium that will be placed on talent in the coming year will be at its peak. Compensation, rewards and recognition, lifestyle considerations, work conditions and culture are just some of the factors executives will be focusing on to retain great people.

**Aptitude becomes the new skill.** Most companies try to hire for specific skills, while ignoring or undervaluing aptitude. This will change in 2013. With the use of behavioral assessments, and a greater alignment between learning and talent strategies, companies will begin giving more consideration to aptitude and begin to re-tool skill sets for high-aptitude employees. The labor market is not currently experiencing a talent crunch, but is experiencing a skills shortage and the two have significant differences. Although work-ready talent may not be readily available, what we will see as a critical step in our nation’s economy is that high aptitude employees, many sidelined in recent years by the economic downturn, are willing to learn needed skills.

**Talent Management Predictions**

Talent Management is still a term that confuses the business market. It means something different in each organization and it hasn’t truly solidified yet as a business function or even as a technology solution. This is part of why the market has seen a lot of changes in the last few years from mergers and acquisitions to major shifts in industry thought leadership.
For some it has become the intersection of their HR, Learning, and Operations functions – helping them to manage talent effectively across the entire organization with a multitude of systems and processes. For others it is a laser focused effort on senior leadership and critical talent – merging both processes and systems to optimize roles. Yet, for others it is no more than a belief in continuous employee development. None of these approaches are wrong. If we’ve learned anything about talent management in 2012, we’ve learned that one size doesn’t fit everyone.

Talent Management practices need to be contextualized to the goals, culture, and infrastructure of an organization. This year we will see more soul searching from both solution providers as well as practitioners on how to best meet executive management’s high expectations for the talent management function.

**Mergers and Acquisitions.** We will continue to see mergers and acquisitions across the talent, learning, and HR market. The focus will be on filling gaps and creating distinct differentiators in areas such as data analytics, social, or vertical solutions. The one area where we may see more aggressive deals is in acquisitions that connect external marketing solutions with talent solutions, creating super solutions that begin to completely merge the way we think about our internal and external messaging and engagement.

**Market Share Wars.** Last year’s merger and acquisition activity in Talent Management technology and solutions left gaping holes in the tiers of solution providers and options for buyers. Most solution providers who were ready for the transitions felt that they had almost more opportunities than they could handle as buyers scrambled to make sense of the market. But this year, as the acquisitions settle, the big marketing guns from larger organizations will be competing with the swifter, more nimble competitors and both groups will be battling for market share. In recent Brandon Hall Group surveys, over 43% of organizations said they were looking to upgrade or replace their LMS, over 30% of organizations still lack technology to support their performance management and compensation planning efforts, and over 50% lack tools to support workforce planning or succession planning. The market has a ton of growth opportunity and market share will drive the winners. Expect to see prices drop and focus placed on customer satisfaction. If you’re in the buying or replacing position this year, be sure to leverage your power and name brand with organizations looking to grow either overall market shares or vertical specific market shares.

**Marketing Big Data meets HR Big Data** - For the last several year’s organizations like Google, Amazon.com, and Wal-Mart have become masters of data analytics – leveraging data on consumer buying behaviors to inform business decisions at all levels of the organization. As our talent pools widen, and the need to gain deeper connections with our consumers becomes the difference between the 2012 retail stories for JC Penney and Best Buy or Home Depot and Target – organizations are looking for better ways to interact with people in general. One way is to start looking at adapting to the needs of
your audiences at all levels. Do they need to be engaged? Do they need to be educated? Do they want local focus or global appeal? Solid data mixed with effective analytics underpinned by behavioral based research, and a dash of good intuition provides answers to these questions. This is a perfect opportunity for a marriage of Marketing and Human Resource technology and data.

**Changing Leadership Models.** A lack of leadership skills continues to be a huge concern for organizations of all shapes and sizes and has been for the last 10 years. Over 23% of organizations in a recent Brandon Hall Group survey said that designing and developing leadership and management programs was one of their top priorities for 2012 and 2013. This year we will start to see the first steps toward realizing that our ideas about leadership are outdated and the real issue isn’t as much about building better development programs but about changing the definition of leadership roles. You’ll start to hear new leadership models tossed around like cyclical leadership models, co-opt leadership models, or contextualized leadership approaches. Our world is changing and from that is emerging new leadership ideas.

**Learning and Development**

Learning and Development has been on a difficult journey, trying to find its footing between talent management, operations, and even extended audience training needs. The business world has swung back and forth in the last few years between elevating the learning function to the highest levels, down to outsourcing all but the most critical functions.

This year the focus for learning functions will be on solidifying their role as a conduit to business success – not through better program design, but through better infrastructure, information access, and adaptable learning opportunities.

**Learning ecosystems become realities.** It can’t be emphasized enough: the learning functions’ role isn’t to create programs and courses. Shout it from the roof-tops! The role of the learning function is to create a learning ecosystem, where people can share content and learn effectively. We’ve seen a few organizations embrace this already, companies you would expect like Adobe, Cisco, and IBM, and organizations that may surprise you like AAA Insurance. The challenge has been that organizations that think this way have previously had to build their own connections and relationships between multiple systems, platforms, and processes. This year you’ll start to see solution providers who understand this at a base level and offer real solutions for savvy learning functions that create these integrations seamlessly.

**Understanding relationships becomes key.** Organizations are going to realize the value proposition of relationships. As our view of the world expands, our ability to assess and make good judgment calls becomes more difficult. The context of the situation, the information, the relationship is becoming critical to adapting our learning outputs and information to the needs of our audiences, and to support business goals. Organizations
will begin to value the relationships between the content, learner, and their goals to create more adaptive learning approaches.

**Tracking learning activities and experiences becomes the holy-grail.** You’ll hear a lot this year about the newest standards being released from the ADL (Advanced Distributed Learning Organization), touted as the next generation SCORM compliant standards. The standards are aptly labeled Experience API (or you might have heard them called TIN CAN API, after the original project name). It is a standard that is worth watching and learning about. If used appropriately it will begin to allow organizations to track what has never been feasible before, standardized activity tracking for non-structured learning experiences. This year you’ll see many solution providers both in existing learning tools and new ones working on ways to leverage a combination of these new standards, mobile technology, and a growing belief in experience based learning to solve the most difficult leadership and development challenges facing businesses today.

**Content Management takes on new meaning.** Last year the eLearning authoring community was thrown for a tailspin when Adobe chose to finally announce plans to scrap Flash mobile in support of their long-term vision for HTML5. Years were invested in building up cadres of Flash developers and Flash based content catalogs, the question became “now what?” This shake up in the development community allowed organizations to begin to think more broadly and more openly about their content management and content authoring practices. With little effort the question shifted from what eLearning authoring tools we should now use – to should we begin to look at an actual Learning Content Management System (LCMS)?

Our world is no longer tied to the PC, and we need content that can be transferred from classroom, to an e-reader PDF, to an interactive online module, and eventually a mobile performance support tool. This year you’ll see a resurgence in the learning content management discussion, with authoring tools, LCMS’s, LMS’s, and even marketing content tools all getting into the mix. To support a learning ecosystem, you need better control over your learning elements, and to support truly adaptive learning you need more granular learning object management. If your organization hasn’t begun this conversation yet, then you are already late to this party.

**Big data will go more granular.** Building on the general issues arising out of questions concerning content management, learning ecosystems, and the need to provide relevant learning more quickly, we’ll see organizations struggle to make sense of their existing learning reports and measurement models. In Brandon Hall Group’s recent LMS Trends survey, over 40% of organizations looking to replace their LMS were looking for improved reporting features; it was the number one replacement concern. In the era of Big Data, reporting challenges have grown even greater. In a recent Brandon Hall Group event, a group of learning professionals was asked to share current knowledge of Big Data Analytics and its understanding of the impact on the learning industry. Over 42%
said they hadn’t really heard of Big Data analytics, and over 80% were unable to explain the possible impact to the learning industry\(^1\). This understanding will change this year.

As organizations look for real value from their LMS reporting that goes beyond metrics on attendance and registration, they’ll find the value proposition in more granular data. Organizations will begin to look deeper at their content, using examples from marketing and online analytics tools to look at platform data, learner demographics, granular page and content views, even granular classroom activity tracking. When they start to combine this granular data with granular business data, we’ll start to see some amazing shifts take place in how learning content is designed, developed, and maintained across all delivery methods.

**Extending the Learning Audience** – In a recent survey on Relationship Centered Learning, from Brandon Hall Group, over 53 percent of learning functions were already gearing some of their learning towards external audiences.\(^2\) This year we will see an additional focus on internal learning functions supporting the needs of extended learning audiences (those outside the existing employees). We will also see growth in external learning tools and programs across the market, as the need continues to increase for adaptive engagement models with customers – education and learning opportunities are compelling ways to engage on multiple levels with consumers at all stages of the buying cycle.

**Marketing Impact and Sales Effectiveness**

Sales and Marketing teams have been undergoing a transformation for years concerning social and mobile outreach, but this year these functions will have their world rocked as more sophisticated buyers enter the marketplace and drive a unique set of buying behaviors. 2013 will need to be a year of re-engineering for many sales and marketing functions – with a focus on adaptive marketing and sales techniques that leverage both the vast amount of data and insights they now have on their buying community. The last few years have been a game of catch up – this year should be focused on sustainable operations.

**Expect an educated buying community.** In 2011 the average U.S. shopper consulted 10.4 online sources prior to making a major purchase, twice as many as in 2010\(^3\). This phenomenon of increasing highly educated buyers has only increased and spread globally in 2012. This year Sales and Marketing professionals will need to focus on a new way of selling that takes into account a deeper and more comprehensive understanding of a customer’s needs and wants. With customers spending tremendous amounts of time on the Internet researching their buying decisions, their opinions and thoughts on

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\(^2\) Brandon Hall Group, *Relationship-Centered Learning Organizations*, N=622, 2012

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buying products and services are predetermined, deeply rooted, and difficult to change. This shift also emphasizes the necessary connection that must exist between the marketing and sales functions, more than ever before.

**Transform the Sales and Marketing Professional.** Sales and Marketing professionals will spend more time than ever trying to work with buyers to sort through what they want to know or have already learned about a product before the first interaction. Marketing professionals will need to better understand individuals in their audiences – leveraging data and facts, versus intuition. A successful salesperson will need to possess the ability to take customers through their buying decision and help customers to understand what part of their product or service education is correct and which needs to change. It will be a daunting challenge for both marketing and sales professionals to change or guide customers as to what is “right or wrong” about the market perception of their products or services. If a marketing opportunity can’t direct a buyer to the right information or engage them enough to gather further information, then you’ve lost the opportunity before it even walks through the door. If a salesperson cannot successfully redirect customers in their thinking, the connection between product or service attributes, value proposition, and price will be lost. If this happens, customers will make price their major decision making criteria. Sales and Marketing organizations around the globe will need to transform their approach and culture to meet these rapidly evolving trends.

**Evolving the sales and marketing function.** Key areas within the sales and marketing teams that will need to evolve will be training methodologies, compensation, use of technology, researching where customers learn, and managing massive amounts of data and analytics to understand the drivers behind buying behavior. Both teams need to be ready to become highly analytical, process oriented, and methodology driven professionals rather than just following techniques, standard processes, or old practices.

**Looking Forward**

In a world where we have so much change and market uncertainty, the one thing an organization can depend on is their people. Brandon Hall Group has made it their business to understand those factors that affect your people the most – our goal is to empower each organization to reach its own level of excellence through research and data that can help you make better decisions and set positive directions.

We hope that these insights provide guidance as you set off on your own new direction for 2013.
About Brandon Hall Group

With more than 10,000 clients globally and 20 years of delivering world class research and advisory services, Brandon Hall Group is the most established and well-known research organization in the performance improvement industry. We conduct research that drives performance and provides strategic insight for executives and practitioners responsible for growth and business results.

Brandon Hall Group has an extensive repository of thought leadership research and expertise in our primary research portfolios—Learning and Development, Talent Management, Sales Effectiveness, Marketing Impact, and Executive Management.

At the core of our offerings is a Membership Program that combines research, benchmarking, and unlimited access to data and analysts. Our members have access to research and connections that help them make the right decisions about people, processes, and systems, coalesced with analyst advisory services tailored to help put the research into daily action.

The Value of Membership

The Brandon Hall Group Membership Program encompasses comprehensive research resources and an array of advisory services. Our Membership Program provides:

- **Cutting-Edge Information** – Our rigorous approach for conducting research is constantly evolving and up-to-date, providing your organization with current and future trends, as well as practical research insights.
- **Actionable Research** – Your membership includes advisory services and tools that are research driven and provide you a breakthrough approach to addressing immediate challenges and opportunities inside your organization.
- **Customizable Support** – Whether you are an executive or entry-level practitioner our research and analyst insights can be leveraged at an individual level and across the entire organization. We realize that every organization has unique needs, so we provide multiple analyst and research access points.
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- **Unlimited Access** – Every member of your team has the ability to utilize research, best practices, and advisory services when they need it most.

To learn more about Brandon Hall Group, please call us at (561) 865-5017 or email us at success@brandonhall.com.