



Enterprise Learning and Talent Management 2011:

*Predictions for the Coming Year –
Building the Borderless Workplace*

Josh Bersin,
Principal Analyst

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Workforce and Workplace Changes Demand New Talent Strategies

2010 has been an exciting and frustrating year. Now that the economic recovery is underway, organizations are shifting their talent strategies toward growth and globalization. Companies want to reengage employees and drive innovation (*34 percent of all companies cite “innovation” as one of their top three talent strategies, up from only 14 percent a year ago*). These new demands, coupled with changes in workforce demographics, will lead to significant challenges and opportunities in the coming year.



KEY POINT

Thirty-four percent of all companies cite “innovation” as one of their top three talent strategies, up from only 14 percent a year ago.

- Hiring continues to be difficult, despite high unemployment. Quality of hire, as measured by managerial satisfaction with new employees, is down 17 percent this year. Recruiters are overloaded with résumés, yet high-performing employees are still not actively moving between positions.
- The multigenerational workforce is now in place. Baby boomers work closely with people in their 20s, spanning four generations. The growing “under 30” employee base has new demands (such as “give me opportunities early”; “connect me to my peers and friends”; “give me excellent benefits and work-life balance”; “give me meaningful work”). These “old-fashioned” values are forcing HR to focus on employment branding and “best-place-to-work” strategies – as well as flexible career models to accommodate young peoples’ desires to test new roles (*and baby-boomers’ desires to work longer and in less demanding roles*).
- Workforce skills are low¹. Many years of starving public education have created a workforce with fewer technical and professional skills than in previous decades. Companies are building internal academies and professional development programs, in addition to partnering with academic and for-profit education institutions.

¹ According to the U.S. Department of Education, only around two-thirds of high school students graduate from high school and these numbers have been dropping. According to Edward Gordon, a researcher who studied Texas schools and readiness levels, only 25 percent of these graduates actually read at the twelfth-grade level.



KEY POINT

More than 20 percent of employees work from home, and most are located miles away from their supervisors or managers.

- All businesses are becoming global. With low economic growth in the U.S. and Europe, businesses are aggressively focusing their product and service delivery toward emerging economies.² Companies of all sizes are moving people and operations to Japan, India and other developing countries, while trying to build a globalized platform of operations and talent movement. This is forcing HR to globalize L&D and HR programs, as well as its own operational structure.
- The workplace has become a network. People interact through cellphones, internal social networks and email. More than 20 percent of employees work from home, and most are located miles away from their supervisors or managers³. Learning, recruiting and onboarding programs must be stronger than ever, and must incorporate informal approaches. These programs must take into consideration the highly diverse (e.g., gender, nationality, race and age) of today's workforce.
- Gaps in the leadership pipeline⁴ have increased⁵. As baby-boomers start to retire or move into less demanding positions, professionals in their 30s and 40s are eager and ambitious to take the lead.

² Seventeen percent of all organizations cited "globalization" as one of their top three business strategies, three times the percentage of midyear 2009. This information is based on our current research for the next, upcoming issue of Bersin & Associates *TalentWatch*, the report for which is due to be published in early 2011.

³ According to the New York-based Families and Work Institute, 43 percent of U.S. employees in 2010 use some form of flextime, up from 29 percent in 1992. Best Buy (a leader in providing a flexible work environment in retail) implemented its "Results Only Work Environment" (ROWE), enabling employees to design their own work hours. Employees who take advantage of this program have a 3.2 percent lower turnover rate, saving more than \$13 million per year among only the pilot group for this program. Even more importantly, Best Buy found that the productivity of these employees jumped by 35 percent.

⁴ "Leadership pipeline" refers to an organization's ongoing need to have a pool of talent that is readily available to fill positions at all levels of management (as well as other key positions) as the company grows. At each level, different competencies, knowledge and experiences are required, and (to keep the pipeline filled) the organization must have programs designed to develop appropriate skills sets. (Also known as the "leadership bench.")

⁵ In our November 2010 survey for our upcoming issue of Bersin & Associates *TalentWatch*, 63 percent of organizations stated that gaps in the leadership pipelines are either critical or urgent problems for the coming year. This is a jump of almost 20 percent from six months earlier.

Organizations are focusing heavily on “emerging leaders” programs to help identify young leaders, empower them to run major business areas and teach them to manage diverse teams of all ages.

- The model of a successful leader has evolved. High-impact leaders of today must have global perspective, international experience and the ability to drive diverse teams. They must understand how to empower people and innovate. They must have people skills which translate across generations.
- The training industry is in the middle of a renaissance. The topic of “informal and social learning,” (*which has become a buzz word*) has forced L&D to reengineer its own skills and approaches. The adoption of new social and informal approaches to corporate training are as dramatic now as they were in 2000 when the term “e-learning” was first coined.
- The HR software market is consolidating and exploding. Talent management software is now becoming a mandatory part of corporate HR infrastructure, and companies are slowly starting to unravel 20-plus years of investment in now-obsolete HRMSs and other internal HR systems.

 **ANALYSIS**

High-impact leaders of today must have global perspective, international experience and the ability to drive diverse teams.

What does all this mean for 2011? Where should we focus our energy and time as we plan our investments for the coming year? Here are our 10 key predictions for learning, human resources and business for the coming year.

1. Innovation, Empowerment and Learning Culture Will Become Common Themes for Talent Management and Business Growth.

PREDICTIONS



Thirty-four percent

of all HR and business leaders now cite “driving innovation” as one of their top three talent challenges, up from only 14 percent in early 2010.

During 2010, we saw a steady shift from cost-cutting toward a business focus on innovation, growth and new product development⁶. Companies as diverse as MetLife, Nokia and McDonald’s have all shifted their HR and talent strategies away from restructuring toward a focus on innovation and growth. IBM’s global CEO study⁷ (*published in mid-2010*) showed that “creativity” was one of the biggest concerns on the minds of business executives.

This focus on innovation is driven by several factors.

- First, businesses which downsized in 2008 and 2009 effectively frightened employees from taking risks and making bold new moves. The heavy focus on performance and efficiency, coupled with layoffs, resulted in lackluster innovation and risk-taking.
- Second, the growing economy has opened up many new markets. Companies in the auto industry must build products for electric vehicles, along with the new generation of power and energy technologies. Consumer product companies need to create green products that appeal to the environmentally conscious consumer. The aging population has opened many new markets for healthcare-related products. All markets are now global – creating opportunities to sell more, but in new ways.
- Third, the recovery from the recession has changed consumer behavior. Companies which sold low-cost mortgages, luxury products and other high-end services must reinvent their brands to meet the needs of buyers who may have less money and more conservative values.

⁶ In our November 2010 survey for our upcoming issue of Bersin & Associates *TalentWatch*, 34 percent of all HR and business leaders told us that “innovation” was one of their top three goals for the coming year, up from 14 percent midyear and only eight percent the prior year.

⁷ Source: *Capitalizing on Complexity: Insights from the Global Chief Executive Officer Study*, IBM Corporation / IBM Institute for Business Value and IBM Strategy & Change, May 2010.

Consider the insurance industry, for example. MetLife, which have been in business for more than 100 years, recently acquired the global insurance business from AIG. The company is now reinventing itself as a global risk management firm, forcing employees at all levels to innovate and think about the business differently.

**KEY POINT**

Our research found that organizations with a strong learning culture are far out-performing their peers.

One key to innovation is culture. In 2010, we completed a significant new research study, *High-Impact Learning Culture*⁸. In this research, we clearly found that organizations with a strong learning culture (defined by 40 best practices) are far out-performing their peers. In fact, companies at the top of this list are 46 percent more likely to be first to market, 34 percent more able to respond to customer needs and 17 percent more likely to be marketshare leaders.

This research found six key leadership and talent strategies for success:

1. Empowering employees;
2. Building trust;
3. Enabling knowledge-sharing;
4. Encouraging reflection;
5. Demonstrating learning's value; and,
6. Formalizing learning as a process.

These six areas should be key focus areas for your talent strategies in 2011.

As one senior vice president of HR recently put it,

"We just taught our employees to save money and stop taking risks. Now we need to train and enable them to develop new ideas, drive them through the organization, and reenergize their customer and market mindset, so we can drive growth."

This new focus will be exciting and energizing for HR and L&D, and will create new opportunities for partnership with top leaders in the organization.

⁸ For more information, *High-Impact Learning Culture: The 40 Best Practices for Creating an Empowered Enterprise*, Bersin & Associates / David Mallon, June 2010. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/hilc.

2. Deep Specialization and Career Development Are Now Keys to Organizational Success, and Will Drive Integrated Talent and Learning Strategies.

PREDICTIONS



Creating deep skills among

professionals, functional specialists, technical roles and leaders is critical to organizational success.

Organizations that have thrived over the last few years have one thing in common – they are very good at what they do. Think about enduring brands, like Intel, IBM, Accenture, Qualcomm, General Mills, Procter & Gamble and Apple – these are organizations of experts.

We call this focus on expertise a drive for “deep specialization” – building programs that encourage and enable everyone in your company to become better at what they do⁹.

Deep specialization comes from knowledge, skills and experience. “Mastery,” as we defined it in the *Blended-Learning Book*¹⁰, is a combination of deep levels of expertise, *and* a broad and deep range of experience. Masters can not only pass a test, they can make rapid and well-informed decisions under widely varying conditions.

Building such expertise takes time. It requires a focus on foundational skills, on-the-job experience, developmental assignments, coaching and a wide variety of learning experiences that take place over many years. All the elements of talent management (e.g., feedback, performance management, development planning, coaching and career development) must be in place to cultivate these experts throughout the organization.

⁹ Consider this simple idea. The top 10 percent of all sales people often drive 30 percent to 40 percent of all revenue; the top 10 percent of all IT programmers often write 30 percent to 50 percent of all the code; and, top managers and leaders create teams which are three to five times more productive than others.

¹⁰ For a detailed discussion of all the options for the design of blended-learning programs, *The Blended Learning Book: Best Practices, Proven Methodologies, and Lessons Learned*, Josh Bersin, Pfeiffer, October 2004. Available for purchase at www.berstein.com.

Figure 1: Deep Specialization Demands Multiple Career Paths

Source: Bersin & Associates, 2010.

ANALYSIS

While corporate universities play a role, the real solutions for 2011 are to build “capability development” strategies that incorporate all of the elements of talent management to drive specialization and expertise.

One of the critical pieces of expertise is building clear career models for individuals in all major roles. As our career development model shows (see Figure 1), managerial career growth is only one form of expertise development. Organizations must build functional, technical and professional career models, as well – and these must be flexible enough to address the way in which individuals want to vary their career ambitions over time.

In 2011, we believe organizations will realize that deep skills are critical to all major job roles (e.g., sales, finance, IT, marketing, engineering and HR), and companies will rethink their L&D and talent management strategies to build deeper and deeper skills. While corporate universities play a role, the real solutions for 2011 are to build “capability development” strategies that incorporate all of the elements of talent management to drive specialization and expertise.

3. Informal and Continuous Learning Will Continue to Transform Corporate L&D, and Will Drive Further Adoption of Internal Social Networking.

PREDICTIONS

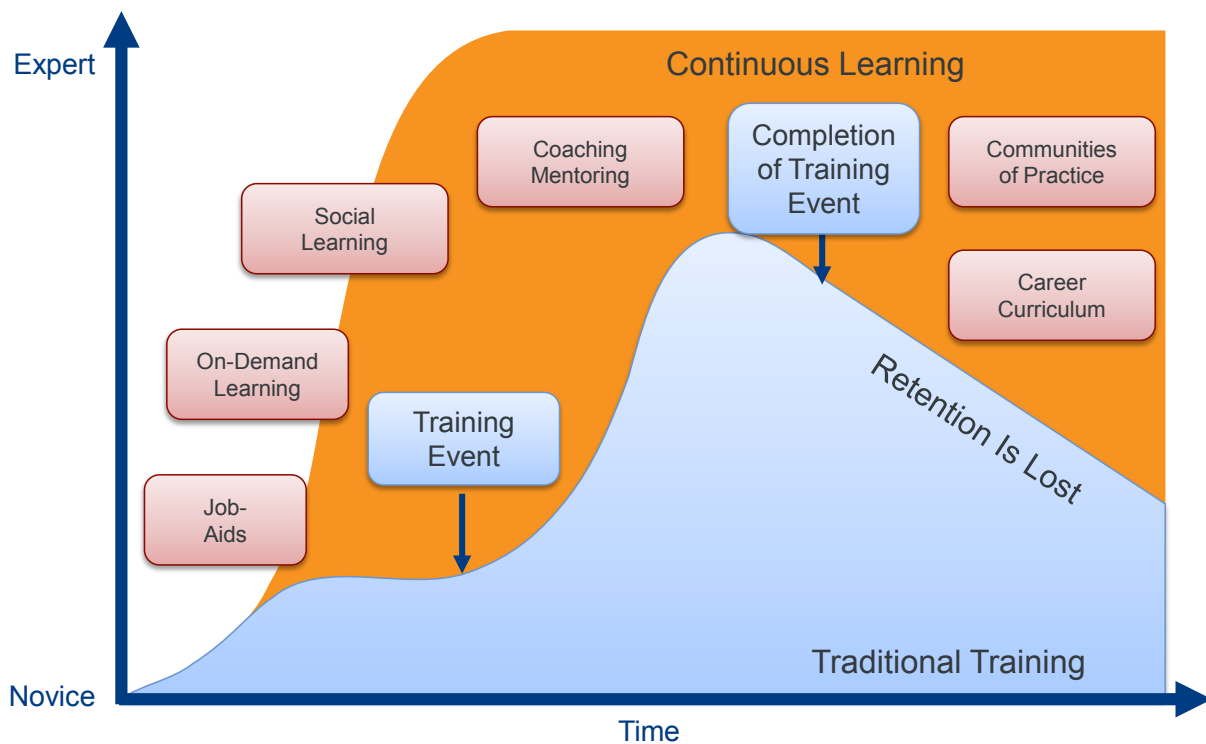


The need for a continuous learning model (which incorporates informal learning) is driving a transformation of L&D.

The training industry is going through a renaissance. I liken the focus on “informal learning” to the mad rush to “e-learning” 10 years ago. At that point in time (around 2000), organizations rushed toward Internet-based instruction to replace classroom training. We learned over the years that e-learning plays a role, but is really only one channel – and successful programs blend e-learning with a variety of other approaches to drive learning success.

Today, with hundreds of new tools (e.g., blogs, wikis, email, internal social networks, activity streaming, video, communities of practice, expert directories and more) now available, we have entered a new era – the era of the “continuous learning environment,” also called “informal learning.” This new model will likely drive the next 10 years of change in L&D.

Figure 2: The Continuous Learning Model



Source: Bersin & Associates, 2010.

As Figure 2 shows, in today's L&D environment organizations must look at all approaches to learning as complementary and interconnected. Individuals are learning all the time, and we must reengineer our L&D strategies to create a continuous and informal learning environment.

In 2011, this trend will accelerate – and will force all L&D professionals to rethink their internal skills, to continue to revamp their tools and technology, and to build what we call a “learning architecture” that makes continuous learning a regular part of all learning solutions.

4. Talent Mobility Strategies Will Become Highly Strategic, Often Replacing the Traditional Approach to Succession Management.

PREDICTIONS



High-impact mobility

strategies match the needs of the organization with those of the individual, and create a highly responsive and innovative workplace.

The wrenching organizational changes of the last few years taught us one major lesson – no organization structure stands still. In fact, the companies which best survived the recession were those that could quickly reinvent themselves – by absorbing acquired companies, restructuring and reengaging employees, and rapidly moving people into newly created positions.

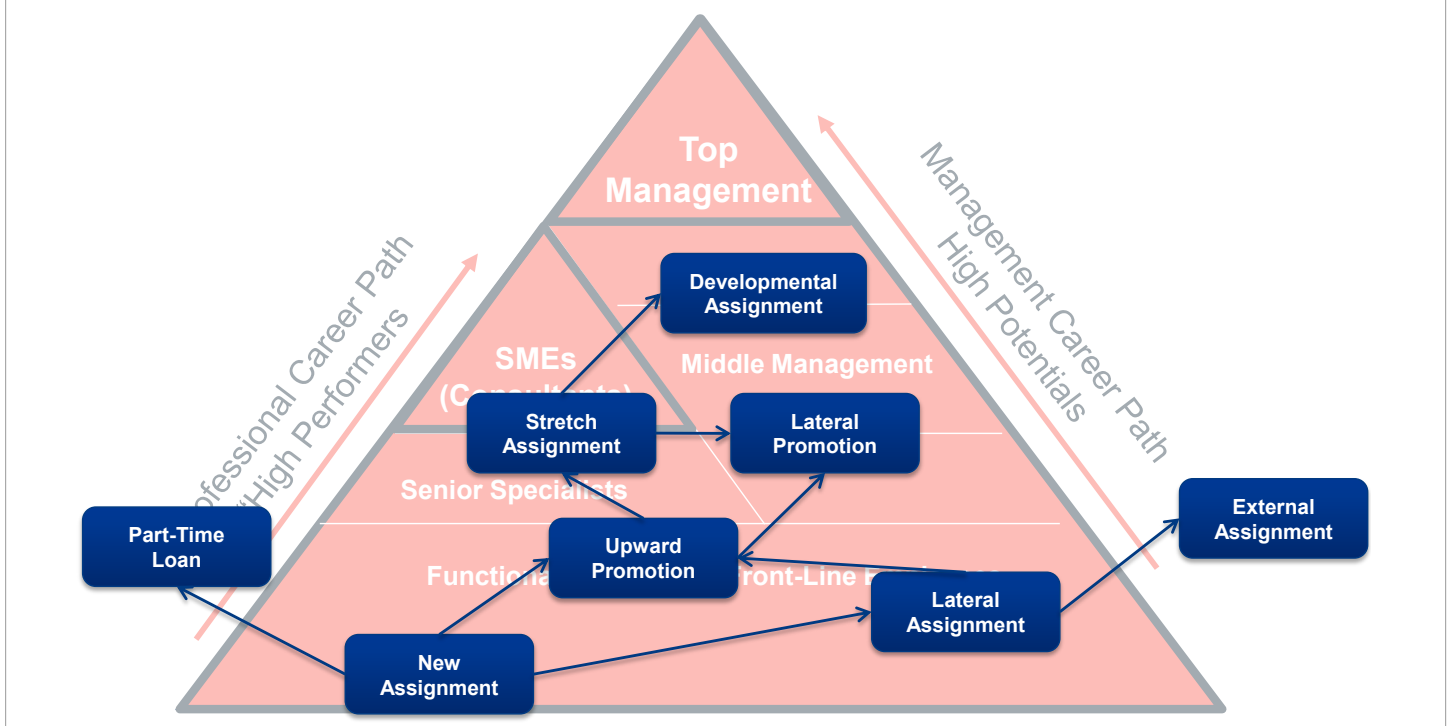
What this means is that “talent mobility¹¹” (a term we started using in 2006), has replaced succession management as a key talent management strategy. When we first introduced our *High-Impact Succession Management*[®] research¹², we noted that organizations with highly mature succession programs implement a “transparent talent mobility” culture in their organizations. People talk about their career options openly, and they are encouraged to move from position to position when the needs and their skills are appropriate.

¹¹ “Talent mobility” is a dynamic internal process for moving talent from role to role – at the leadership, professional and operational levels. To achieve talent mobility, companies must adopt the principles of succession management at all ranks; provide transparent discussion of skills and potential, as well as organizational needs; and, focus on development across critical talent pools, based on business needs.

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.

These high-performing companies create a dynamic internal market for talent. They teach managers how to actively move people between roles; they combine internal and external recruiting (*all jobs are posted internally*); and, they define regular job movement programs for individuals at all levels.

Figure 3: Eight Types of Talent Mobility



Source: Bersin & Associates, 2010.



KEY POINT

In 2011, you must consider talent mobility to be a key part of your leadership and talent management strategy.

In our research, we identified eight major types of talent mobility. Organizations (like Lockheed Martin and IBM) are now using new mobility models to drive specialization and look at programs like external assignments as key to an individual's career growth.

In 2011, you must consider talent mobility to be a key part of your leadership and talent management strategy. Rather than let people bounce from job to job like pinballs in a pinball machine, high-performing companies create deterministic programs to help people (and their managers) dynamically move people in order to meet individual and organizational demands. As we discuss in our Prediction 1, this movement also drives expertise and skills into the company.

5. Social Networking Will Continue to Transform Corporate Recruiting.

PREDICTIONS



Corporate recruiting is

actually one of the “killer applications” of social networking.

In 2010, we launched our Talent Acquisition practice, so this year we want to discuss the revolution taking place in corporate recruiting. Thanks to the growth of social networking (e.g., LinkedIn, Facebook and many new communities), and online tools for video and assessments, many of the “broken models” for recruiting are being transformed.

Companies spend millions of dollars on external recruiting providers today. Our research shows that most companies spend \$800 to \$1,700 (*and often more*) per recruit on the talent acquisition process.¹³ Accenture, for example, which plans to hire 60,000 people in 2011, expects to spend more than \$90 million on its recruiting efforts.

This spending goes into a wide variety of areas – career portals, employment branding, external recruiters, internal recruiting staff, referral programs and a wide variety of tools (such as software systems, assessments, competency models, interview guides) to help recruiting take place.

By using huge online networks like LinkedIn (with more than 80 million professionals) and Facebook (with hundreds of millions of users), recruiters can now bring in-house the tools and secret networks which used to be owned by external recruitment firms. Internal recruiters can learn how to find candidates, contact and invite them to join the company, and create referral networks among external expertise groups. This means that the recruiting industry is shifting radically away from a model of outsourcing the recruitment process to one of understanding and using these new tools for candidate sourcing and hiring. (*Novartis, a global pharmaceutical company which recruits more than 20,000 highly technical healthcare professionals each year, estimates that at least one-half of its prospective candidates are available somewhere on LinkedIn. The company uses LinkedIn Recruiter to source these candidates.*)

While the external recruiting industry will continue to exist, companies such as job boards and external recruiters must totally transform

¹³ For more information, *Talent Acquisition Systems 2010: Facts, Practical Analysis, Trends and Provider Profiles*, Bersin & Associates / Madeline Laurano, September 2009. Available to research members at www.bersin.com/library or for purchase at www.bersin.com/tas.

**KEY POINT**

Our research shows that most companies spend \$800 to \$1,700 (*and often more*) per recruit on the talent acquisition process.

themselves to survive. They must become more vertical, more focused and more expert to drive value.

Added to this is the tremendous need to build a complete and pervasive employer brand. Today's job candidate uses tools like Glassdoor, Twitter and Facebook to learn about your company. Corporate recruiters must work closely with corporate marketing to build a total candidate experience, and you must train staff to monitor and use social networks to build your employment brand.

Finally, new tools for video-interviewing, online assessments and managerial surveys now make it possible for hiring managers and recruiters to develop candidate pipelines without traditional approaches. University career centers, for example, are rapidly going away – and are being replaced by online portals and direct candidate interviews that take place between employers and high-performing college graduates.

In 2011, we will be introducing a whole set of research on best practices in the use of social networking tools for recruiting. If you have not started to learn about and embrace this new world, this is the time.

6. New Models of Leadership Development Will Emerge, Forcing HR Organizations to Rethink and Reengineer Many of Their Leadership Programs.

As companies have become more global, interconnected and younger, the skills needed to lead have also changed. While “old-style” organizations are led by strong hierarchies, today's high-performing organizations are led by strong subject-matter experts (SMEs) with skills in team leadership, learning agility, global awareness and business acumen. Most of the organizations we talk with today are very aware of their leadership gaps – yet few have a good sense of “where the new leaders are” and “what capabilities they will need” in the coming years.

In 2011, we believe most major organizations will (and must) rethink their leadership development strategies – and look to revisit their older competency models. While traditional leadership skills still apply, most organizations now tell us that tomorrow's leaders have new skills. In 2011, we will be significantly updating our High-Impact *Leadership Development*[®] research to give you new information to share.

PREDICTIONS

In 2011, it is time to focus

on programs to identify your next generation of leaders, broadening the focus of leadership development beyond top leadership and first-line supervisors.

In addition to the need to build new, globalized, team-oriented competencies, leadership development programs must adapt, as well. Modern leadership programs have many new characteristics.

- Virtual collaboration is now becoming commonplace. Companies (like Cisco, Adobe and the Gap) are now building leadership cadres around the world in totally virtual environments.
- Action learning is now critical. Rather than ask emerging leaders to take courses and attend workshops, companies (like The Motley Fool, Brown Shoe & Company and Intel) ask their emerging leaders to work on real-world business problems in a collaborative, cross-discipline team. These are the skills they will need when they move up the ranks – so why not develop them in a real-world scenario.
- Business simulations are becoming common. BTS (one of the largest providers of business simulations) has seen its business explode as more and more companies realize that they must fully immerse their leaders in a total business environment to learn the business in detail. Sony, for example, guides all of its regional retail directors through a full business simulation that shows them how to order product, allocate marketing budget and make talent decisions in a simulated company.
- Topics like empowerment, innovation, technical leadership and functional expertise are all coming back. Accenture's new business strategy academy takes top consultants through a deep-dive into business operations and asks them to work on real-world business problems, coached by top executives at Accenture.
- "Leaders teaching leaders" is as important as ever –and these leaders must be global. Top companies (like GE, IBM, HP and Microsoft) continue to use their senior leaders as some of the most important teachers – and these people come from all over the world to give all new leaders a perspective on the global management differences across the company.

**KEY POINT**

Today's high-performing organizations are led by strong subject-matter experts with skills in team leadership, learning agility, global awareness and business acumen.

7. HR Transformation Programs Will Accelerate, Driven by Globalization and the Need to Further Integrate Talent and Employee Engagement Strategies.

PREDICTIONS



High-
impact HR

organizations have learned how to reorganize, reskill and use technology to make HR generalists into strategic business partners. Reskilling HR will become a major topic in 2011 and beyond.

Our *High-Impact HR®* research, which is being published throughout 2011, will show that most HR organizations are struggling to continuously reinvent themselves in the middle of all of these changes. In 2011, some of the key issues which HR organizations must address include the following.

- The emergence of the “extended workforce” as the total audience to serve. This includes part-time workers, alumni and contractors, as well as candidates, new employees and even potential candidates. This “extended workforce” must be considered in all HR programs.
- The need to force administrative work onto the backs of new HR systems platforms (see *Prediction 8*) and outsource HR administration will give HR generalists a truly strategic role. Organizations (like Marriot and Rogers Communications) are going through this transition today. Our *High-Impact HR®* research will clearly show how companies can create strategic HR generalist and business partner roles.
- The need to retrain and reskill HR and L&D professionals will be a key issue. Most HR and L&D professionals themselves do not have the business acumen, understanding of technology, or broad awareness of market trends and best practices to perform at the highest levels needed. High-impact HR organizations in 2011 will invest the time and money to train their own teams.¹⁴
- Companies will need to focus the HR strategy and philosophy around that of empowering and enabling leaders, along with building environments that facilitate employee engagement and innovation. While HR organizations must also manage administration, payroll, benefits and a wide variety of operational tasks, it is the strategic areas that drive high levels of value.

¹⁴ Ninety percent of companies which were rated by Bersin & Associates as “high-impact HR organizations” have some form of development and competency management program for the HR organization itself. Please see our ongoing research in the area of high-impact HR organizations by visiting www.bersin.com/hihr.

- Organizations will focus more on strategic workforce planning. When HR takes the time and energy to build an integrated workforce planning process, talent strategies and gaps become clear – and HR can now add tremendous amounts of value. Workforce planning is a complex discipline that requires a strong focus on governance, mastering HR data, and employee and job profiles. In 2011, we will publish a variety of research and tools to help you understand how to implement a strong workforce planning process.

Consider our four-stage evolution of HR.

Figure 4: The Evolution of HR



Source: Bersin & Associates, 2010.

We see the tremendous adoption of talent management as a step toward HR becoming a very business-focused operational organization. Once talent management processes and systems are in place, the HR team can take on a highly strategic role, helping the company to identify key workforce gaps, help plan for and enable new business initiatives,

identify strong and weak areas of leadership, and deploy resources toward the most critical talent segments and groups.

One simple example, at Lowes, the senior talent executive studied store performance across the entire network and found that the highest-performing stores had certain job roles with much stronger skills than others. Using this strategic talent management information, he reengineered a development program for this critical segment, helping all the stores benefit from those which were the best. The result was a 12 percent to 15 percent immediate improvement in store revenues, driven entirely through new HR and talent strategies.

This is an example of “business-driven HR” – possible through the implementation of strong talent management processes and good workforce planning information.

8. The Talent Management Software Market Will Continue to Grow Rapidly, as the Market Players Become Bigger and More Consolidated.

PREDICTIONS



The talent management

software market will grow faster in 2011 and continue to become the dominant topic in the area of HR technology.

The talent management software market, which is nearly \$3 billion in 2010, will grow again in 2011 at 12 percent to 15 percent or greater. The ERP / HRMS providers (*primarily Oracle and SAP*) have not developed the tools or focus to address this market, making the market an expanding opportunity for the 25 to 30 vendors in this space.

In 2010, we witnessed ADP’s acquisition of Workscape, Taleo’s acquisition of Learn.com, SuccessFactors’s acquisition of InfoHRM and Cubetree, SumTotal’s acquisition of Softscape, Kenexa’s acquisition of Salary.com, StepStone’s acquisition of Mr. Ted, and Peopleclick’s acquisition of Authoria. Such acquisitions are likely to accelerate, as more private equity enters the market and other companies go public.

Each of the talent management markets is changing in major ways.

- The talent acquisition market is exploding with new tools for candidate management, assessments, job matching, reference checking, social-network-based sourcing and job seeker tools. The old-fashioned applicant tracking market is still growing and being reinvented, while being threatened by social-networking companies like LinkedIn and Monster.com.

**KEY POINT**

Watch for new applications to emerge in 2011 – including workforce planning and analytics, talent mobility solutions, and built-in systems for talent reviews, segmentation and engagement management.

- The learning management systems market continues to grow, and is evolving rapidly as the LMS becomes a tool for social learning, collaboration, expertise-sharing and community management.
- The performance and succession management markets continue to grow, and are actually entering their second stage of growth. Companies that implemented performance and succession management systems four to five years ago are now looking at the next generation of solutions.
- The market has shifted from one of “application solutions” toward one of “integrated platforms.” Our latest research¹⁵ indicates that 34 percent of all buyers now want a “single vendor” talent management solution and are willing to sacrifice significant functionality to get one. This is both fueling and supporting the consolidation of the market – as all vendors try to build or buy functionality to complete their platforms.
- Watch for new applications to emerge as important elements in 2011 – including workforce planning and analytics, talent mobility solutions, and built-in systems for talent reviews, segmentation and engagement management.

9. Companies Will Start to Unravel and Replace Their 20-Plus Years of Investment in HRMS Systems – And Evolve to SaaS and More Modern Systems for Core HR Management.

Now that companies have five to seven years of experience with new, SaaS-based¹⁶ talent management systems, they have realized that these platforms have become the new “system of record” for HR. One major aerospace company, which has five different HRMS systems, uses its LMS as its best system to understand how many employees are current at any

¹⁵ This information is based on our current research on the topic of talent management systems, the report for which is due to be published in Q1'2011.

¹⁶ “SaaS” stands for “Software as a Service.”

PREDICTIONS

The old-fashioned

HRMS is ready for a major facelift and 2011 will show an increasing trend toward implementing next-generation SaaS-based HRMS solutions.

point in time. In many ways, the talent management system (*once it is implemented and used*) really does become the people management system.

As this part of the HR infrastructure has rapidly evolved, the old-fashioned HRMS has not. PeopleSoft (*which set the lead in this market in the 1980s*) released version 9 in 2010 – and Fusion is still not in the market. Typical upgrades of an HRMS take several years and often millions of dollars, and companies are now tired of upgrading these platforms. Most bigger companies have multiple HRMS systems (including those from Oracle, SAP, payroll providers and other companies), so the business case of upgrading and integrating these systems is very hard to build.

Yet without an integrated talent and people management infrastructure, companies cannot identify leadership gaps, develop workforce plans, or measure engagement and retention carefully, as well as do many other important things.

In 2011, this tectonic shift is going to start to move. Today, vendors (like SuccessFactors, Workday, SilkRoad, Accero and NorthgateArinso) are offering proven, SaaS-based HRMS solutions. Coupled with this, vendors (like Taleo, Plateau, Saba, StepStone, Halogen and Softscape) are offering end-to-end talent platforms that can manage almost all elements of the talent process. Many companies are now saying “enough is enough” – and putting together plans to slowly but surely unravel the 20-plus years of HRMS infrastructure which they have in place to build a modern, SaaS-based people platform.

In some cases, companies will replace their HRMSs. In other cases, they will slow or stop an upgrade, and put more of the transactional information they need into the talent management platform. To address these needs, we fully expect talent management vendors to build or buy HRMS solutions of their own over the coming years.

One great example of this trend is illustrated by what is happening at Siemens. One of the biggest and most complex companies in the world, Siemens has hundreds of small business units, with more than 400,000 employees. The company is implementing a global talent management system that will replace dozens of smaller, standalone HR systems and

which will become the company's new talent system of record. In 2011, more and more companies will start to build plans for such an integrated solution.

10. Business Executives Will Further Understand and Take Part in Talent Management Strategies, but HR Leaders Will Still Struggle to Gain Alignment.

PREDICTIONS



The topic of people and

talent is a boardroom conversation. In 2011, as organizations drive toward globalization, growth and innovation, HR and L&D leaders must make sure they take the lead to drive solutions to these problems.

Over the years, it has become very clear to us that talent and people strategies are not only HR solutions, but are really business solutions. There is no business challenge which does not have a people challenge connected with it. Yet our research continues to show that HR leaders are less well-aligned with business leaders than they would like.

In 2009, we looked at this issue in our *HR Career Factbook*¹⁷. We found that the single biggest challenge HR professionals face is “the ability to stay aligned with the business strategy” (37 percent of respondents). Nearly one-half of all respondents (44 percent) also stated that they felt their organizations lacked a clear and business-centered HR and people strategy.

The concepts of talent management have been widely discussed in the press and, during the last economic cycle, we all learned a lot about the “war for talent.” During the last few years, most people strategies focused on reducing costs. Now, in 2011, business leaders are looking for HR and L&D to help them grow and expand the business.

- One *FORTUNE* 100 manufacturing CEO said that he believes one of his company's most important strategies for success in the new, global economy is the development of a strong, internal learning culture. This is an example of business-HR alignment. The HR leadership team at his company has been working with operational executives to find the talent strategies which will drive his company forward.

¹⁷ For more information, *The Career Factbook for HR and Learning Professionals*, Bersin & Associates / Josh Bersin, June 2009. Available to research members at www.bersin.com/library.

**KEY POINT**

Our research found that the single biggest challenge HR professionals face is “the ability to stay aligned with the business strategy” (37 percent of respondents).

- A top insurance executive told us he fully understands that his aging leadership model must be fully reengineered for the new economy. He asked his senior HR leader to benchmark the company’s leadership development program and make specific recommendations about how to modernize it.
- A major U.S. bank just brought together its top operational leaders to create a new mindset and model for emerging leadership. These business leaders came together (*facilitated by our team and its HR team*) to create a vision for leadership in the coming years.
- Despite the widespread use of internal social networking in business today, HR professionals are still somewhat intimidated by these tools and practices. Business leaders expect HR to learn what works in business social networking, and help managers drive collaboration and innovation with these tools. The *HR Career Factbook*¹⁸ showed us that only 18 percent of HR professionals today feel fluent in these solutions. You must take ownership for internal communications and knowledge-sharing programs to stay aligned with today’s real-world solutions in the business.

As the economy grows and globalizes, more and more business leaders will come to HR and L&D in 2011 to ask for help with recruiting, capability development, leadership and strategy. This year is an opportunity to come up with fresh ideas, and move beyond downsizing and restructuring toward a focus on business-driven HR – and build solutions that will be powerful and rewarding in the coming years.

¹⁸ For more information, *The Career Factbook for HR and Learning Professionals*, Bersin & Associates / Josh Bersin, June 2009.

Working with Us in 2011

One final thought.

We have greatly expanded our offerings to support you. In 2010, we reintroduced our research and services into five practices – learning and development, talent management, leadership and succession, talent acquisition, and human resources. In each of these practices, we have identified the key trends and challenges which we believe you face both today and into the future. We want you to call us, ask us questions and give us feedback on this and all of our other research. We expect 2011 to be a very exciting and positive year, and we look forward to serving you.

Sincerely,

A handwritten signature in cursive script that reads "Josh Bersin".

Josh Bersin

Chief Executive Officer

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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) 347-4300.

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