



# **Strategic Human Resources and Talent Management: *Predictions for 2012***

*Driving Organizational Performance amidst an  
Imbalanced Global Workforce*

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## Introduction

2011 has been one of the most tumultuous times in recent economic history. Not only has the global recession continued, but the disparity between the fast-growing emerging economies, and the slower-growing U.S. and European economies grew. Our research shows that nearly every major business is trying to globalize its operations, and move talent and business toward areas of growth while, and at the same time, improving the engagement, retention and performance of the workforce everywhere else.

As this has been going on, there has been a paradoxical imbalance in talent markets. Our *Talent Acquisition Factbook* research<sup>1</sup>, and similar studies from Manpower and others, show that, despite high levels of unemployment, employers are having a very hard time finding the right people. I think the World Economic Forum put it all together pretty well when it stated earlier this year that,

*"... We are entering a new era of unparalleled talent scarcity, which will put a brake on economic growth around the world, and fundamentally change the way we approach workforce challenges."*<sup>2</sup>

In this report, I am going to discuss our trends and predictions for 2012, and also highlight how strategic HR and talent management is not only critically important, but undergoing some radical changes. We, as a research and information services company, always welcome your input – so as you read this report and have comments, please visit our new website <http://www.bersin.com/2012> and share your thoughts with us.



Josh Bersin

CEO and President

<sup>1</sup> For more information, *The Talent Acquisition Factbook® 2011: Benchmarks and Trends in Spending, Staffing and Key Recruiting Metrics*, Bersin & Associates / Karen O'Leonard, November 2011. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/tafactbook](http://www.bersin.com/tafactbook).

<sup>2</sup> Source: "Global Talent Risk – Seven Responses," World Economic Forum, May 2011.

# The Borderless Workplace: How Technology Has Radically Changed Work



## KEY POINT

In 2011, more than \$3 billion of talent management software was purchased and we expect this figure to increase to almost \$3.5 billion in 2012.

Let me start with a discussion about technology and today's workplace. While all of this economic dislocation took place, technology advanced at one of the most rapid rates in decades. The global workplace suddenly became smaller, as mobile phones, iPads, Skype and high-bandwidth Internet communications enabled us all to communicate all the time. Morgan Stanley predicts that there will be 10 billion mobile phones by the year 2015, more than 10 times the number of personal computers.<sup>3</sup> Thanks to tools like Facebook (800 million users), LinkedIn (130 million users) and Twitter (150 million users)<sup>4</sup>, we can all communicate with each other in real-time, all the time. This rapid new communications network has had a tremendous impact on employee communications, employment branding, social learning, expertise networks and leadership dynamics.

This technology trend was not lost on HR. In 2011, more than \$3 billion of talent management software was purchased and we expect this figure to increase to almost \$3.5 billion in 2012. This software is now being used to automate and integrate nearly every HR process – from sourcing to performance management. Yet, large companies still have an average of seven HR systems in place, making it difficult to create a single integrated environment for analytics, reporting and decision-making. We expect companies to focus heavily on integrating these systems during 2012.

“Social” is the word that is transforming almost every talent practice. In 2012, we will see an explosion in social recruiting, social performance management, social recruiting, social rewards and recognition, social learning, and social career management. Thanks to our experience with Facebook and the Internet, organizations are now realizing that almost all HR processes can be “democratized” – enabling teammates and employees to communicate with each other, and changing the role of the line manager. High-technology companies and many more

<sup>3</sup> Source: “The Mobile Internet Report,” Morgan Stanley, 2009, [http://www.morganstanley.com/institutional/techresearch/mobile\\_internet\\_report122009.html](http://www.morganstanley.com/institutional/techresearch/mobile_internet_report122009.html).

<sup>4</sup> These numbers are as of the publication of this report.

traditional companies now use social feedback tools to rapidly assess an employee's performance and potential, creating a real-time feedback mechanism. We call this, "agile talent management," using the same approach as "agile software development"<sup>5</sup>. In 2012, we expect this trend to accelerate.

## Shattered Organizational Boundaries

In 2011, the borders of our organizations were shattered. Employees now post comments and feedback on Facebook, LinkedIn, Glassdoor, Twitter and almost any website in the world. The slow economy has dramatically lowered employee engagement. (*Mercer estimates that the percent of employees who plan to "leave their company" increased by 10 percent in the U.S. and is higher in other countries.*<sup>6</sup>) This means that HR must focus very heavily on employee engagement and satisfaction in 2012 – because when the economy does turn, these people will leave. We are embarking on a major industry study in the area of engagement which we expect to release in 2012.

So, given all of these changes, what can you expect next year? Let me highlight some of our top predictions for 2012.



### KEY POINT

HR must focus very heavily on employee engagement and satisfaction in 2012.

<sup>5</sup> "Agile software development" is a group of methodologies based on iterative and incremental development, for which requirements and solutions evolve through collaboration between self-organizing, cross-functional teams. It promotes adaptive planning, evolutionary development and delivery, a time-boxed iterative approach, and encourages rapid and flexible response to change. Agile software development is a conceptual framework that promotes foreseen interactions throughout the development cycle.

<sup>6</sup> Source: <http://inside-employees-mind.mercer.com/global>.

## Predictions for 2012

### 1. Global Workforce Imbalance Will Drive a New Focus on Talent Acquisition

#### PREDICTIONS



Skills gaps  
in technical

and functional roles  
will continue to create  
challenges in both hiring  
and leadership in 2012.

The first topic for next year is the imbalanced global workforce. While the U.S. and Western Europe continue to suffer from high unemployment and sluggish economies, the emerging economies of China, Brazil, India, Singapore, Russia and Eastern Europe are exploding with growth. This led businesses to globalize at a frantic rate – hiring staff, building teams and developing products for these local economies. One of the best examples of this trend is the Ford Figo, a car built entirely for the Indian market by Indian marketing and manufacturing teams – which is now one of the fastest-growing autos in the Indian market. Let me highlight the three drivers of this problem, and what they mean to you as an HR or talent management leader.

- **Skills Gap** – Around the world, we face an imbalance between needed and available skills – making hiring difficult. A study by SHRM and others in late 2010<sup>7</sup> showed that only 32 percent of U.S. college graduates have “excellent” skills as they enter the working world and only 16 percent of high-school graduates have such skills. Similar research by Accenture found that nearly 70 percent of college graduates in India do not have the technical and business skills to enter the white-collar workforce. Young people are less prepared than ever, forcing employers to adopt new-hire training, apprenticeships and other on-the-job training programs to build skills. Boeing and Siemens (both research clients of Bersin & Associates) have launched major apprenticeship programs to build manufacturing skills that are no longer taught in school. UnitedHealth Group, another major client, tells us that they are having a harder time than ever attracting call-center agents who have the right reading and writing skills to handle call-center jobs.

<sup>7</sup> Source: “The ILL-Prepared U.S. Workforce: Exploring the Challenges of Employer-Provided Workforce Readiness Training,” The Conference Board / Jill Casner-Lotto, Elyse Rosenblum and Mary Wright, July 2009, [http://www.shrm.org/Research/SurveyFindings/Articles/Documents/BED-09Workforce\\_RR.pdf](http://www.shrm.org/Research/SurveyFindings/Articles/Documents/BED-09Workforce_RR.pdf).

**★ BEST PRACTICE**

Pfizer's "internal expertise-matching" process demonstrates a best practice in today's evermore specialized world of work.

- **Increased Specialization** – The talent market imbalance has worsened because jobs are becoming much more specialized. This is driven by specialists' ability to easily collaborate, and interchange work and information with each other. Today, for example, rather than searching for computer programmers, companies want people with "three years of Ruby on Rails experience." This means that job seekers with the wrong skills are moving down the career ladder and they must seek training. Two years ago, Pfizer created a program called "PfizerWorks," that lets any employee in Pfizer "outsource" a task, which they do not want to do, to another person at Pfizer who is an expert. So, if you need help with the statistical analysis of a certain drug sample, you can quickly find a statistician who will do that work for you. This "internal expertise-matching" process demonstrates a best practice in today's evermore specialized world of work.
- **Résumé Overload** – The third problem facing organizations is that the number of job seekers is greater than ever. Our *Talent Acquisition Factbook*<sup>8</sup> shows that recruiters seeking hourly workers receive an average of 144 résumés per position, and recruiters seeking white-collar workers collect more than 90 résumés per position. It is harder than ever to sort out the best candidates – hence an explosion of interest in assessment tools and prehire simulations. (*The assessment industry is on fire, growing rapidly as companies realize that they can better screen and preassess people using games, tests and simulations online. If you are not using online prehire assessments now, you should in 2012.*)

So expect 2012 to be a challenging year in talent acquisition. In high-growth countries like India and China, people leave their jobs multiple times per year – yet in slower-growth economies, companies are hardly hiring, so every hire counts. Expect this imbalance to continue in 2012.

## 2. The HR and Talent Team Goes Globally Local (Glocal)

Given these talent imbalances around the world, the first priority is to build a global mindset and global operation for HR. We like to call this being "globally local" or "glocal." Organizations have to think about

<sup>8</sup> For more information, *The Talent Acquisition Factbook*<sup>®</sup> 2011: *Benchmarks and Trends in Spending, Staffing and Key Recruiting Metrics*, Bersin & Associates / Karen O'Leonard, November 2011.

## PREDICTIONS



Creating a  
“globalized

local” or “glocal” model  
for HR will be a key priority  
for large organizations  
throughout 2012.

their workforces in a global way, build global tools and best practices, yet empower local managers and HR teams to act locally. This is a new operating model for most companies.

What HR and talent leaders tell us is that, over the last 20 years, their companies have become “multinational” – they operate in many countries around the world, but these operations are run by local leaders with local control. These local leaders are not rotated around the world, and regional approaches and best practices are not shared. Some geographies have excellent programs in onboarding or training, for example, while others have very little. Teams in China are hiring people with little assessment and rigor, while teams in Europe use much more advanced recruiting techniques. In 2012, we believe that most larger-size companies have to seriously deal with these organizational silos and build a globally federated model<sup>9</sup> for their employees.

Remember also that, in order to thrive today, businesses have to act quite differently in various countries. Danfoss, one of the world’s largest manufacturers of industrial equipment (a private \$14 billion company headquartered in Denmark), has a flat-to-declining workforce, yet needs to hire more than 400 people in China. The China recruiting team is new and has few tools, yet the other recruiting teams around the world have deep experience in sourcing and staffing. The company needs a global set of practices and tools which can be highly customized and rapidly deployed to China. *(The company has a major project to put this infrastructure and training in place.)*

Local geographies have many differences – different labor markets, different workforce demographics, different employee motivations and cultures, and different leadership styles. We studied leadership in the Middle East in 2011 and found that highly effective companies there often have a very patriarchal approach to leadership, driven by their long history and male-oriented cultures. This type of leadership style certainly has gone out of favor in the U.S. and Canada. How do companies accommodate all of the local needs for talent practices, leadership, compensation strategies and learning, yet globally manage and optimize them around the world? The answer is a new, globally federated HR or talent organization.

<sup>9</sup> A “federated model” has a small core team that manages some technology and corporate programs, and empowers business and functional units to run their own training programs.

**KEY POINT**

In order for the business to operate effectively, leaders must now be moved around the world.

Our research in the High-Impact HR and High-Impact Learning Organization® programs show that highly effective companies build very well-defined “federated” models for HR and talent management. Some systems and centers of excellence are centralized, but many decisions and practices are localized. In order for the business to operate effectively, leaders must now be moved around the world. We have helped many of our clients create this “global talent culture” and our research agenda in 2012 will focus on helping you understand these models.

I visited a large Canadian bank earlier this year; the company has grown globally through acquisitions in Mexico, South America, Portugal and other countries around the world. Each business area is run by a local leader who has intimate understanding of local laws, practices, markets and people.

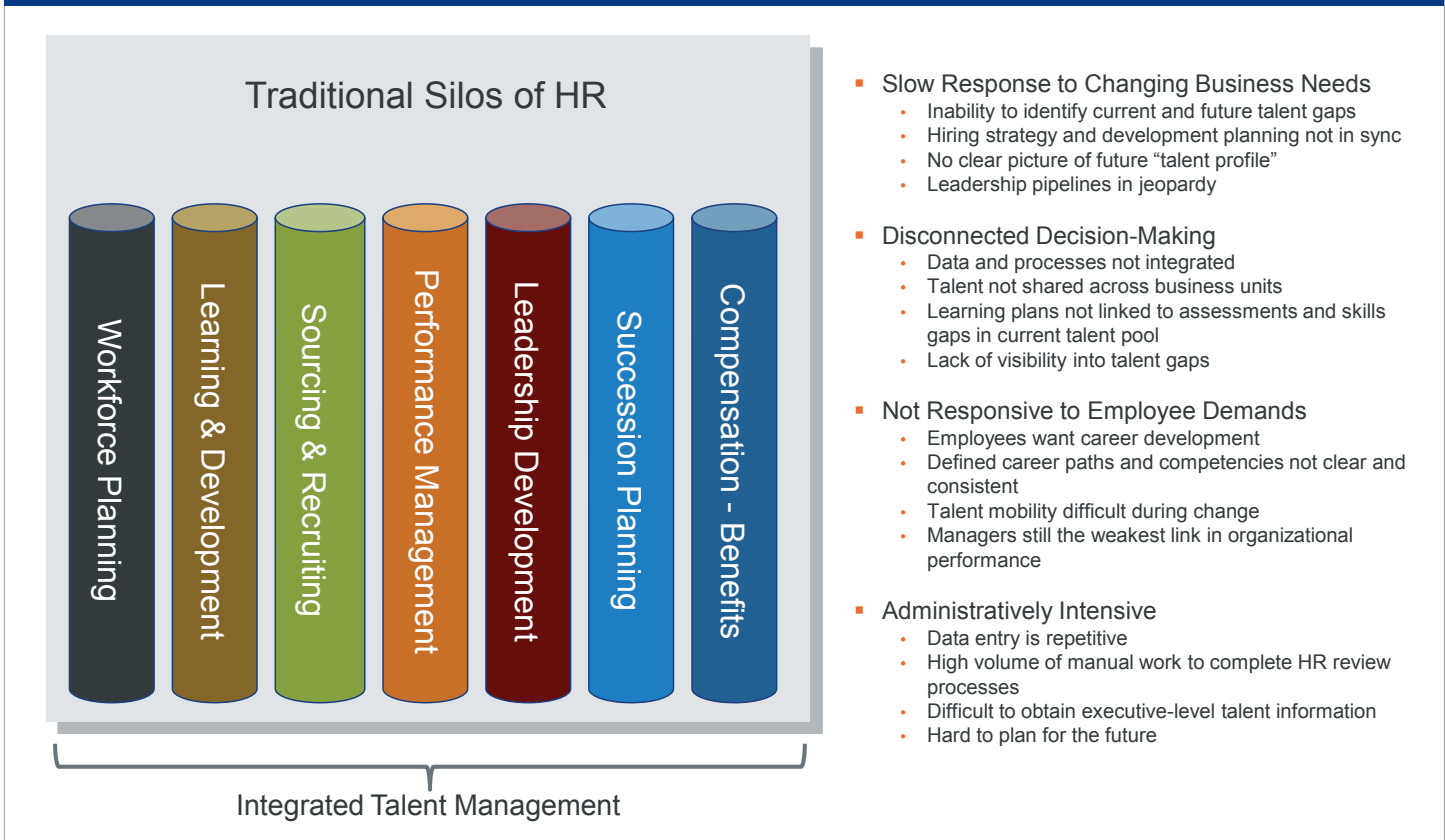
Yet the corporate leaders at this particular company are all Caucasian, Canadian, senior banking executives. None of them have direct experience in these countries or labor markets. The bank was struggling to learn how to start moving leaders around the world, sharing global best practices and deciding what programs to centralize versus delegate.

Wal-Mart, MasterCard, HP, Xerox, Northrop Grumman, Marriott and many other clients asked us for help with these issues in 2011, and all are making changes to “glocalize” their talent strategies for 2012. We will have a major focus on this topic at the IMPACT conference in 2012.<sup>10</sup>

### 3. Talent Acquisition Joins the Talent Management Team

The third trend we see is the deep integration of talent acquisition (recruiting and staffing) into the talent management organization. The whole concept of talent management is to integrate the various talent processes in a company to solve problems in a more integrated and powerful way.

<sup>10</sup> For more information, please visit <http://impact.bersein.com/>.

**Figure 1:** Need for Integrated Talent Management

Source: Bersin & Associates, 2011.

## PREDICTIONS



In 2012, talent acquisition

will increasingly move from being the “staffing and recruiting” function to a full-fledged part of organizational talent management.

In 2012, organizations will increasingly understand that talent acquisition belongs in the talent management function. Organizations (like JP Morgan Chase, MasterCard, TimeWarner, UnitedHealth Group and others) have created a new organization, often called “talent acquisition, development and mobility” – to bring together the disciplines of recruiting and assessment into the areas of training, leadership development and succession management.

Think about it. When the labor markets and economy are tight, recruiting should focus on internal candidates first. So, why would the recruiting team *not* be tightly integrated with the team which is building career models and performance appraisal tools for internal employees? The world of talent acquisition is becoming more complex every day – so many of the disciplines of talent acquisition (e.g., assessments, prehire simulations, video-interviewing and social networking) are now needed in other areas of talent management.

## 4. Talent Acquisition Goes Social – Forcing a Reinvention of Agencies and Job Boards

We recently published our first *Talent Acquisition Factbook*<sup>11</sup>, our first member benchmarking guide which studies the spending and resource allocation trends in recruiting. One of the findings is that this \$124 billion market (U.S.) spends almost 10 percent on social networking already. Companies like LinkedIn and Facebook are already generating huge revenue streams from online recruiting tools and advertisements, and this will increase in 2012.

### PREDICTIONS



Social tools  
and ads for

talent acquisition will  
grow dramatically in  
2012, forcing job boards  
and staffing agencies to  
reengineer their offerings.

This makes perfect sense. The more “imbalanced” the talent markets are, the more valuable we find a giant “social graph” like LinkedIn or Facebook to help us find people. In particular, LinkedIn has a very aggressive strategy to build out its talent acquisition platform (and tools), so we expect spending in this area to increase.

Along with spending on social networks, in 2012 organizations will also understand that their entire employment brand and social strategy have dramatic impact on their ability to hire. Thanks to tools such as Twitter, Facebook, Glassdoor and many others, your employment brand is now “out there” whether you like it or not. To attract the best candidates from the large pool of workers you need to create a magnet – a clear articulation of your company’s strategy, a clear definition of the types of people you are hiring and lots of good will coming from employees in the marketplace.

American Express recently completed a total revamp of its global employment brand (and website). In addition to globalizing the whole system, the company’s executives realized that they needed to focus on attracting people who had experience in the high-touch hospitality industry. While the company used to define itself as a “customer service” organization, now the executives understand that it is really a “customer intimacy” company in financial services. This shift led them to change the employment messaging, target new sources and attract a different type of employee.

<sup>11</sup> For more information, *The Talent Acquisition Factbook® 2011: Benchmarks and Trends in Spending, Staffing and Key Recruiting Metrics*, Bersin & Associates / Karen O’Leonard, November 2011.

**KEY POINT**

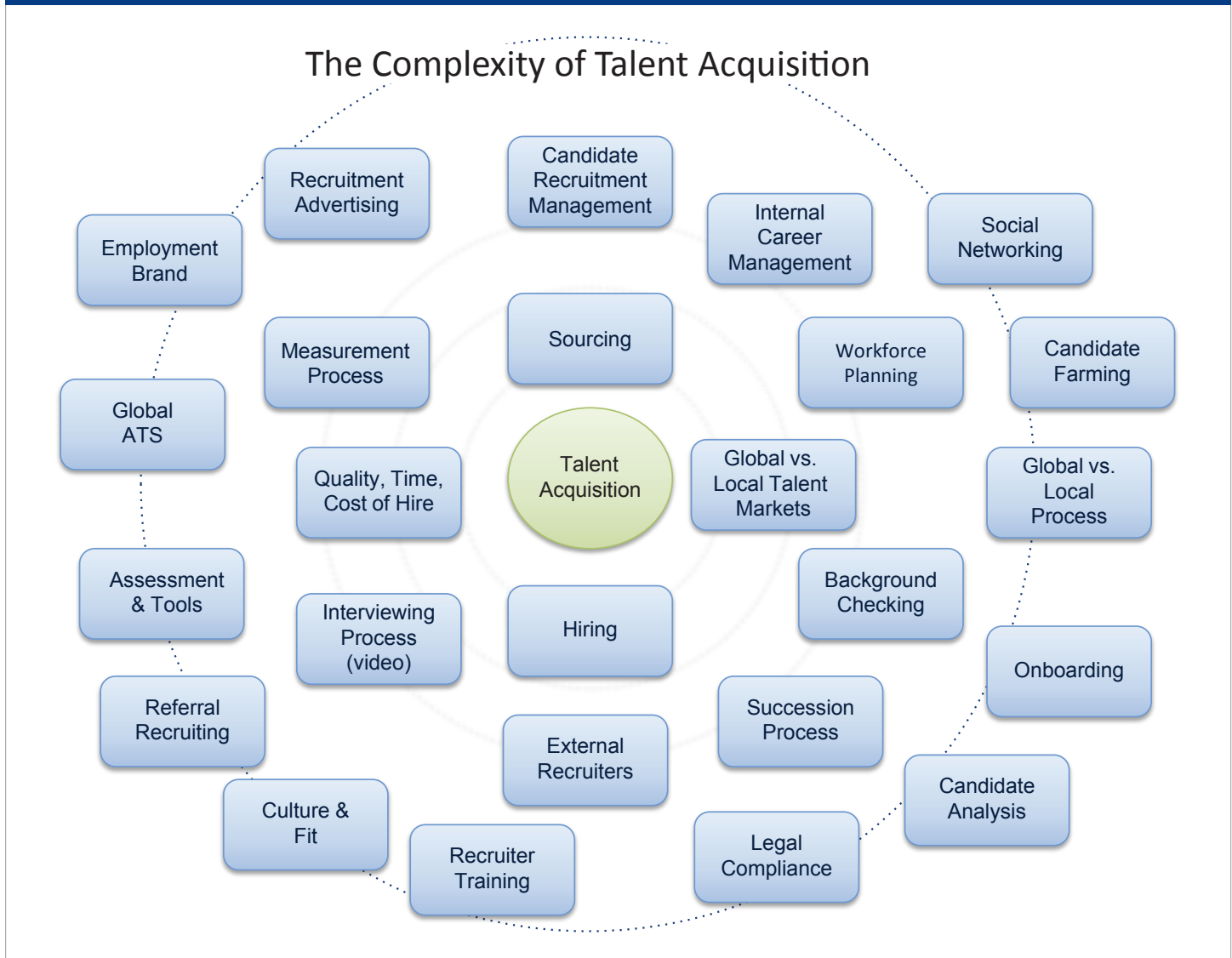
Agencies and RPO firms must now provide you with the services and consulting you need to build this brand – and continue to give you great service in sourcing, assessments and hiring.

One of the best lines that I have picked up in my travels is this, “*Rather than building an employment funnel, we need to build an employment tunnel.*” This “tunnel” is a set of people who know who you are, know what you stand for and want to join your team. This kind of work forces talent acquisition leaders to partner with marketing and social media experts to build the employment brand you need.

As this massive shift occurs, agencies and RPO (recruitment process outsourcing)<sup>12</sup> firms have to reinvent themselves. They must now provide you with the services and consulting you need to build this brand – and continue to give you great service in sourcing, assessments and hiring. I had a fascinating meeting in 2011 with leaders from one of the world’s largest executive recruiting firms and they were originally frightened about the impact of LinkedIn on the company’s proprietary network of executives. But after a few days of strategy, they realized that the company’s mission is to reinvent themselves – and become experts at the use of social systems and continue to provide first-class recruiting to their clients.

The recruitment agency and RPO market is not going away, but it is undergoing stress. In 2012, we will see less spending in this area as these vendors become expert in modern approaches to talent acquisition.

<sup>12</sup> For more information, *Recruitment Process Outsourcing: Key Trends and Best Practices*, Bersin & Associates / Madeline Laurano, July 2010. Available to research members at [www.bersin.com/library](http://www.bersin.com/library).

**Figure 2:** The Complexity of Talent Acquisition

Source: Bersin & Associates, 2011.

## 5. Employee Engagement Takes Center Stage

In addition to the stress of skills shortages and labor imbalances in business today, another problem looms – employee engagement. We started a major research program in this area this year.<sup>13</sup>

<sup>13</sup> Our current research on the topic of engagement will begin publishing in December 2011 and will continue throughout 2012.

## PREDICTIONS



In 2012, organizations must specifically develop engagement, development and incentive programs targeted toward Gen-X and Gen-Y in order to grow.

A startling set of statistics was just released by Mercer.<sup>14</sup> In late 2011, its global research (more than 10,000 employees responding) found that 32 percent of employees are “planning on leaving” their employers, versus only 19 percent two years ago. It appears that much of the global workforce is “hanging on to their jobs” and waiting for the economy to recover. This problem – that of low engagement and employee performance – is now the second most common business challenge cited in our *TalentWatch*® research<sup>15</sup>.

It is clear why this is happening – budgets are tight, businesses are asking more than ever from their people and the workforce is becoming more contingent. (*Upward of 40 percent of the U.S. workforce now works part-time or on a contract basis.*<sup>16</sup>) It is easier than ever to pick up your newly found skills and take them elsewhere. Young people (particularly the under 30 age group) think this way about work. In the Mercer research findings, the writer stated,

*“There is no strong sense of allegiance to the organization or expectation of long-term employment. Young people’s allegiance is to themselves and their careers, and this has major implications for how employers manage this youngest segment of the workforce.”<sup>17</sup>*

It turns out that the workforce is also becoming much younger. By 2013, 47 percent of all employees will be those born after 1977.<sup>18</sup> So, in 2012 and going forward, organizations must focus heavily on building programs to drive engagement among workers under the age of 30.

Our research clearly shows that the keys to successfully building deep engagement are leadership development (*building a coaching culture*<sup>19</sup>),

<sup>14</sup> Source: <http://inside-employees-mind.mercer.com/global>

<sup>15</sup> For more information, *TalentWatch*® Fourth Quarter 2011: Uncovering Realities for the Next Economy, Bersin & Associates / Josh Bersin and Kim Lamoureux, December 2011. Available to research members at [www.bersin.com](http://www.bersin.com).

<sup>16</sup> For more information, *Changing the Way the World Works: The Strategic Free Agent in the New Economy*, Bersin & Associates / Katherine Jones, September 2011. Available to research members at [www.bersin.com/library](http://www.bersin.com/library).

<sup>17</sup> Source: <http://inside-employees-mind.mercer.com/global>.

<sup>18</sup> Source: U.S. Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov).

<sup>19</sup> The 2011 High-Impact Performance Management research is being published as five topic-specific industry studies, starting in August 2011 and continuing into 2012. For more information, please visit [www.bersin.com/hipm](http://www.bersin.com/hipm).

developing integrated and transparent career development programs (*more on this later*), modern rewards programs (*social rewards is one of the hottest-growing new markets in HR*), and communicating a strong mission. *Harvard Business Review* just published a wonderful article about how mission-driven companies outperform those with purely financial and business targets.<sup>20</sup>

As our research will show, building a strong program for engagement goes far beyond distributing and communicating the results of an engagement survey. It takes a systemic, holistic approach – and includes executive ownership, storytelling<sup>21</sup> and many other ways to build a performance culture.

## 6. Corporate Training Will Continue to Transform Itself

### PREDICTIONS



Corporate training will

rebound in investment as L&D professionals revitalize their programs with a focus on informal learning, social tools, mobile learning and culture.

Corporate training is in the middle of a major transformation – from the centralized program-centric, university model to a deeply integrated “capability development” organization which understands formal learning, informal learning, social tools, expertise networks and performance consulting. Our research shows that this transformation is as big as the “e-learning era” which hit the market around the year 2000.

The concepts of informal learning and expertise-sharing (detailed in our Enterprise Learning Framework<sup>22</sup>, see Figure 3) are now starting to become well-understood, but companies are still stuck with their “old-fashioned” e-learning content, “old-fashioned” learning management systems (LMSs) and “old-fashioned” instructional design tools. Many companies do not yet realize that informal learning is not about putting in place social networking and community-of-practice systems – it takes a total change in thinking about what learning and development (L&D)

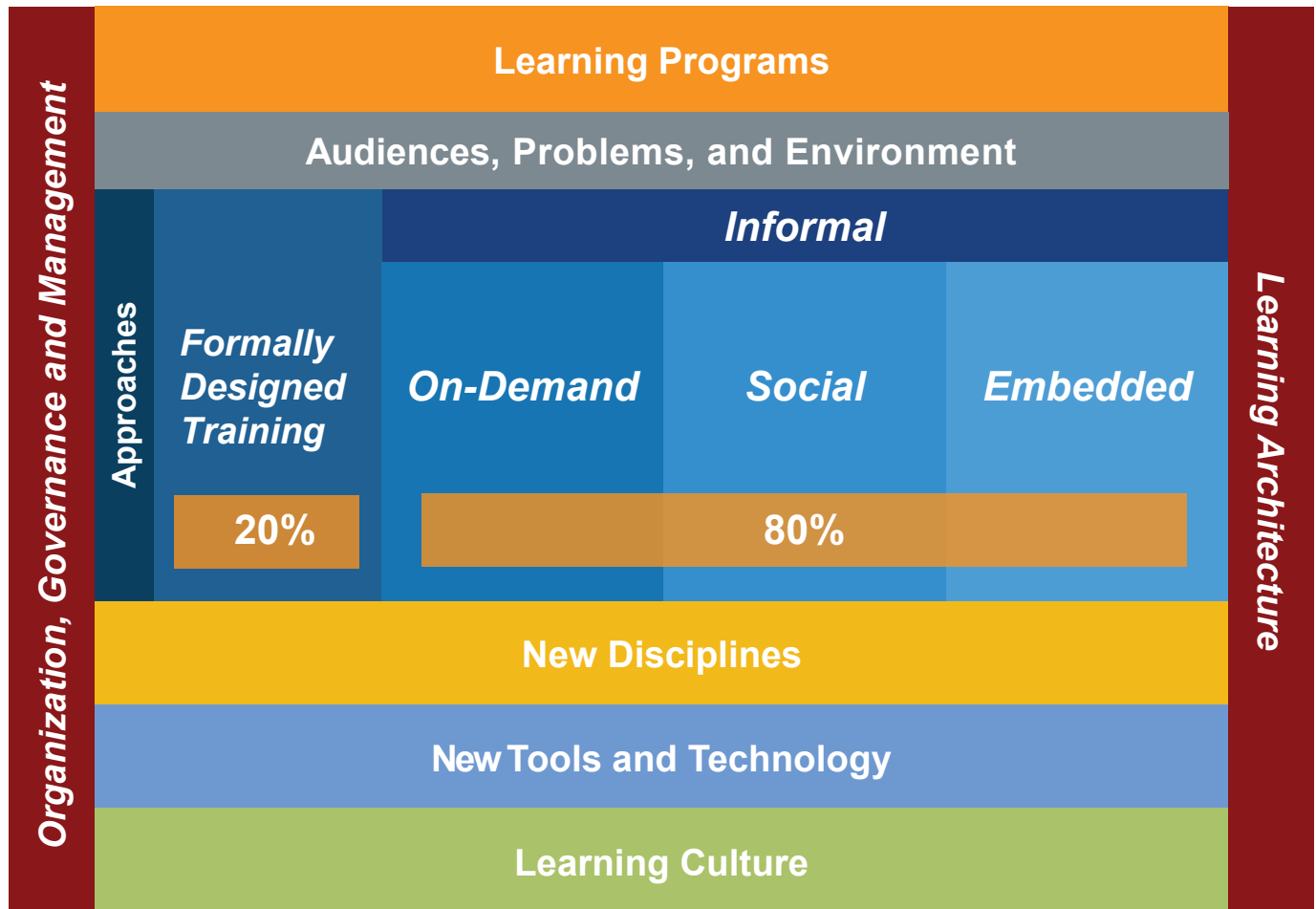
<sup>20</sup> Source: “How Great Companies Think Differently,” *Harvard Business Review* / Rosabeth Moss Kanter, November 2011, <http://hbr.org/2011/11how-great-companies-think-differently/ar/1>.

<sup>21</sup> For more information, *Fostering Innovation through Learning: Qualcomm Builds Culture of Entrepreneurship, Creativity and Risk Taking*, Bersin & Associates / Kim Lamoureux, December 2009. Available to research members at [www.bersin.com/library](http://www.bersin.com/library).

<sup>22</sup> For more information, *The Enterprise Learning Framework: A Modern Approach to Corporate Training*, Bersin & Associates / Josh Bersin and David Mallon, April 2009. Available to research members at [www.bersin.com/library](http://www.bersin.com/library).

teams do all day, as well as a focus on program redesign, new tools and management culture. Our High-Impact Learning Culture® research<sup>23</sup> continues to be one of the most popular programs we ever launched. We now offer our clients tools and assessments to directly diagnose and improve their “learning culture.”<sup>24</sup>

**Figure 3:** The Bersin & Associates Enterprise Learning Framework® – The Modern Approach to L&D



Source: Bersin & Associates, 2011.

<sup>23</sup> 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](http://www.bersin.com/library) or for purchase at [www.bersin.com/hilc](http://www.bersin.com/hilc).

<sup>24</sup> For more information, please visit our “Learning and Development Practice” at [www.bersin.com](http://www.bersin.com).

 **KEY POINT**

Many companies do not yet realize that informal learning takes a total change in thinking about what learning and development (L&D) teams do all day, as well as a focus on program redesign, new tools and management culture.

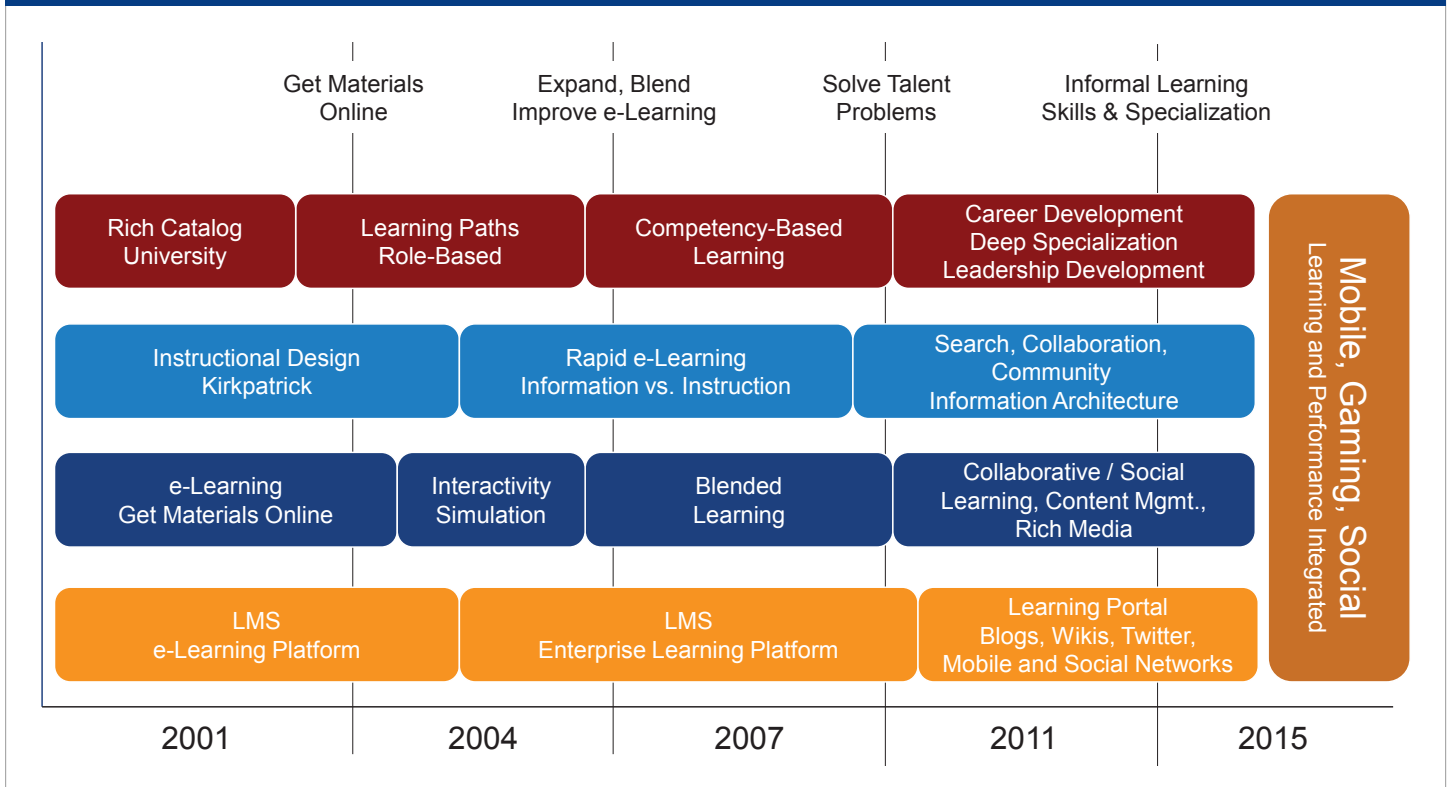
In 2012, companies will continue to redesign their L&D programs to be social, informal and on-demand. The market for webcasting and online video tools has exploded; it is almost free (*Skype makes it literally free*) to bring learners together in a virtual environment. Training professionals have to embrace new skills competencies – learning to deal with video, social learning, and the measurement and adoption of informal learning.

As for the nuts and bolts of training technology, we see four significant shifts taking place.

- First, the traditional models of “e-learning” are now starting to go away. Thanks to tools like YouTube, Google and Facebook, we have all become accustomed to “instant gratification” – so online courseware that takes 30 minutes to complete must be broken down into small bite-size chunks.
- Second, video is rapidly replacing Flash-based development. Flash, which took a major blow from the iPad, is now being replaced slowly by HTML5 – but even more quickly by online video. Thanks to the proliferation of video tools on our phones and computers, we can capture video anywhere and anytime – and video plays on every device we own (from computer to tablet to mobile phone). So expertise and use of video will continue to explode in 2012.
- Third, mobile learning is now here. After many years of being a backwater business that was too hard to implement, everyone can now deploy mobile learning. I recently completed a major presentation on this topic and I encourage you to read through the trends.<sup>25</sup>
- Finally, the concepts of “gamification<sup>26</sup>” are now easy to implement. Rather than build an entire game, you can “gamify” any learning program using the well-known techniques of game mechanics (e.g., achievements, points, badges, quests, leaderboards and much more).

<sup>25</sup> For more information, *From E-Learning to We-Learning & m-Learning: Understanding the Mobile and Social Learning Marketplace*, Bersin & Associates / Josh Bersin, October 2011. Available to research members at [www.bersin.com/library](http://www.bersin.com/library).

<sup>26</sup> For more information, *The Gamification of Corporate Human Resources*, Bersin & Associates / Josh Bersin, November 3, 2011. Available to research members at [www.bersin.com/library](http://www.bersin.com/library).

**Figure 4:** Evolution of Corporate Learning

Source: Bersin & Associates, 2011.

## 7. Performance Management Will Go Agile

The world of performance management has been turned upside down. In 2012, we expect an increasing number of companies to rethink their traditional (often hated) performance appraisal processes. Our groundbreaking research in 2011 discovered that companies which regularly revisit their goals (quarterly or even more often) dramatically outperform those which create annual cascading-goal<sup>27</sup> programs. The dynamic nature of global business makes it necessary for performance management to become “agile” and “real-time.”<sup>28</sup>

<sup>27</sup> “Cascading goals” is the process of adopting goals at different levels within a company to ensure alignment between the organization’s objectives and employees’ activities and goals.

<sup>28</sup> For more information, “The Agile Model comes to Management, Learning, and Human Resources,” Bersin & Associates / Josh Bersin, September 17, 2011, available at <http://www.bersin.com/blog/post/The-Agile-Model-comes-to-Management2c-Learning2c-and-Human-Resources.aspx>.

**PREDICTIONS****Performance management**

continues to be a frustration point and, in 2012, organizations will further evolve to agile models of goal-setting and performance coaching.

Underlying all of these changes, our research continues to show that the ability for managers to be coaches is the number one driver of organizational impact.

What is “agile” performance management? The concept is very similar to agile software development – rather than put the manager in the middle of the appraisal process and use a “waterfall” approach which reviews employees once per year, create a more continuous, dynamic and transparent model of feedback. New tools (from companies like Rypple, Achievers, GloboForce and many others) are now helping organizations recreate their performance processes.

What our *High-Impact Performance Management*<sup>®</sup> research showed is that companies tend to dislike their current appraisal process, and that the high-impact part of the process is continual goal review, coaching, feedback and development planning. Companies like Kelly Services are starting to completely do away with annual appraisal scores, and put in place a dynamic, real-time model for coaching, assessment and feedback. Our research fully supports this direction. Companies that revise and update goals quarterly generate more than 30 percent greater impact from their performance management processes than those which implement the old-fashioned annual review.<sup>29</sup>

Back in 2006, we defined the two broad philosophies of performance management – the “Competitive Evaluation” Model and the “Coaching and Development” Model.<sup>30</sup> As the labor markets have tightened, we have seen a continual shift toward the latter – companies realize that, while they must still weed out the low performers and drive execution, it is even more important to coach people to perform better – and potentially move them into better roles.

In 2012, I think this topic will gain traction – and we will see many more large organizations redesign their performance management processes to be more agile, transparent and development-centric. Our new

<sup>29</sup> For more information, *High-Impact Performance Management: Designing a Strategy for Effectiveness*, Bersin & Associates / Stacia Sherman Garr, August 2011. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/hipm](http://www.bersin.com/hipm).

<sup>30</sup> The “Competitive Assessment model” assumes that organizations improve through a process of “rigid individualism” in which employees are ranked and rated against each other, driving performance on a comparative basis. The “Coaching and Development model” assumes that people best perform through careful selection, then coaching, development and continuous focus on job fit.

Performance Management Framework<sup>31</sup> will help you to see how the entire process fits together.

**Figure 5:** The Bersin & Associates Performance Management Framework®



Source: Bersin & Associates, 2011.

## 8. Talent Mobility Strategies Will Become Mainstream

The next big trend is talent mobility – the term, which we coined in 2006 in our *High-Impact Succession Management®* research<sup>32</sup>, is now white hot.

<sup>31</sup> For more information, *The Performance Management Framework: Evolving Performance Management to Fit the Modern Workforce*, Bersin & Associates / Stacia Sherman Garr, May 2011. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com](http://www.bersin.com).

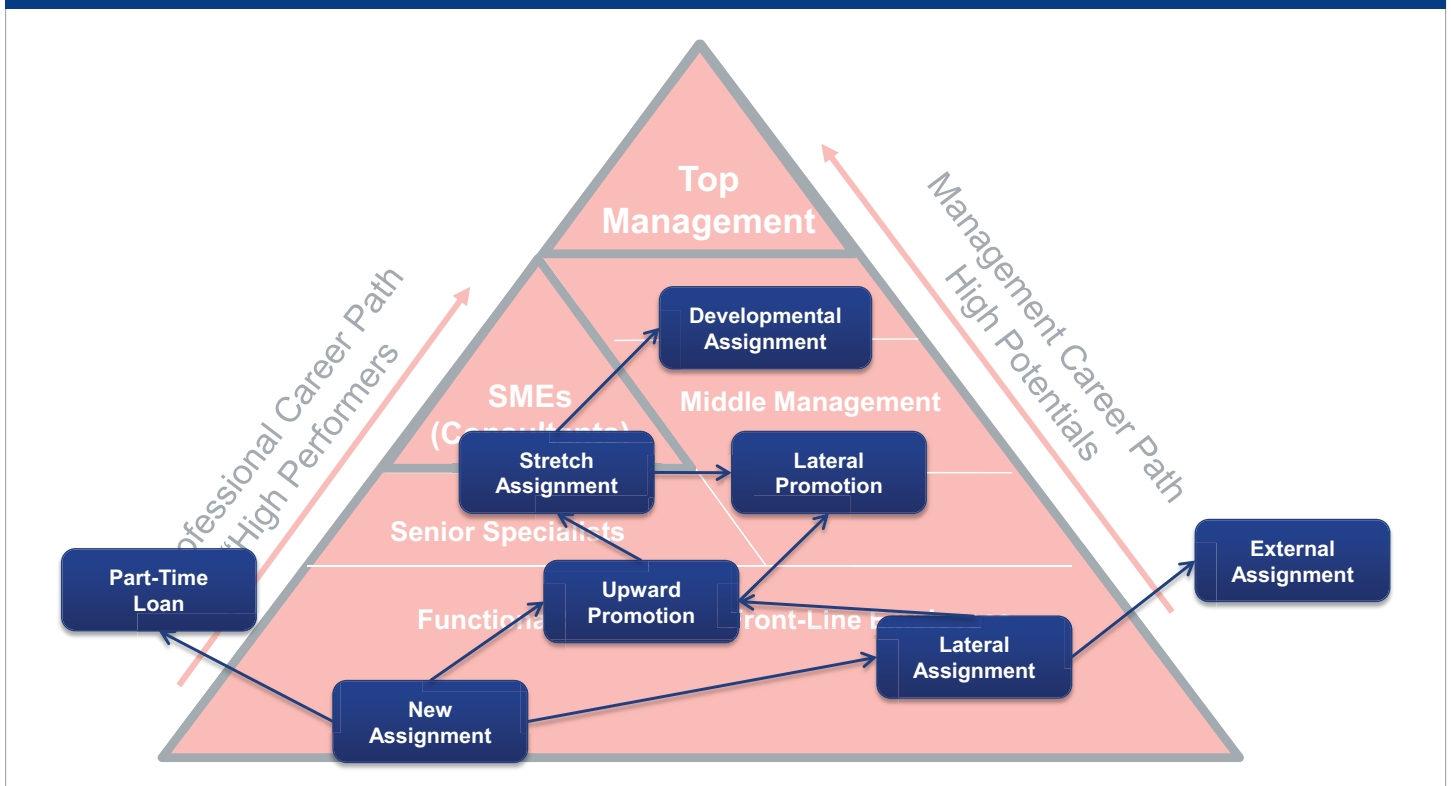
<sup>32</sup> For more information, *High-Impact Succession Management: Best Practices, Models and Case Studies in Organizational Talent Mobility*, Bersin & Associates / Kim Lamoureux, April 2009. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/hism](http://www.bersin.com/hism).

As I previously discussed, several of our largest clients just renamed their talent management teams as “talent acquisition, development and mobility.” This trend illustrates the desperate need organizations have to create a more dynamic process for internal movement. This is good for peoples’ careers, good for employee engagement and saves money on recruiting – to say nothing of the fact that talent mobility allows companies to hold onto their highly trained people.

There are three parts to this puzzle:

- Defining what talent mobility means in your organization;
- Implementing some strategy for talent mobility; and,
- Managing talent mobility (*the hardest part*).

**Figure 6:** Implementing True Talent Mobility



Source: Bersin & Associates, 2011.

## PREDICTIONS

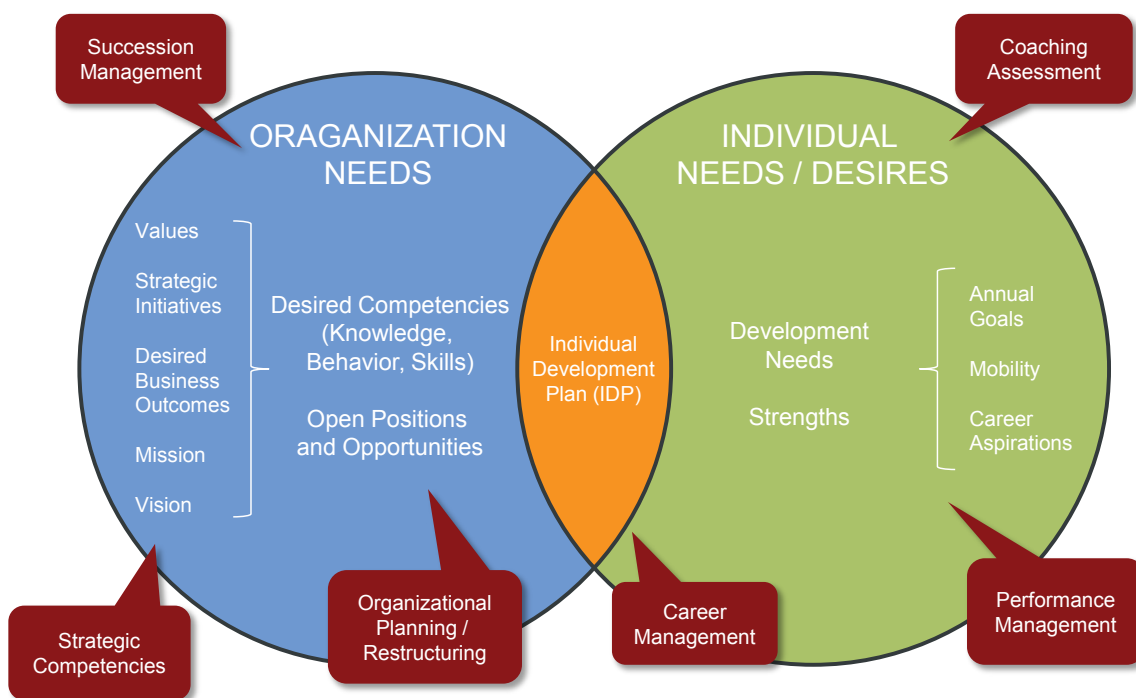


In 2012, “architected talent mobility” will become a formal discipline with HR and talent management.

As Figure 6 shows, there are many “paths” for talent mobility and your organization must be comfortable with each of the patterns you want to adapt. Mobility must respect the fact that organizations need two types of progression – professional (or functional) and managerial. Our research shows that high-impact organizations do not just “tolerate” such movement, they embrace and force it. Intel, for example, forces senior engineers to change programs every three to four years, so that they take all the knowledge they have learned and bring it to a new team. Such movement may go against many ingrained management values (i.e., hoarding people, building deep levels of expertise), but our research shows that well-architected mobility is key to success.

Why is this so important? Because, quite frankly, businesses are moving very quickly today – and talent-mobility strategies help you to rapidly adapt to whatever will come next. Companies with strong talent mobility strategies can more easily acquire, divest, downsize or merge. This is not to say that mobility should be “unmanaged”; rather, you must build managerial expertise to manage the process. As previously mentioned, talent mobility reduces the cost of recruitment, improves engagement, increases skills specialization and overall is just good business.

**Figure 7: Managing Talent Mobility**



Source: Bersin & Associates, 2011.

As Figure 7 shows, managing talent mobility takes place at the individual level. Ultimately, mobility comes down to a great set of skills and practices for development planning and talent assessment, coupled with a philosophy of career development and transparent talent movement.

Is talent mobility just a new word for succession management? No, not at all – the traditional approach to succession management is “replacement planning.” Talent mobility is really the most mature and advanced form of succession.<sup>33</sup> In 2012, we will see more organizations take this entire process seriously and we believe talent mobility deserves its own place as a core discipline within HR.

## 9. Organizations Will Accelerate Their Focus on Career Development

### PREDICTIONS



Organizations must

reengineer and revitalize their career development models to thrive in 2012 and the coming years.

Talent mobility of course leads to the topic of career development.

Why would an individual move to another job? Because it is in his / her own career interests.

Many years ago we looked at four “types” of career development and tried to understand the impact of each.

- **Type 1: Manage Your Own Career** – The “rugged individual” model, through which each employee finds his / her own career path within the organization.
- **Type 2: Supervisor-Driven Career Management** – Your individual manager takes responsibility for helping you with your career.
- **Type 3: Functional Career Management** – A business function (e.g., IT, marketing) creates its own career paths and models, and people within that function learn how to progress and advance similarly to others in that function.
- **Type 4: Enterprise Career Management** – A company looks at careers across the organization in an enterprise model.

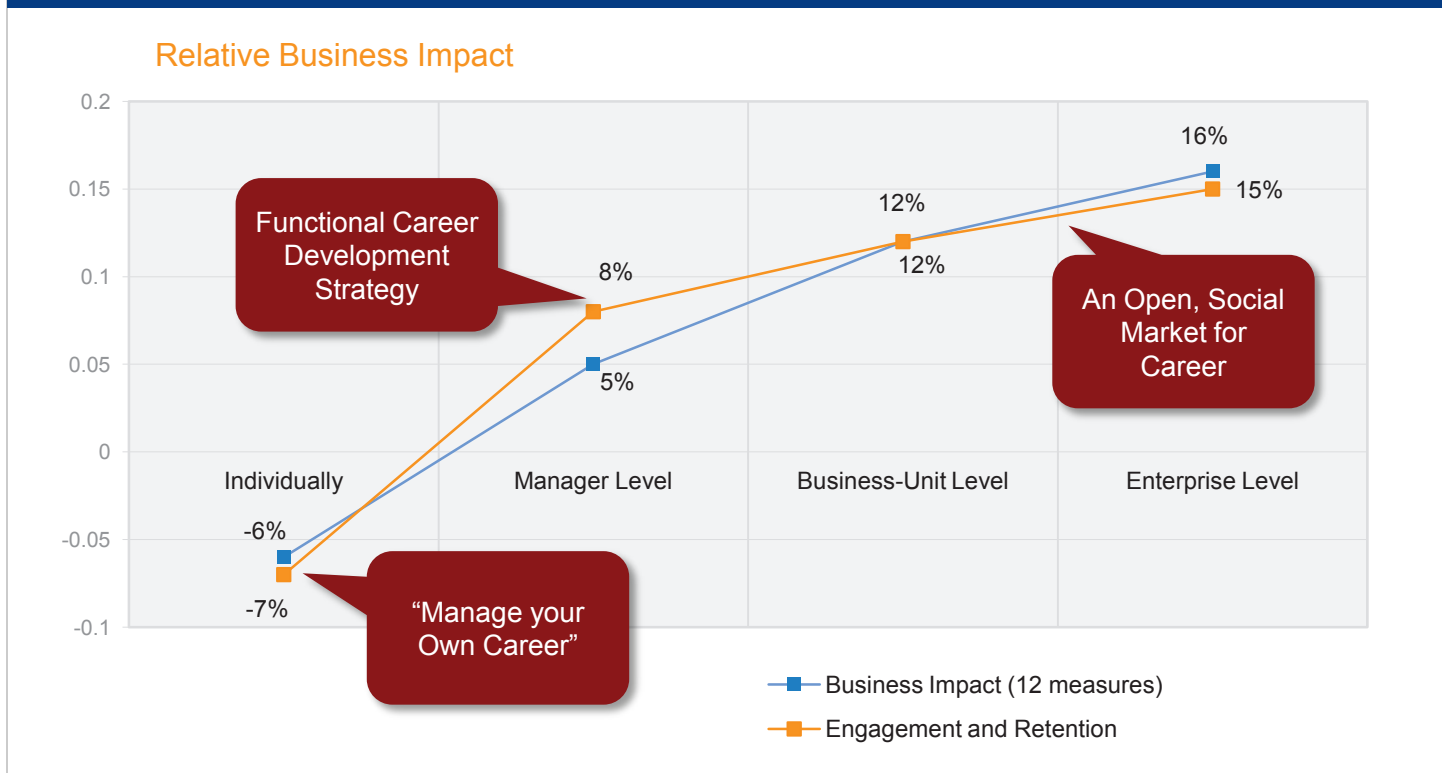
<sup>33</sup> For more information on our Succession Maturity Model and talent mobility, *High-Impact Succession Management: Best Practices, Models and Case Studies in Organizational Talent Mobility*, Bersin & Associates / Kim Lamoureux, April 2009.

Our research found several things. First, we found that Type 1 creates a negative impact on company performance. When you tell an employee to “manage his / her own career,” you are telling them that you do not really care. Some will manage well, but most will manage themselves out of your company.

Second, we found a huge improvement in outcomes when you move from Type 1 to 2. Just having managers and supervisors trained and equipped to help people with career management has a huge impact. In order to accomplish this, we have to give managers the tools and models to use, of course.

Third we found that Type 3 had an impact, but less steep than Type 2, and Type 4 had very little improved impact. This is because implementing functional and enterprise career management is much harder, and it takes years to build.

**Figure 8: Career Development Models**



Source: Bersin & Associates, 2011.

Now, in 2012, thanks to social tools, the world has changed again. Enterprise career management is possible, using an open, social approach. Imagine a system in which you can go into your own company's online portal and look at "similar careers" to yours – and see not only what career paths are defined, but what other high performers<sup>34</sup> have done to succeed. If your organization has an open talent-mobility strategy (i.e., managers are encouraged to hire from within and managers do not hoard employees), then you could actually "build your own career" much more easily. If this social career portal was enterprisewide, then you could actually look at many new roles across the organization.

**KEY POINT**

Companies that have learned to build transparent career management and mobility programs are greatly outperforming those that have not.

This is the future of career development. New tools (from startups like UpMo and Zapoint, as well as new social career tools from Taleo, SuccessFactors, SilkRoad and other talent management vendors) are now making this possible.

Expect career development to explode in 2012, with young employees now more motivated by career interests than salary, promotion or anything else. Our 2011 research found that development planning, talent mobility and career development expertise are, in fact, the greatest drivers of business impact in all of talent management (*not software, sorry vendors*). Companies that have learned to build transparent career management and mobility programs are greatly outperforming those that have not.

## 10. Social Rewards, Social Learning, Social Performance Management, Social Recruiting, Social Career Management Will All Take off in 2012

The two biggest buzzwords this year will be "social" and "mobile." (*I would like to see the word "agile" included in there and we will talk a lot about "agility" at IMPACT 2012<sup>35</sup>.*) In 2012, we will see the practices of "social" start to revolutionize rewards and recognition, learning, performance management, recruiting, and career management.

<sup>34</sup> A "high performer" is an employee who is a key contributor, demonstrates high performance, is capable of a lateral move, may be qualified for a broader role within the same profession; and, has reached the potential to move "upward" in a management capacity.

<sup>35</sup> For more information on IMPACT 2012, please visit <http://impact.berstein.com/>.

**PREDICTIONS**

“Social” is not  
a set of tools

– it is now a new set of  
disciplines for recruiting,  
learning, performance  
management, rewards and  
career management.

Social tools and solutions in HR have the following major elements.

- **Employees Are All Peers** – In a “social” HR solution, all employees can communicate with each other at any level.
- **Information Is Transparent** – In a “social” solution, whatever you say or post is available for others to see. Tools like “activity streaming” and “subscriptions” make this easy to manage.
- **Employees Have Rich Profiles** – In a social system, people are not anonymous – quite the opposite, in fact. They are even more “open” than ever, so we need to let people post information about their experiences, skills, languages, certifications and even how they have fun. People become “real” online.
- **People Can Upload and Share Many Forms of Rich Content** – We must let people share files, photos, videos and virtually anything they want.
- **Comments, Ratings, Leaderboards and Badges Are Common** – People can rate things, make comments, and become rated or badged based on various classifications. Our new bulletin on *The Gamification of HR36* explains this in more detail. But, ultimately, what these systems do is give people a highly engaged, gaming-like experience online.
- **These Systems Link Directly with Major Outside Networks, Like Facebook and LinkedIn** – I know that most HR departments are still afraid of these networks, but people want and expect to be able to share information between them.

Once you understand what all these capabilities are, you will see how social tools and technologies will shake up and dramatically change rewards, learning, performance management, recruiting and career management. Briefly, let me highlight each of these new spaces.

- **Social Rewards and Recognition** – The two leading vendors in this market, Achievers and Globoforce, have demonstrated that peer-to-peer recognition programs are revolutionizing the \$48 billion industry for traditional employee recognition. We are implementing this type of program in our own company.

<sup>36</sup> For more information, *The Gamification of Corporate Human Resources*, Bersin & Associates / Josh Bersin, November 3, 2011.

 ANALYSIS

In 2012, we will see the practices of “social” start to revolutionize rewards and recognition, learning, performance management, recruiting, and career management.

- **Social Learning** – Anyone in the training industry knows that “social learning” is one of the biggest trends in training. Rather than focus 100 percent of our time on instructional design and delivery, we can connect people to experts, and enable specialists to upload and share information with anyone who needs it. Companies (like IBM, BT, The Cheesecake Factory, Starbucks and hundreds more) are doing this today – and saving money at the same time. In 2012, if you do not have a social learning strategy, you will fall behind.
- **Social Performance Management** – As mentioned previously, this is a trend which is slowly picking up steam. While fewer than five percent of organizations have such a model today, in 2012 we will see more and more examples of companies replacing top-down appraisals with a far more social approach. Consulting firms and IT engineering firms have done this for years (examples of people receiving feedback from team leaders in conjunction with line managers). We will see this model hit customer service, healthcare and other industries in 2012.
- **Social Recruiting** – Clearly this is a huge trend – and already more than a \$12 billion marketplace. Innovative companies (like BranchOut, JobVite, HireVue and hundreds of others) are coming up with creative new social recruiting tools every day.
- **Social Career Management** – A new and emerging market, in 2012 it will start to take form.

You as an HR or L&D leader should become aware of these new trends, and slowly start to examine each for your organization’s strategy.

## 11. New Models, Diversity and “Girl Power” Will Drive Leadership Strategies

One of the biggest lessons our research points out is that HR, L&D, and talent management professionals really do not “do” talent management – line leaders do. So, in many ways, the most important drivers of talent management success are the skills, capabilities and tools available to line managers. Talent management is led by management; your role is to facilitate this process. This is why we specifically focus an entire practice on leadership development and succession management.

In every study we do, including our 2011 *TalentWatch*® research, we find that the single biggest issue that keeps top HR executives up at night is

the capability and pipeline of leaders in the company.<sup>37</sup> In 2012, because of the increasingly young workforce we have, organizations are going to experience growing pressure to build new leaders. In 2011, one of the most frequent questions we received was, “How do we identify and build emerging leaders?”

In addition to this focus in 2012, there is something else happening. The nature of “great leadership” has changed. The “borderlessness” of the workplace, coupled with the increasingly diverse, flattened and global nature of companies, has changed the nature of great leaders. While there will always be a handful of “command and control,” brilliant Steve Jobs-type leaders in the world, the vast majority of business leaders must operate differently.

In our recently published *High-Impact Leadership Development* study<sup>38</sup>, we identify some of the key competencies of 21st-century leaders. (See Figure 9.)

**Figure 9: Core and 21st-Century Leadership Competencies**

Core Leadership Competencies	21st-Century Leadership Competencies
<ul style="list-style-type: none"> <li>• <b>Integrity / Ethics</b> – This is the foundation; you must tell the truth and do the right thing.</li> <li>• <b>Visioning / Strategy</b> – Leaders need to point the way and develop compelling plans.</li> <li>• <b>Results Focus</b> – Leaders must have bias for action and be relentless about getting things done.</li> <li>• <b>Judgment</b> – A great differentiator, it seems you either have it or you do not.</li> <li>• <b>Passion / Optimism</b> – Effective leaders exude positive energy.</li> <li>• <b>Team Building</b> – Great leaders hire and surround themselves with great talent.</li> <li>• <b>People Development</b> – People flock to leaders who have a reputation for growing talent.</li> <li>• <b>Accountability</b> – Leaders have to accept and create a culture of accountability.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Innovation</b> – Leaders must think creatively, while taking initiative and calculated risks, have vision beyond the immediate situation, explore and integrate diverse perspectives, and recognize unexpected opportunities.</li> <li>• <b>Agility</b> – Visionary, collaborative, creative and proactive learning from prior experiences enables leaders to direct sustained success.</li> <li>• <b>Global Acumen</b> – Leaders must have global business acumen, world views and perspectives, and global people leadership and global business knowledge.</li> <li>• <b>Emotional Intelligence</b> – A leader must recognize and understand emotions, and manage personal, individual and team performance using such awareness.</li> <li>• <b>Management of Diverse Workforces</b> – This competency describes how leaders perceive others, and how those perceptions affect their interactions, communication, adaptability and change management.</li> </ul>

Source: Bersin & Associates, 2011.

<sup>37</sup> For more information, *TalentWatch*® Fourth Quarter 2011: Uncovering Realities for the Next Economy, Bersin & Associates / Josh Bersin and Kim Lamoureux, December 2011.

<sup>38</sup> For more information, *High-Impact Leadership Development*, Bersin & Associates / Laci Loew and Stacia Sherman Garr, October 2011. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/hild](http://www.bersin.com/hild).

As Figure 9 shows, many of the leadership competencies needed today focus on team-building, global and multicultural awareness, the ability to influence change, and creativity and innovation. Command and control leaders are being replaced by high-powered influencers and strategists.

There are many other “new best practices” for leaders that we will see in 2012.

## PREDICTIONS



In 2012,  
organizations

must rethink their leadership models to embrace demands for diversity, global awareness, communications, speed and agility in their workforces.

- **“Girl Power”** – According to recent research by McKinsey<sup>39</sup>, between 1970 and 2009 women went from holding 37 percent of all jobs to nearly 48 percent. Seventy-six percent of women now work and 58 percent of all college degrees go to women. Even more importantly, Catalyst found that companies with significant female board representation had a 26 percent greater return on capital invested.

Yet the same research also found that only 14 percent of top executive positions are held by women. In 2012, organizations must seriously focus on the development and succession of top women leaders. I credit IBM with leading this charge – Virginia Rometti, now the CEO of IBM, is the highest-ranking CEO of any large U.S. company (*which was recently followed by the appointment of Meg Whitman at HP*).
- **Diversity** – More and more of our research shows that diversity provides strategic value. Textron, a long standing client of Bersin & Associates, compared the business-unit performance of several product groups and found that “more highly diverse” teams outperformed others. Diversity creates debate, new ideas and innovation – and, in today’s global workplace, organizations which value diversity outperform those that do not.
- **Executive Commitment to Leadership Development** – Finally, our research continues to point out that only when top executives take an interest in building strong leaders (and driving the culture around leadership) do leadership cultures emerge. In 2012, any HR or talent management leader must make sure that he / she engages the CEO in the leadership development strategy.

<sup>39</sup> Source: “Unlocking the full potential of women in the US economy,” McKinsey & Company / Joanna Barsh and Lareina Yee, April 2011, [http://www.mckinsey.com/en/Client\\_Service/Organization/Latest\\_thinking/Unlocking\\_the\\_full\\_potential.aspx](http://www.mckinsey.com/en/Client_Service/Organization/Latest_thinking/Unlocking_the_full_potential.aspx).

Many companies we talk with have not revisited their leadership models and competencies for years. In 2012, we urge companies to dust off these models and look at them in the face of today's workplace.

## 12. Talent Management Software Market: Growth, Convergence and Disruption

### PREDICTIONS



The talent management software market will continue to grow, but will start to be disrupted by bigger players and agile startups.

We invest very heavily in the study of the solution provider marketplace for talent management and strategic HR software, tools and services. In 2011, we published many major reports on these markets, including our *Talent Management Systems Buyers Guide*<sup>40</sup>, *Talent Management Systems 2012*<sup>41</sup>, *Learning Systems 2011*<sup>42</sup> and *Talent Acquisition Systems 2011*<sup>43</sup>. During this process, we have a chance to see hundreds of product demonstrations, meet with hundreds of customers for these products and services, and work directly with vendor engineering, product and marketing teams.

Our assessment is that the talent management software market is undergoing a major change, with market disruption beginning to take place. Some of the major trends we will see in 2012 include the following.

- **Continued Growth** – The markets for recruiting, performance management, learning and compensation software now combine to be much more than \$3 billion, and we expect this market to grow by 12 percent to 15 percent in 2012.

<sup>40</sup> For more information, *Talent Management Systems Buyer's Guide*, Bersin & Associates / Josh Bersin and Katherine Jones, November 2011. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/tms](http://www.bersin.com/tms).

<sup>41</sup> For more information, *Talent Management Systems 2012*, Bersin & Associates / Josh Bersin and Katherine Jones, September, 2011. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/tms](http://www.bersin.com/tms).

<sup>42</sup> For more information, *Learning Management Systems 2011: The Definitive Buyer's Guide to the Global Market for Learning Management Solutions*, Bersin & Associates / David Mallon, December 2010. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/lms](http://www.bersin.com/lms).

<sup>43</sup> For more information, *Talent Acquisition Systems 2011: Facts, Practical Analysis, Trends and Provider Profiles*, Bersin & Associates / Madeline Laurano and Sarah White, March 2011. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/tas](http://www.bersin.com/tas).

 **KEY POINT**

The “heavy lifting” in talent management is in strategy development, process design, training of leaders, change management and the continuous monitoring of these processes – and in the analysis of the data which comes out of these systems.

- **Interest in Single Vendor Solutions** – Companies want an integrated talent management system and they want to get rid of standalone systems as soon as possible. Almost 40 percent of the companies we surveyed this year are willing to sacrifice functionality in order to find a single vendor solution.
- **Bigger Vendors Getting Bigger** – Driven by these two factors, smaller talent management vendors are either being acquired or are focusing on smaller marketplaces. There is still a huge market for vertical solutions (e.g., vendors that focus on healthcare, etc.), but the bigger companies are getting bigger.
- **Expanding the Definition of Talent Management** – The definition of what “talent management” software does is expanding. We expect to see most talent management vendors releasing social recruiting tools, career management tools, advanced analytics tools and mobile solutions. Nearly all vendors are trying to add mobile, social and consumer-like / Facebook-like user experiences.
- **Lower Levels of Customer Satisfaction and Low User Adoption** – Customers are less satisfied than most people realize. Our *Talent Management Customer Experience* study<sup>44</sup> this year showed that most buyers rate their solutions around 3.3 on a scale of one to five in total satisfaction. The main reason revolves around ease of use and the difficulty in rolling out these systems. So vendors and consultants still have a lot of work to do.
- **Disruption of Current Players by Social Talent Tools** – The emergence of social recruiting, social performance management, social learning, social career management and social rewards is going to disrupt the market. Most of the bigger companies in this market are now seven to 10 years old, so their software, while widely used, was designed *before* social tools existed. In every one of these categories, there are 30 to 40 hot startups trying to disrupt the major players – not all of them will be bought.

<sup>44</sup> This information is based on our current research on the topic of customer experience, the report for which is due to be published by the end of 2011.

- **ERP and HRMS Players Entering the Market** – Oracle, SAP, ADP, Accenture and IBM continue as big players in the acquisitions market. These bigger companies are likely to acquire some of today's players over the next few years, so it is more important than ever that buyers select a vendor that appears to have "staying power."

**KEY POINT**

Modern HRMS software is more flexible, easier to use and provides a far more integrated set of data for decision-making.

Over the many years of studying this market, we are continually reminded that "talent management software" does not deliver "talent management." The "heavy lifting" in talent management is in strategy development, process design, training of leaders, change management and the continuous monitoring of these processes – and in the analysis of the data which comes out of these systems.

The other trend in HR software is the steady and accelerating replacement of old HRMS systems<sup>45</sup>. Now that Oracle is selling Fusion, ADP will be selling Vantage HCM, and Workday, Ultimate, Lawson and SilkRoad are actively selling SaaS-enabled<sup>46</sup> HRMS software, we are seeing a major replacement cycle start. Larger organizations are filled with legacy Oracle, PeopleSoft, and other HRMS and payroll applications – and the pain and expense of maintaining all of these systems is pushing many companies to SaaS. The jury is out on whether or not SaaS-based HRMS software actually costs less (*basically, you are shifting from license and maintenance fees to leasing fees*), but there is no question that modern HRMS software is more flexible, easier to use and provides a far more integrated set of data for decision-making.

<sup>45</sup> A "human resources management system" (HRMS) is typically defined as the core system of record that allows entry, validates, maintains and presents data necessary for the administration and management of employees of an organization. The HRMS maintains multiple layers of information, along with the associated data management processes.

<sup>46</sup> "Software as a Service" (or SaaS) refers to the business of selling software over the Internet as a web service. In this business model, the software vendor charges an annual "rental" fee and can predict recurring revenues far more reliably than with the licensed software model. As SaaS becomes proven and the delivery strategies more refined, most analysts agree that more and more enterprise software will be sold in this way.

## 13. Big Data: Data Science and Talent Segmentation Will Differentiate Leading Organizations

### PREDICTIONS



Data science within HR

will become a hot topic, and organizations will differentiate themselves by focusing on smart talent segmentation and analysis.

This leads me to our next prediction. In 2012, the terms “Big Data” and “Data Science” will start to impact HR. Outside of the HR world, there is an enormous explosion of investment in data science. Companies are now sitting on nearly seven exabytes<sup>47</sup> of data (*an exabyte is 40,000 times all of the data in the U.S. Library of Congress*). They are building new systems and teams to analyze this data in all major industries.

But when we look at human resources, we find a general lack of skills in data analysis. In our *High-Impact HR* research<sup>48</sup>, we found that only six percent of HR teams rate themselves “excellent” in data analysis and interpretation, while 56 percent rated themselves “poor.” McKinsey<sup>49</sup> sees this talent gap throughout business – their newest research forecasts a shortage of 180,000 “data analysis” experts in the U.S. in the next three years.

The big complaint most companies have is that there are no standard places to find data about people, so it is very difficult to collect information. In 2012, this problem will start to go away – in fact, it is far easier to find talent-related data than most people think. But you have to know what you are looking for.

All of our research shows that organizations can quickly and easily “segment their talent” to identify who and why certain groups perform better than others. One of our major clients is analyzing its sales productivity right now and found something counterintuitive – sales productivity is directly linked to tenure (even more than to skills or to background) and this relationship continues for up to 15 years! They are now working to diagnose the skills development that takes place during these 15 years to develop a much more rigorous training program to steepen the productivity curve for newer employees.

### ANALYSIS

In 2012, we expect (*and will promote*) a major emphasis on building strong “data science” or analytics teams within HR.

<sup>47</sup> One “exabyte” equals one billion gigabytes or one million terabytes.

<sup>48</sup> For more information, *The High-Impact HR Organization: Top 10 Best Practices on the Road to Excellence*, Bersin & Associates / Stacey Harris, January 2011. Available to research members at [www.bersin.com/library](http://www.bersin.com/library) or for purchase at [www.bersin.com/hihr](http://www.bersin.com/hihr).

<sup>49</sup> Source: “Big data: The next frontier for innovation, competition, and productivity,” McKinsey & Company, May 2011, [http://www.mckinsey.com/mgi/publications/big\\_data/index.asp](http://www.mckinsey.com/mgi/publications/big_data/index.asp).

All organizations can do this kind of work, but you need to have focus and skills. In 2012, we expect (*and will promote*) a major emphasis on building strong “data science” or analytics teams within HR. We will be highlighting this trend in much of our research at our IMPACT Conference this year<sup>50</sup>, and we recommend that any HR team which does not yet have an “analysis” team should think about building one. Our research will help you develop this capability.

If you have not read the book (or seen the movie) *Moneyball*, I highly recommend it. This is a story about how to hire the right people using the right data. With all the talent challenges we will see in 2012, it is clear to me that companies which understand how to analyze and use data will greatly outperform those that do not have these skills.

## 14. High-Performing Businesses Will Focus on “Reskilling” HR Teams

### PREDICTIONS



Winning  
HR, talent

and leadership teams will reskill themselves on new, modern practices in leadership and talent management.

Our final prediction is this – human resources, training, recruiting and HR generalists are all going to have to go back to school in 2012. There are so many new approaches, tools and solutions in the market today that any strong HR team must invest in reskilling itself. According to the U.S. Department of Labor, HR careers are one of the fastest-growing roles in the next six years. This is true because the workforce and workplace desperately need help with the issues I have highlighted here.

Think about the numbers. Our new *HR Factbook*<sup>51</sup> shows that, on average, a company has around 140 to 150 employees per HR staff member and management span of control is around seven. So, if you are a company with 20,000 employees, you are likely to have 150 to 200 HR staff supporting up to 2,700 line leaders. These HR generalists and staff provide huge leverage in your ability to impact change in the organization – and our research shows that fewer than 15 percent of all HR organizations have any type of formal training program for their

<sup>50</sup> For more information, please visit <http://impact.berstein.com/>.

<sup>51</sup> For more information, *HR Factbook 2011*<sup>®</sup>: *Benchmarks and Trends in HR Spending, Staffing and Resource Allocations*, Bersin & Associates / Karen O’Leonard, June 2011. Available to members at [www.berstein.com/library](http://www.berstein.com/library) or for purchase at [www.berstein.com/hrfactbook](http://www.berstein.com/hrfactbook).

own people. In 2012, highly effective organizations are going to have to train and reskill their HR teams – and we are in the middle of launching a major set of tools (Bersin*Basics*®) to help you with this important effort.

In many ways, this is one of the most exciting times to be working in HR. Never before have there been so many opportunities to add value to the organizations you support.

## A Final Word



### KEY POINT

In 2012, we will be greatly expanding our offerings to include learning materials, news, mobile access, a social and community offering, and an even more dynamic user experience on our website.

We as an organization have grown significantly in 2011 and will continue to do so in 2012. We now cover the five practices of talent acquisition, talent management, leadership and succession, learning and development, and strategic HR. In each of these practices, we invest heavily in the understanding of best practices, trends and solution providers using our proprietary *WhatWorks®* methodology<sup>52</sup>. In 2012, we will be greatly expanding our offerings to include learning materials, news, mobile access, a social and community offering, and an even more dynamic user experience on our website.

But what makes us excited is not just doing research and providing you with great tools and information, it is talking with you. We are a “customer-intimate” company – which means we want to hear from you. If you have any comments, insights or additional information you would like to discuss with us, I hope you will give us a call at (510) 251-4400.

## Regarding This Research

We will be presenting highlights of this research at webinars and other events<sup>53</sup> throughout the coming year. If you are interested in benchmarking your organization against the best practices developed in this report, please contact us. Our *WhatWorks®* Benchmarking<sup>54</sup> service will provide your organization with the data, recommendations and strategic insights to best determine how we can of service to your organization.

<sup>52</sup> Bersin & Associates’ proprietary “WhatWorks® research methodology” uses the concepts of “measures” (outcomes) and “dimensions” (the factors that may or may not contribute to these outcomes) to understand best practices, trends and solutions.

<sup>53</sup> For more information on our upcoming events and webinars, please visit <http://www.bersin.com/News/Events.aspx>.

<sup>54</sup> Bersin & Associates provides advisory services to help readers understand and use this information to create a world-class training organization. Please contact us at [info@bersin.com](mailto:info@bersin.com) or visit [www.bersin.com/benchmarking](http://www.bersin.com/benchmarking) for more information on our benchmarking services.

## Come Visit with Us

We are continuing to expand our workshop and events program to bring research and best practices to your organization. In particular, we encourage you to attend our yearly research conference, IMPACT: The Business of Talent<sup>55</sup>. We hope you will join us, and many other senior HR and L&D executives as they share their experiences and best practices with you.

## Join Our Research Membership Program

Did you get a lot of valuable information from this report? If you like our research and would like to have complete access to more than 20,000 pages of research, case studies, analyses and bulletins, please consider joining our research membership program. Research members have access to all Bersin & Associates research and advisory services, as well as special discounts to our events and workshops. You can learn more by visiting [www.bersin.com/membership](http://www.bersin.com/membership) or calling us at (561) 455-0622.

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<sup>55</sup> For more information, please visit <http://impact.bersin.com/>.

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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) 251-4400.

## About This Research

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