
Strategic Dynamics of the Corporate Learning Industry

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The Context

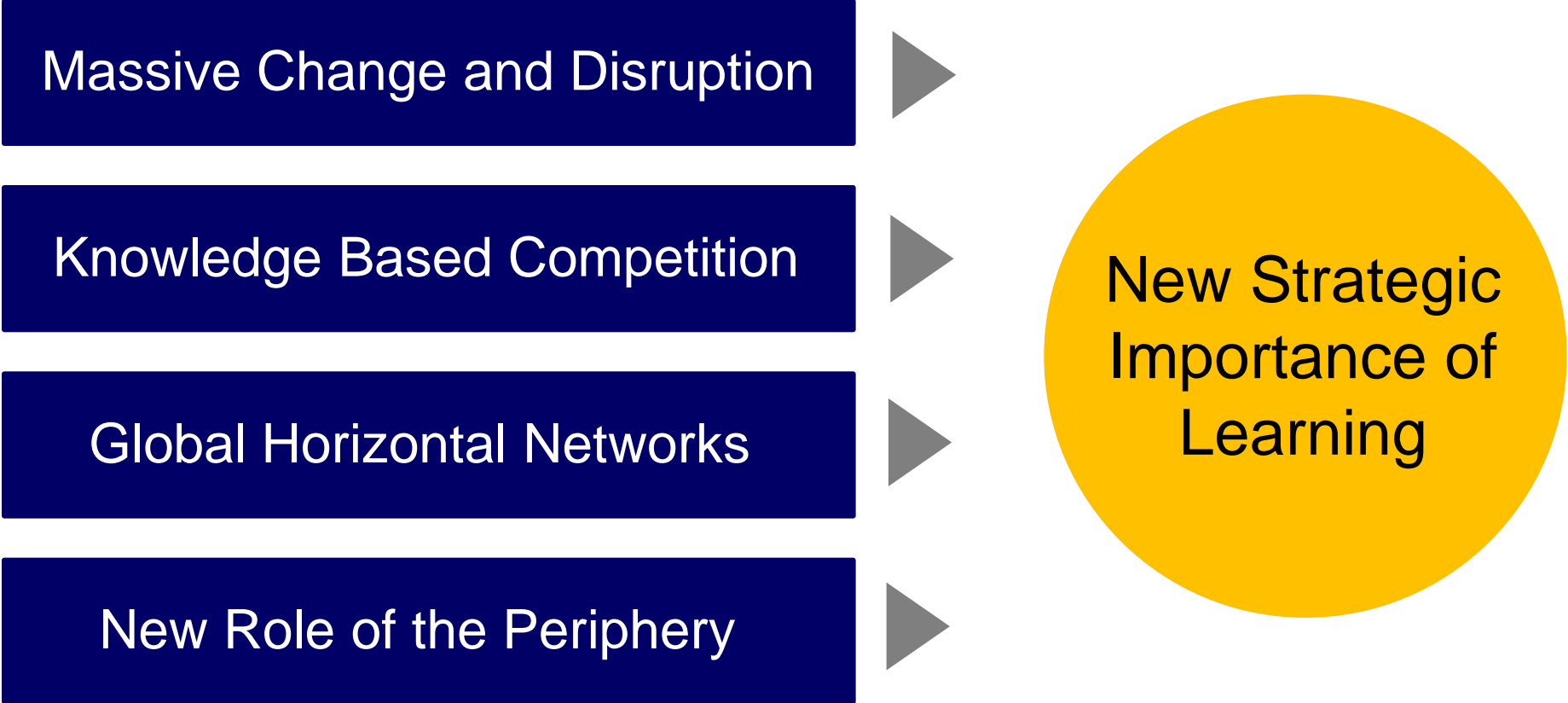
Learning is Gaining Strategic Importance – for the Sustainability of Societies and Corporations Alike

Massive Change and Disruption

Knowledge Based Competition

Global Horizontal Networks

New Role of the Periphery



New Strategic
Importance of
Learning

What is Learning Anyway?

Knowledge Transfer and formal learning is only a very small part of the equation



**The Cartesian paradigm:
Mechanistic, restricted to the cognitive, one way street**

The Essence of Learning

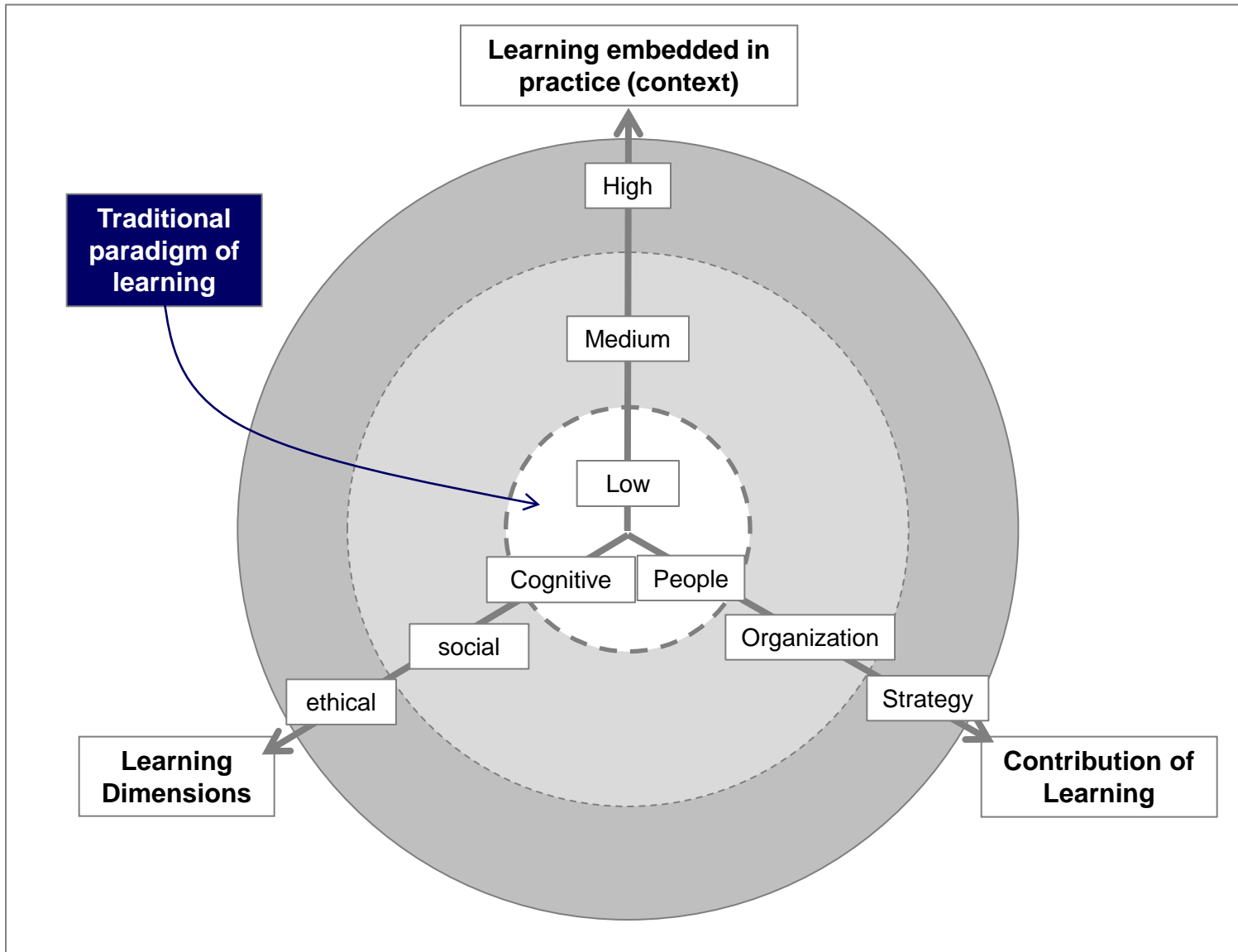
negotiating meaning to create a shared understanding of the world

Happens all the time,
mainly in informal settings



**The participative paradigm:
Dynamic, social, tapping into the mutual expertise of learners**

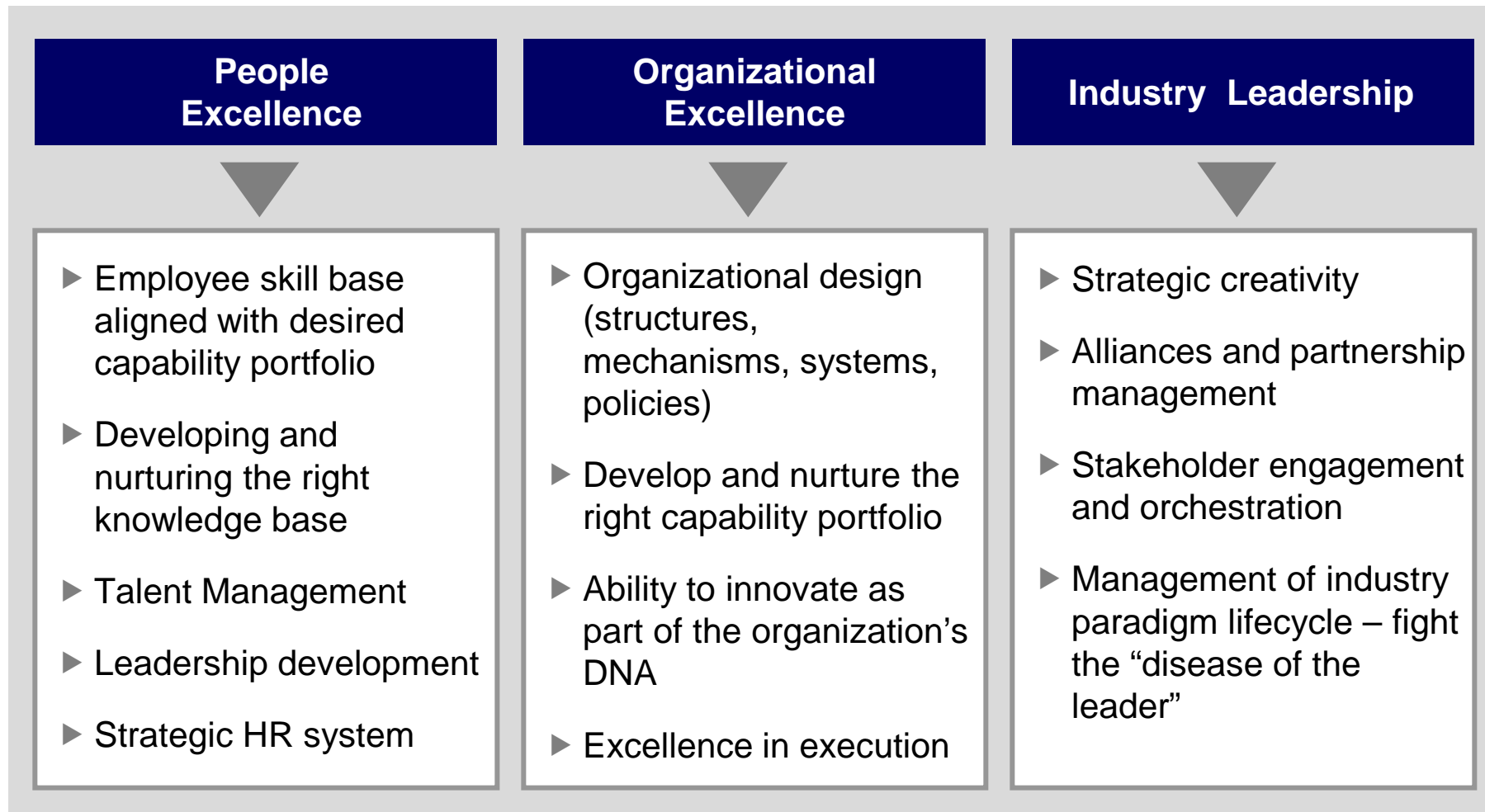
The Corporate World Moves Towards a New Paradigm of Learning



To Be Effective, Learning Must Address More Dimensions Than Just the Cognitive Domain...

Topical Learning	Ability to reproduce facts and knowledge about topics
Analytical Learning	Critical assessment of knowledge, ability to establish creative connections between different paradigms, etc.
Emotional Learning	Personal Growth, self management, authenticity, charisma, integrated personality
Social Learning	Role flexibility, self distance, ability to effectively act within the immediate social micro system
Political Learning	Ability to maneuver effectively within the dynamics of large systems, manage power beyond the immediate social context
Ethical Learning	Internalization of universalistic ethical principles, ability to think and act socially and ecologically responsible (global citizenship)
Actional Learning	Ability to act, take risks, implement ideas, apply all of the above for effective action

... and Organizations Need More Than Just Smart People



People | Organization | Strategy

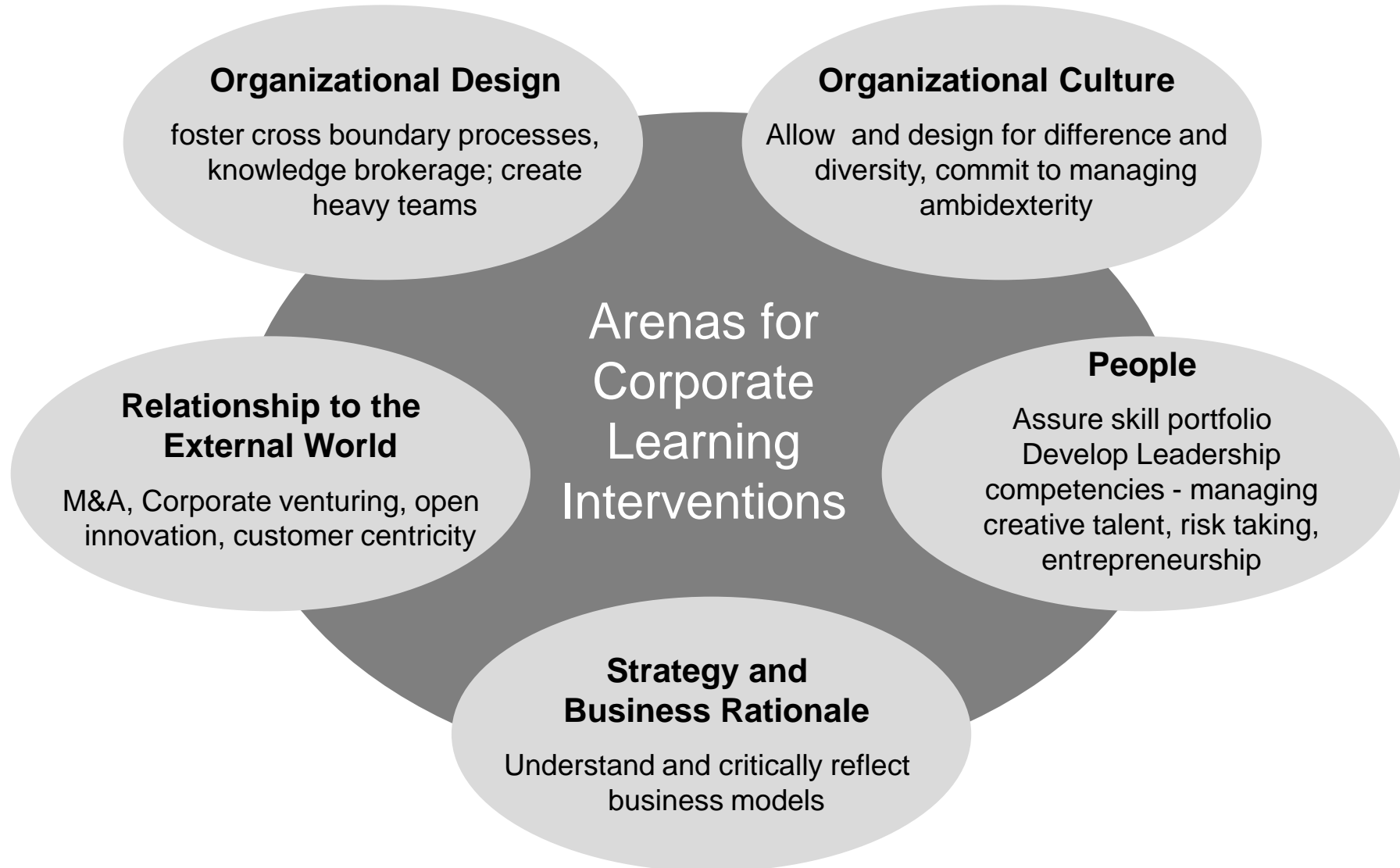
A 5-Level Model of Corporate Learning Interventions...

Focus on People Excellence		Focus on Organizational Excellence		
		Focus on strategic excellence		
1	2 content designed for specific context; behavioral work with real-life teams	3 Interventions focused on implementing organizational change	4 Interventions focused on creating and managing strategic change	5 Interventions focused on creating the business environment
			3	4
		2	3	3
		1	2	2
	1 content from textbooks; general behavioral training	1	1	1
Standardized learning	Customized learning	Learning creating organizational design	Learning creating business design	Learning creating industry design
low ————— linkage with strategy and business processes ————— high				

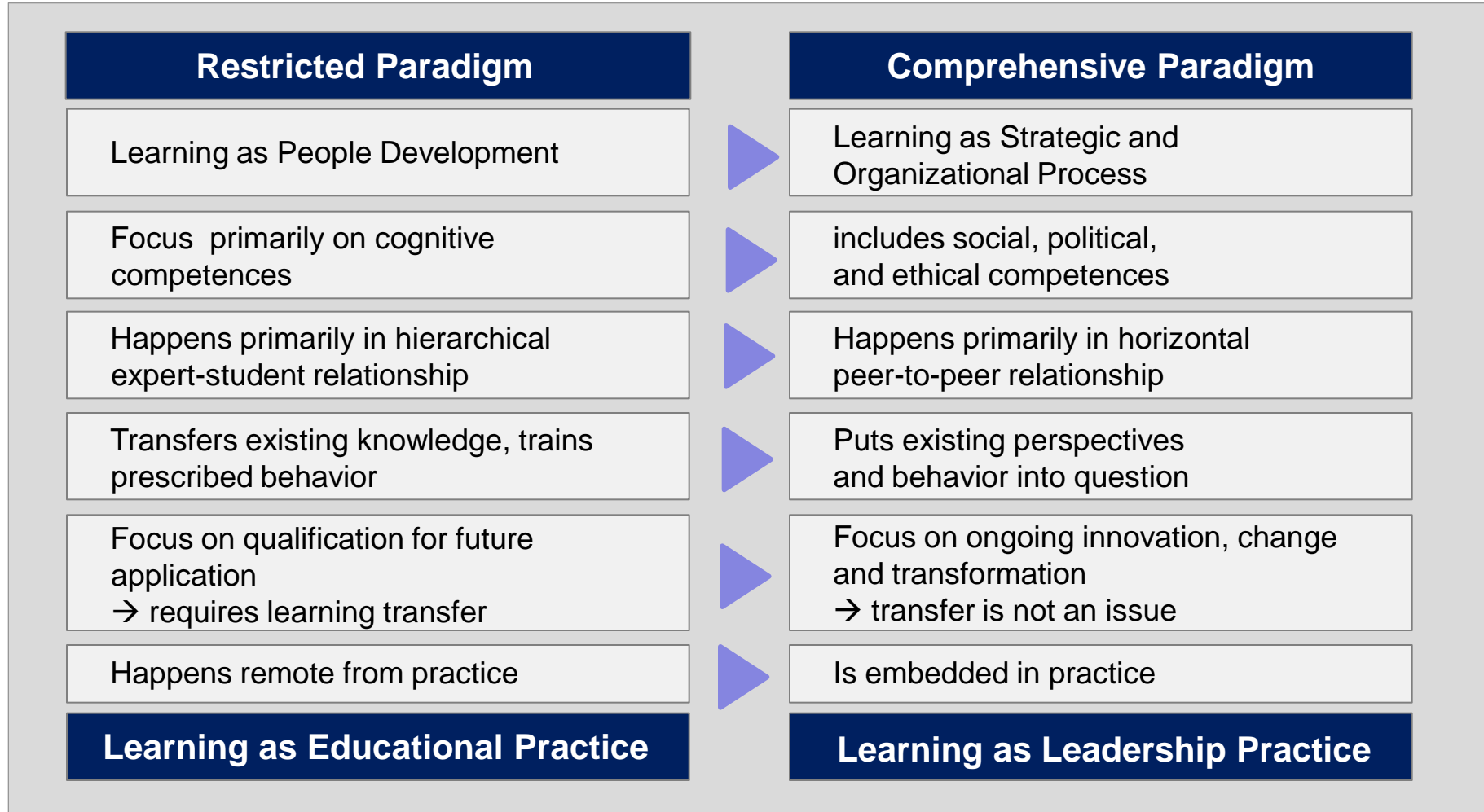
... and its Impact on the Identity and Scope of the Learning Function

Stage	Reference System	Key Players Within Learning Architecture	Impact on Business System	Perception of „Learning“
1 + 2	Human Resource Function	Learning and Development Department	<p>Low</p> <p>Medium</p> <p>High</p>	Functional Responsibility
internal organizational barriers				
3 + 4	Enterprise	All relevant stakeholders of the organization		Organizational Challenge
external organizational barriers				
5	Enlarged Value Chain	Customers Suppliers Alliances Competitors Regulators		Strategic Challenge

A Learning Architecture Needs to Impact the Domains That Are Critical for Ongoing Strategic Innovation



Under the New Paradigm, Learning Becomes Embedded as a Leadership Practice



On Industry Dynamics

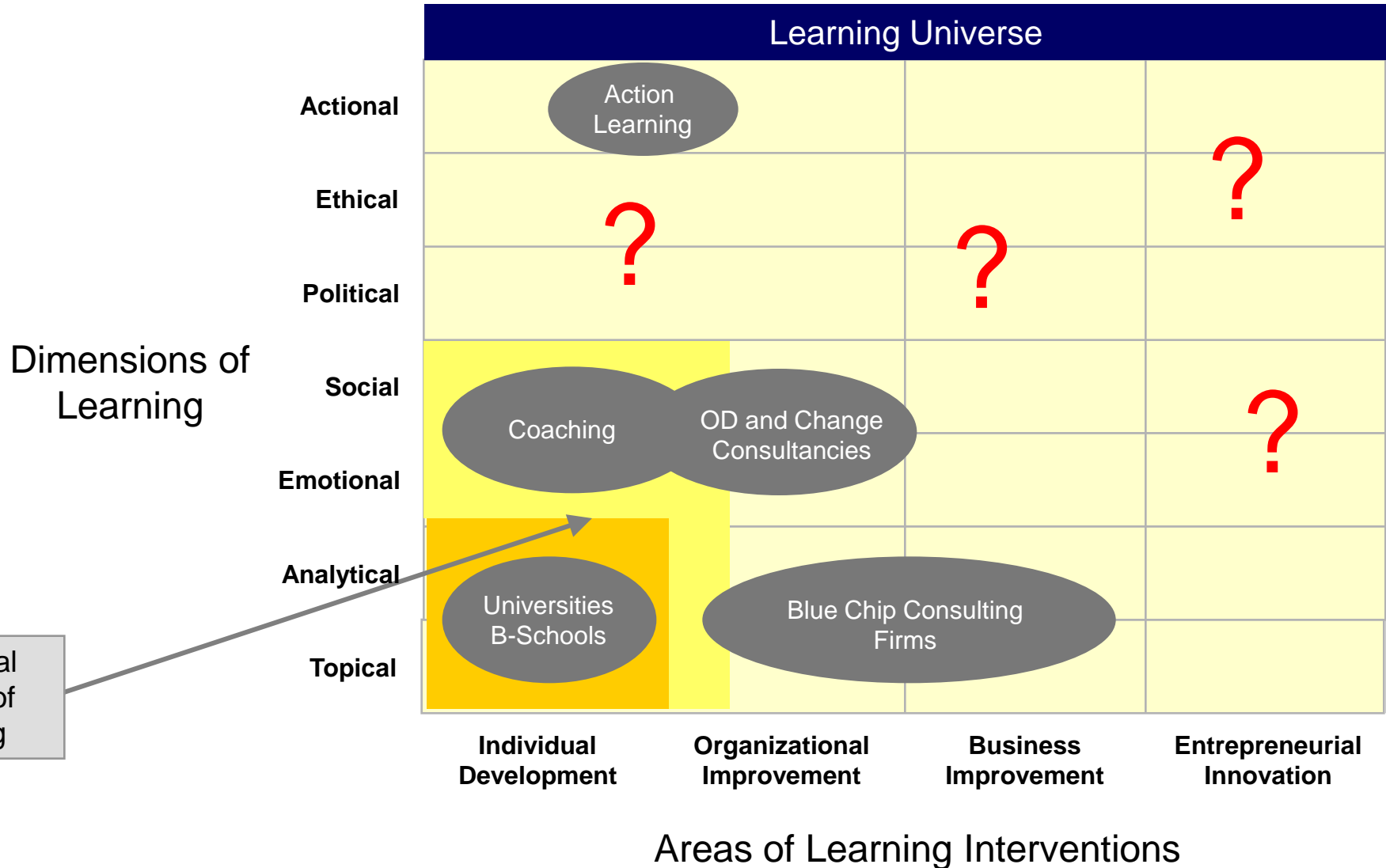
This Comprehensive Learning Paradigm Expands the Learning Universe

Learning Universe

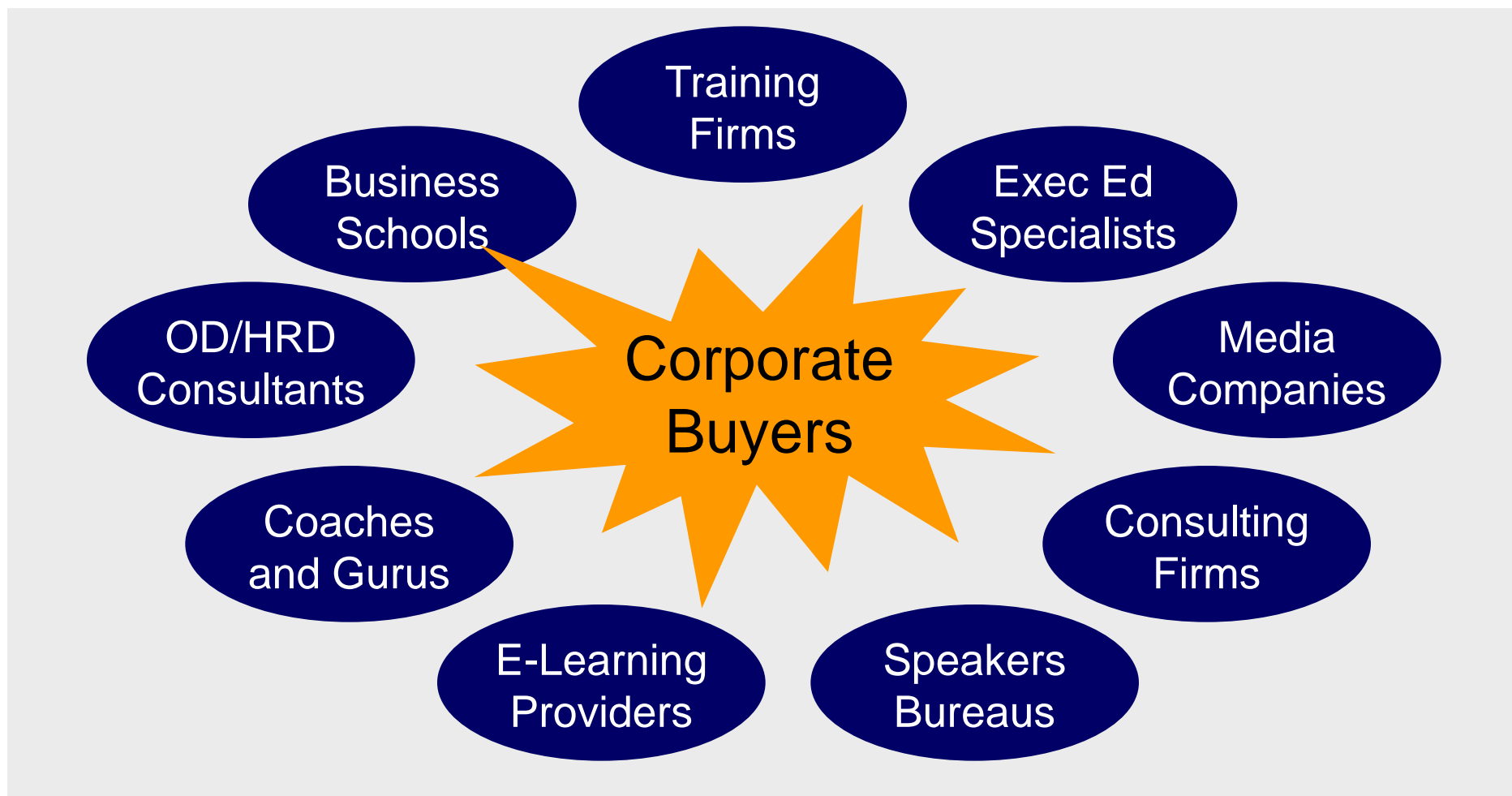
Dimensions of Learning	Actional				
	Ethical				
	Political				
	Social				
	Emotional				
	Analytical				
	Topical				
			Individual Development	Organizational Improvement	Business Improvement

Areas of Learning Interventions

The Current Mainstream Understanding of Learning Covers Only a Small Segment of this Universe



Corporate Buyers of Learning Services Face a Plethora of Vendors



**An attractive industry
with low entry barriers**



**High Fragmentation
Intense Competition**

Business Schools Come With a Specific Value Proposition, but also With Specific Problems and Shortcomings

Business Schools

Strengths

- Conceptual depth
- Brand recognition
- Academic neutrality
- Recognized as home of the traditional understanding of executive education
- Celebrity Faculty
- Exec Ed facilities

Weaknesses

- Academic culture – research as key value
- Culture of telling, not listening
- Fragmented attention to client needs
- Top faculty hard to get, hard to tame
- Classroom learning paradigm – MBA paradigm
- Business Model | University Economics

The “Star Faculty Syndrome”


Star Faculty is in High Demand

- Brand equity
- Easy to “sell” to customers (motivational)
- Perceived value in getting access to cutting edge thinking

BUT

Faculty Stardom Leads to Standardization

- Speakers Circuit seduces to canned speeches
- Speaker Bureaus as intermediaries
- Scalability is business model → Customization causes opportunity costs



Most of the time, 2nd tier faculty can do the same job...
... usually better AND cheaper
... but they are much harder to find.

...but so do Consulting Firms (and every other Player of this Industry Space)

Consulting Firms

Strengths

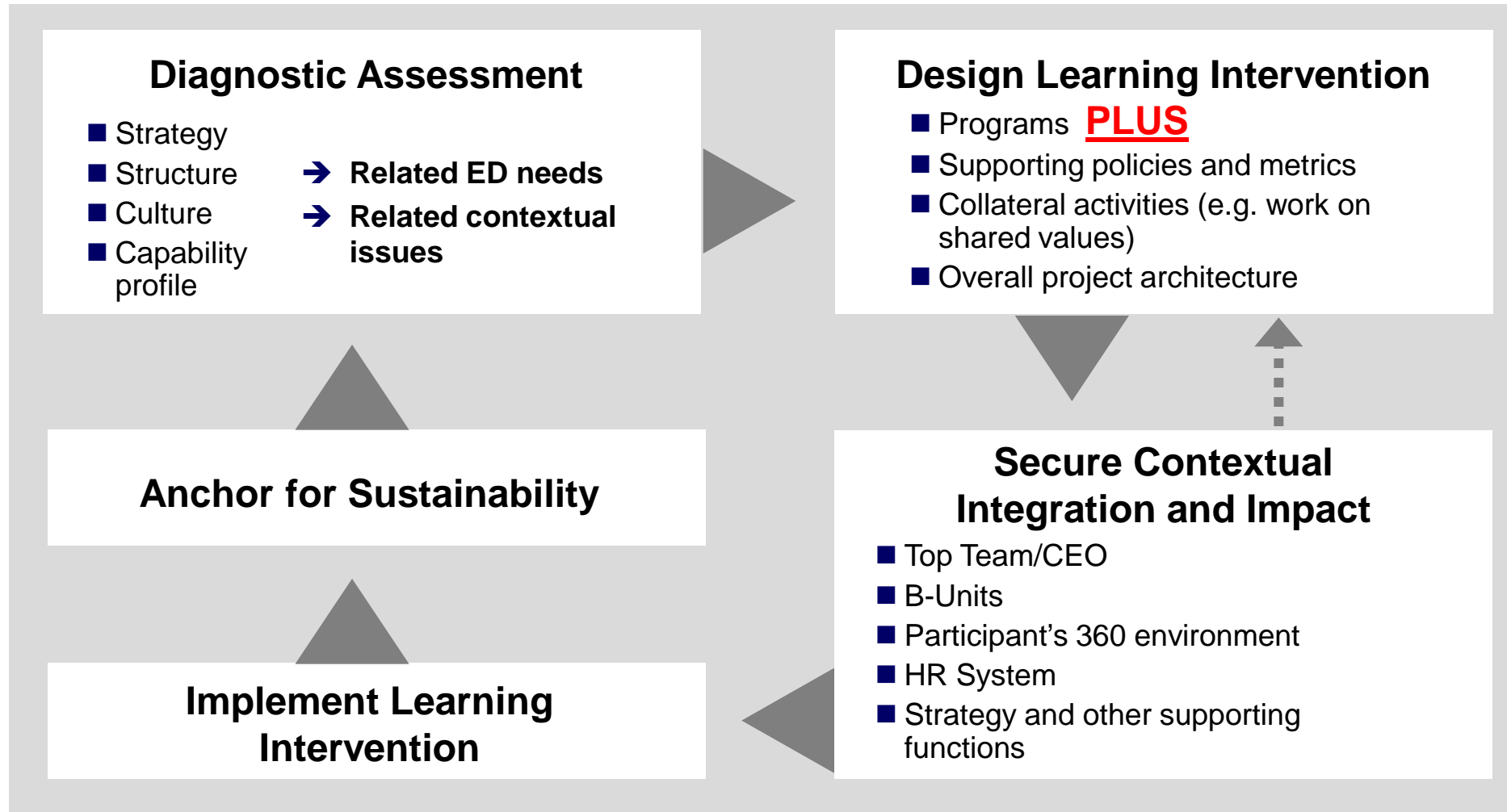
- Strong diagnostic and solution oriented skills
- Hands-on track record
- Intimate industry knowledge
- Client commitment
- View MD/ED as part of a larger issue (strategy, organization)
- Credibility outside HR, especially with line management

Weaknesses

- Exec Ed often Trojan Horse for selling „real consulting“
- Large Firms: Leveraged Business Model not compatible with MD/ED resource requirements
- Most firms are either „hard-fact“ OR „soft-fact“ oriented → few can combine both
- Less credibility subject matter experts and learning experts

Outlook

Creating a High Impact Learning Intervention Includes More than Just Buying or Delivering Programs



For Each Segment in the Chain, Various Vendors May Provide Contributions

	Biz-Schools	Consultg Firms	Training Firms	Coaches	Software Vendors	Internal Execs
Diagnostic Assessment						
Design Learning Intervention						
Secure Contextual Integration and Impact						
Implement Learning Intervention						
Anchor for Sustainability and Dissemination						

Becoming a Player in Co-Creating Organizational Learning Architectures Requires Specific Competences

- Deep understanding of strategic and organizational challenges
 - Strategic-organizational diagnostic competence
- Close collaboration with internal experts
 - Ability to collaborate, recognition of non-academic expertise
- Innovative Learning Interventions
 - Based on experience and dialogue
 - Facilitation skills are more important than subject matter expertise
- Global Perspective
- Brand and Reputation
 - Strategic niche positioning
- Complementing network of alliances



Agenda for the Strategic Competency Development of the Educational System

Some Strategic Development Perspectives for Universities Who Want to Compete for Corporate Learning Services

- Gain an in-depth understanding of the enlarged learning paradigm
- Be realistic in assessing your core competences
 - ➔ define niche of a value adding contribution
- Continuously nurture and build on your differentiating core competencies
- Develop and nurture institutional partnerships with complementing players in the value chain (e.g., Consulting firms, change facilitators, Coaches, etc.)
- Redesign your business model to create fit with new realities

Please Do not Hesitate to Being in Touch

More material at www.rolanddeiser.com

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