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

Learning embedded in practice (context)

Traditional paradigm of learning

Low

Cognitive
People

Medium

Social
Organization

High

Ethical
Strategy

Learning Dimensions

Contribution of Learning
To Be Effective, Learning Must Address More Dimensions Than Just the Cognitive Domain…

<table>
<thead>
<tr>
<th>Learning Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topical Learning</td>
<td>Ability to reproduce facts and knowledge about topics</td>
</tr>
<tr>
<td>Analytical Learning</td>
<td>Critical assessment of knowledge, ability to establish creative connections</td>
</tr>
<tr>
<td>Emotional Learning</td>
<td>Personal Growth, self management, authenticity, charisma, integrated</td>
</tr>
<tr>
<td>Social Learning</td>
<td>Role flexibility, self distance, ability to effectively act within the</td>
</tr>
<tr>
<td>Political Learning</td>
<td>Ability to maneuver effectively within the dynamics of large systems,</td>
</tr>
<tr>
<td>Ethical Learning</td>
<td>Internalization of universalistic ethical principles, ability to think</td>
</tr>
<tr>
<td>Actional Learning</td>
<td>Ability to act, take risks, implement ideas, apply all of the above</td>
</tr>
</tbody>
</table>
... and Organizations Need More Than Just Smart People

- Employee skill base aligned with desired capability portfolio
- Developing and nurturing the right knowledge base
- Talent Management
- Leadership development
- Strategic HR system

- Organizational design (structures, mechanisms, systems, policies)
- Develop and nurture the right capability portfolio
- Ability to innovate as part of the organization’s DNA
- Excellence in execution

- Strategic creativity
- Alliances and partnership management
- Stakeholder engagement and orchestration
- Management of industry paradigm lifecycle – fight the “disease of the leader”
People | Organization | Strategy
A 5-Level Model of Corporate Learning Interventions...

<table>
<thead>
<tr>
<th>Focus on People Excellence</th>
<th>Focus on Organizational Excellence</th>
<th>Focus on strategic excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>content from textbooks; general behavioral training</td>
<td>Interventions focused on implementing organizational change</td>
<td>Interventions focused on creating and managing strategic change</td>
</tr>
<tr>
<td>Standardized learning</td>
<td>Customized learning</td>
<td>Learning creating organizational design</td>
</tr>
<tr>
<td>low</td>
<td>low</td>
<td>low</td>
</tr>
</tbody>
</table>

linkage with strategy and business processes
... and its Impact on the Identity and Scope of the Learning Function

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

Internal organizational barriers

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

**Organizational Design**
- foster cross boundary processes, knowledge brokerage; create heavy teams

**Organizational Culture**
- Allow and design for difference and diversity, commit to managing ambidexterity

**Relationship to the External World**
- M&A, Corporate venturing, open innovation, customer centricity

**People**
- Assure skill portfolio
- Develop Leadership competencies - managing creative talent, risk taking, entrepreneurship

**Strategy and Business Rationale**
- Understand and critically reflect business models

**Arenas for Corporate Learning Interventions**
Under the New Paradigm, Learning Becomes Embedded as a Leadership Practice

<table>
<thead>
<tr>
<th>Restricted Paradigm</th>
<th>Comprehensive Paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Learning as People Development</strong></td>
<td><strong>Learning as Strategic and Organizational Process</strong></td>
</tr>
<tr>
<td>Focus primarily on cognitive competences</td>
<td>includes social, political, and ethical competences</td>
</tr>
<tr>
<td>Happens primarily in hierarchical expert-student relationship</td>
<td>Happens primarily in horizontal peer-to-peer relationship</td>
</tr>
<tr>
<td>Transfers existing knowledge, trains prescribed behavior</td>
<td>Puts existing perspectives and behavior into question</td>
</tr>
<tr>
<td>Focus on qualification for future application → requires learning transfer</td>
<td>Focus on ongoing innovation, change and transformation → transfer is not an issue</td>
</tr>
<tr>
<td>Happens remote from practice</td>
<td>Is embedded in practice</td>
</tr>
</tbody>
</table>

Learning as Educational Practice

Learning as Leadership Practice
On Industry Dynamics
This Comprehensive Learning Paradigm Expands the Learning Universe

<table>
<thead>
<tr>
<th>Dimensions of Learning</th>
<th>Learning Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actional</td>
<td></td>
</tr>
<tr>
<td>Ethical</td>
<td></td>
</tr>
<tr>
<td>Political</td>
<td></td>
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<td>Social</td>
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<tr>
<td>Emotional</td>
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<tr>
<td>Analytical</td>
<td></td>
</tr>
<tr>
<td>Topical</td>
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<table>
<thead>
<tr>
<th>Areas of Learning Interventions</th>
<th>Individual Development</th>
<th>Organizational Improvement</th>
<th>Business Improvement</th>
<th>Entrepreneurial Innovation</th>
</tr>
</thead>
</table>
The Current Mainstream Understanding of Learning Covers Only a Small Segment of this Universe

Dimensions of Learning

- Actional
- Ethical
- Political
- Social
- Emotional
- Analytical
- Topical

Areas of Learning Interventions

- Universities B-Schools
- Coaching
- OD and Change Consultancies
- Blue Chip Consulting Firms

Traditional Domain of Learning

Learning Universe

- Individual Development
- Organizational Improvement
- Business Improvement
- Entrepreneurial Innovation
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 ….

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Conceptual depth</td>
<td>• Academic culture – research as key value</td>
</tr>
<tr>
<td>• Brand recognition</td>
<td>• Culture of telling, not listening</td>
</tr>
<tr>
<td>• Academic neutrality</td>
<td>• Fragmented attention to client needs</td>
</tr>
<tr>
<td>• Recognized as home of the traditional understanding of executive education</td>
<td>• Top faculty hard to get, hard to tame</td>
</tr>
<tr>
<td>• Celebrity Faculty</td>
<td>• Classroom learning paradigm – MBA paradigm</td>
</tr>
<tr>
<td>• Exec Ed facilities</td>
<td>• Business Model</td>
</tr>
</tbody>
</table>
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

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

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Most of the time, 2\textsuperscript{nd} 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)

<table>
<thead>
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<th>Consulting Firms</th>
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<tbody>
<tr>
<td><strong>Strengths</strong></td>
</tr>
<tr>
<td>Strong diagnostic and solution oriented skills</td>
</tr>
<tr>
<td>Hands-on track record</td>
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<tr>
<td>Intimate industry knowledge</td>
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<tr>
<td>Client commitment</td>
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<tr>
<td>View MD/ED as part of a larger issue (strategy, organization)</td>
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<tr>
<td>Credibility outside HR, especially with line management</td>
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Outlook
Creating a High Impact Learning Intervention Includes More than Just Buying or Delivering Programs

- **Diagnostic Assessment**
  - Strategy
  - Structure
  - Culture
  - Capability profile
  - Related ED needs
  - Related contextual issues

- **Design Learning Intervention**
  - Programs **PLUS**
  - Supporting policies and metrics
  - Collateral activities (e.g. work on shared values)
  - Overall project architecture

- **Anchor for Sustainability**

- **Secure Contextual Integration and Impact**
  - Top Team/CEO
  - B-Units
  - Participant’s 360 environment
  - HR System
  - Strategy and other supporting functions

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

<table>
<thead>
<tr>
<th></th>
<th>Biz-Schools</th>
<th>Consultg Firms</th>
<th>Training Firms</th>
<th>Coaches</th>
<th>Software Vendors</th>
<th>Internal Execs</th>
</tr>
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<tbody>
<tr>
<td>Diagnostic Assessment</td>
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<tr>
<td>Design Learning Intervention</td>
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<td></td>
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<tr>
<td>Secure Contextual Integration and Impact</td>
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<tr>
<td>Implement Learning Intervention</td>
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<tr>
<td>Anchor for Sustainability and Dissemination</td>
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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

Contact me at rd@rolanddeiser.com