

Executive Briefing: Linking Learning to the Broader Human Capital Strategy

An IBM executive recently noted that, “Nothing is more critical to enabling transformation than skilled, motivated people who can learn and relearn at a moment’s notice.” Of course, IBM has by its own example in transforming from hardware to services demonstrated the efficacy and market power behind an organization being learning, skills and competencies ready – and being positioned to leverage that into transformative prowess. The learning and training departments of many companies admire the learning and competencies power demonstrated by IBM’s transformation from a hardware company to a service company but are stuck trying to just meet the day-to-day training challenges of workers.



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By John Chaisson



Linking Learning to the Broader Human Capital Strategy

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The learning and training departments of many companies admire the learning and competencies power demonstrated by IBM's transformation from a hardware company to a service company but are stuck trying to just meet the day-to-day training challenges of workers. In a sense, they simply don't have time to get transformative or strategic. The Learning Strategies thought leader panel convened on Sept. 8, 2005 with an eye toward helping companies find a path to move a bit closer to the IBM competencies level – toward a skills development and training path that would be proactive and strategically linked to HCM. Like IBM demonstrated, the ultimate goal would be to link learning and training initiatives to the broader human capital strategy and thereby experience meaningful enterprise impact.

MOVING LEARNING FORWARD STRATEGICALLY BY GOING BACK TO COMPETENCIES MANAGEMENT

The panel's focus was how to get learning management behaving more transformatively and strategically within the enterprise – with ties to Human Capital strategy. Paul Storfer was invited to join the panel as

its special guest to get the panel back to looking at competency management. He was perfectly suited to topic.¹ Paul is the managing partner of Human Capital Science, a firm dedicated to understanding how competency management impacts business performance.

Paul presented the Strategic Human Capital Map (HCM) (presented above) to illustrate the overall picture of human capital within the enterprise, and demonstrate the impacts of competency management (in the center) on all elements. The map illustrates the six main categories of human capital areas: Plan, Evaluate, Develop, Advance, Lead and Analyze. What is most critical about the Map is that it illustrates the intersections between all human capital strategies and activities, and that "competencies" overlay all activities.

REDISCOVERING THE STRATEGIC IMPORTANCE OF LEARNING

Paul Storfer also emphasized that the first step in linking learning to HCM is not building complex new training content but rather recognizing the strategic importance of learning within the

¹Prior to founding Human Capital Science, Paul was a founder and former president of Inscope Corporation, a builder of online competency based performance improvement solutions working with Fortune 500 companies including DuPont. It developed a service known as Prodigy. Paul is one of the nation's leading experts on competency based performance.

Strategic Human Capital Map



enterprise. According to Storfer, "Corporations are so focused on the operational benefits of maximizing the potential of human capital they lose sight of the real impact of learning." Storfer sums up the strategic impact with two straight-forward maxims about competency and business performance:

- Behind every business problem is a human competence challenge that needs to be addressed. (He argues that organizations spend far too much time investing in equipment, technology and other resources and far too little on meeting human development needs.)
- Understanding and developing job competencies are key to unlocking the full profit power of your firm's human or intellectual assets. (Thus, learning is critical to meet objectives.)

The strategic nature of learning and mapping competencies becomes clearer if we see skills at the heart of the challenges facing organizations in the form of business problems. Instead of taking this view, Storfer insists that, "most organizations are focusing on other resource problems – giving short shrift to human capital investments and development." Ironically, for all the lip service on human capital, Paul Storfer notes that he once had a Senior VP of HR say, "I almost wish we'd treat our people as well as we treat our equipment – it gets attention, it gets maintenance on a regular schedule – but our people don't have that same level of attention." Bottomline: Storfer says that maintaining the competitive balance in companies really comes from building human competencies.

ILLUSTRATING THE HUMAN CAPITAL MAP

So, given the strategic importance of learning and our goal to link learning to the Human Capital Strategy a question arises: how do we immerse the learning tactics used today into a strategic level human capital map? The panel suggests that the aim of such an initiative is not to transform the organization (some broad complex vision of a learning organization) per se but to simply keep it competitive as a business and to make sure that its actually flexible enough (like IBM was) to respond to market imperatives – which in turn may determine whether or not it survives and is around a year from now.

Paul illustrated how the map works to get training more strategic and tied into all human capital elements: "Let's say you find a particular group – let's say the customer service group – is having a performance issue and you need to train them. Rather than just go to the development quadrants of the Human Capital map and say we're going to implement some training courses to solve this, if you go through and try to understand the underlying competencies and capabilities that are needed and apply the training specifically to gain those competencies, then what you've done is taken into consideration not only the development slice but also the competency management center. That competency management center then allows you to quickly integrate the other pieces.

If someone leaves the group and you need to replace them – the way to do that best is to use those competencies for your recruiting process. [That way] the people that are recruiting have a blueprint that's an awful lot better than a job description because this competencies map will have the required skills, required knowledge and the required behaviors to be successful in the job. The organization can begin, in a more accurate way, to recruit the kinds of people who fit in and can work in that particular position. Of course, now that you know the kinds of competencies you're working toward, you can do a better job of evaluating people as well. Those same capability data points allow you to do some of your analysis, measurement and talent planning on the left hand side of this map. Understanding those skills will also help you to determine what's necessary for someone to lead that particular group – [so succession can be performed]."

PRINCIPLES FOR TARGETING THE LEARNING PROCESS FOR PRECISE IMPACT

Once an organization has linked learning to HCM, the learning must be proactively targeted to:

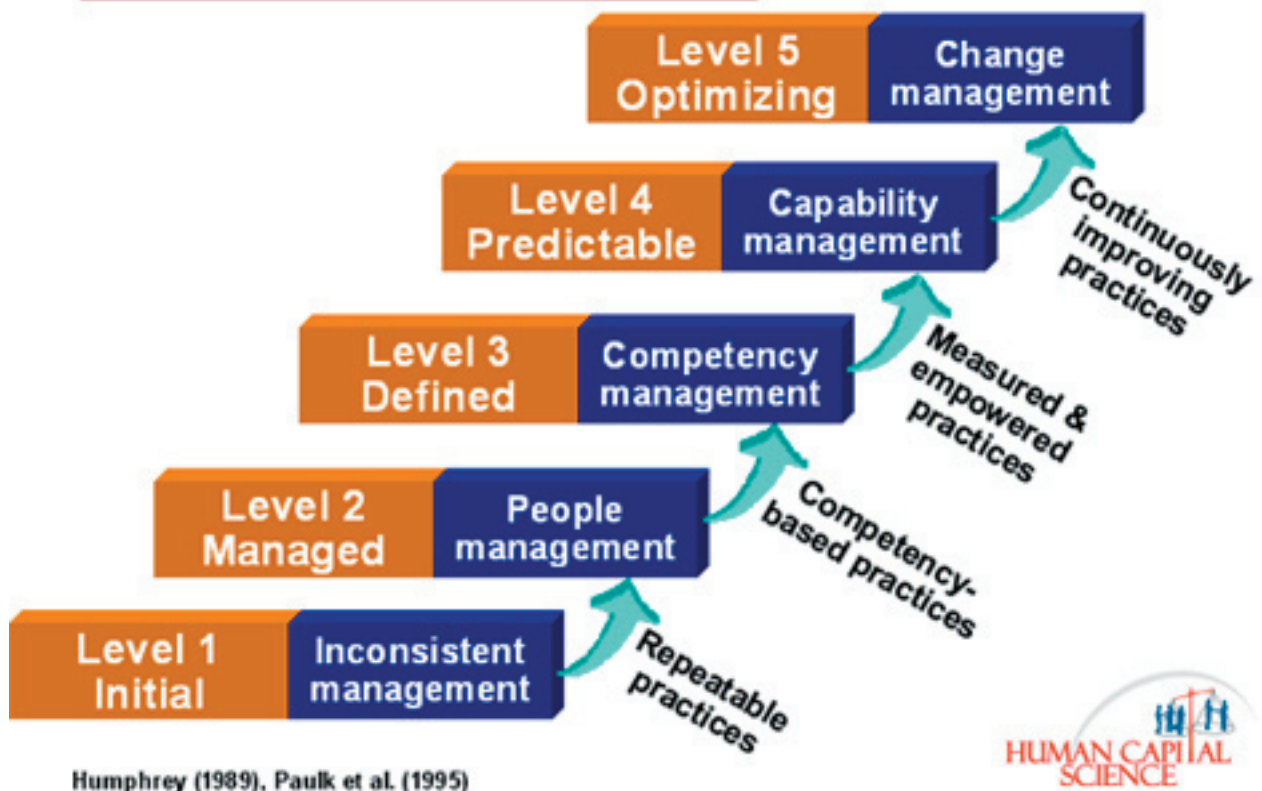
1. Maximize enterprise-wide alignment and productivity, while minimizing costs and redundancy
2. Improve adoption by reaching out to learners where they are already working, rather than forcing them to a stand-alone Web site
3. Assign the right learning to the right person based on his or her role in the organization, work location or other relevant attributes
4. Rapidly integrate internally-created and third-party content
5. Speed time-to-competence and reduce costs with blended learning

[Source: Paul Storfer, Human Capital Science]

APPLYING A MATURITY FRAMEWORK FOR COMPETENCIES

Paul also presented a Maturity Framework based on the SEI (Software Engineering Institute) People Capabilities Maturity Model (CMM). CMM lays out learning, development and people processes in a five level maturity framework. According to Storfer, "one of the keys to successful implementation of learning is to first identify where the organization is within this maturity framework and then figure out what needs to occur to move organization up in level."

Maturity Framework



Level 1 in the Framework is the level most organizations are at. At this level learning and training largely tends to be reactive; individual needs are addressed but learning is an unstructured inconsistent process.

At Level 2 People Management starts to occur as the company starts to manage costs through content integration. Learning becomes a managed process but still hasn't become strategic in terms of being tied into the organization. At Level 3 firms begin to take advantage of the skills identified and the overall capabilities of the whole organization. Level 3 organizations become much more competencies driven and begin to have competency models and measure against models. At Level 4 firms gain the ability to integrate the skills sets into empowered teams and start to train groups, not just individuals. At level 5, organizations gain a long term strategic view and build ongoing processes to advance the organization.

Paul cautions that the CMM levels cannot be instantly attained and that few companies get beyond Level 3. "This is an elephant that doesn't get swallowed in one bite. This is not a short-term thing where

you come in and say I want to come in and establish an integrated competencies framework and get to a level 5 organization and instantly put that together. This is a framework that as you build from a particular business need or a strategic business imperative you can build pieces of the framework that ultimately will create this whole integrated framework for you."

PANEL'S MIXED REACTION TO COMPETENCIES BASED MODELS

While the thought-leader panelists all concurred that learning must become more strategic and be tied into HCM, there was debate around how effective or broad a competencies-based initiative should be. First, permanent panelist Angela Schwerts, VP of HR at Pearson Education, noted that Pearson Education has, "shied away

People CMM Version 2

Level	Focus	Process Areas
5 Optimizing	Capability & performance are continually improved	Continuous Workforce Innovation Organizational Performance Alignment Continuous Capability Improvement
4 Predictable	Capability is managed quantitatively and the organization exploits opportunities in its competency framework	Mentoring Organizational Capability Management Quantitative Performance Management Empowered Workgroups Competency-Based Assets Competency Integration
3 Defined	Organization develops a framework of workforce competencies required to accomplish its business objectives	Participatory Culture Workgroup Development Competency-Based Practices Career Development Competency Development Workforce Planning Competency Analysis
2 Managed	Managers take responsibility for managing and developing their people	Compensation Training and Development Performance Management Work Environment Communication and Coordination Staffing
1 Initial		

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from the competencies based models in the past but is now starting to revisit. It has been pretty successful [with competencies] and is now basing a lot of the training curriculum on the competencies. [Still], a lot of the individual managers are remaining nervous about the competencies model."

Josh Bersin, panelist, analyst and founder of Bersin & Associates was concerned that many companies run out of steam and support before completing sweeping competency-based initiatives and recommends a business problem centric approach:

"There's a lot of potential in this approach. I'm an industry analyst. What we find is that when companies take a skills and competencies approach to training and start there, they often never finish because the problem of trying to define enterprise wide skills and competencies is a huge task which changes over time. Even if you do it, you then have to take all the training offerings and try to map them to these

skills and competencies. So most of the companies we have talked to that have tried to do this on an enterprise basis have failed and stopped.

What we've seen that has worked is a much more focused, pragmatic approach where companies take either a very specific job function where there's a performance problem – say within customer service or within sales – and they do a detailed analysis of the job tasks, skills and competencies that develop success and then they come up with targeted training that is aligned to those problems. The broad theory of the model is good but the practice is quite difficult and harder than the theory. The uses of the model I think should be very focused, very business centric."

A STAGED APPROACH TO INTEGRATING A MODEL FOR COMPETENCIES INTO LEARNING ACTIVITIES

Paul agrees that companies should not attempt an enterprise-wide transformation through competencies, but instead should take a staged, area or problem specific approach. "We would never advocate a company saying it's going to go through and do a competency analysis for our entire organization. Two reasons: first, because it is a daunting task even with the excellent tools now available and, second, because competencies and business challenges change. They are a living organism. Don't do all the competencies at once but do key job categories or problem areas. Look at critical aspects of your business."

HOW TO DEFINE THE PROBLEM IS PART OF THE PROBLEM

John Chaisson, guest moderator for the session, refocused the discussion to an area that continues to plague many organizations seeking to improve basic learning and training and evolve to a more strategic level – the problem of simply understanding how to define the problem. According to Chaisson, "Companies can see this as an intellectual capital issue or a knowledge management issue, or a learning issue, training issue or a competencies issue. They can also struggle with whether this is a tactical issue or a strategic challenge. The debate around whether this is a competencies concern exacerbates the definition problem." Alison Rossett, panel member and Professor of Education Technology at San Diego State University, agrees that, "the framing of the question is the heart of the matter."

THE PERFORMANCE CONSULTING FRAME

Josh Bersin suggests that the best pragmatic approach is to see the challenge as a performance consulting one. "I think the best that I've seen on the training side is closer to performance consulting. What we see in best practices organization is performance consulting (investigating the issues, defining the core problem and trying to tackle it through a specific set of competencies built through targeted training) rather than the development of content. If you don't know what the core problem is you're trying to solve it cannot have impact."

THE TRANSFORMATIVE FRAME

Chaisson poses the tough framing question of whether there is a tug-of-war within HR on whether the initiative to link learning to

HCM is "transactional" in nature (attempting to resolve process and methodology around discrete transactions) or a "transformative" in nature. Chaisson states, "We're talking about the balancing act of dealing with the reactive, transactional nature of skills acquisition and training where most organizations are water-logged today – just trying to cover the day-to-day training needs of individual workers. The IBM story is about staying competitive and transforming rapidly enough to stay competitive. IBM becomes a poster child for that." But what does an average company do?

Paul Storfer largely dismisses the "transformative" debate and offers a view that marries the transactional and transformative perspectives. "The transaction supports the living [transformative] organization. IBM is a transformative organization – a terrific example because it transformed itself from a hardware organization to a services organization. It did that by looking at the market and evolving and then the transactional capabilities followed to support what the strategy was. The transformational is about proactive versus reactive. There is a strategic requirement of looking at competencies and skills in a way to anticipate the company's needs. You need the strategic to get ahead of the curve."

Josh Bersin echoes the idea that you cannot start at the transformation point. IBM started with a business problem not a learning strategy. "Not that many companies think transformatively. The transactional nature seems much more common. That's one of the reasons the competencies model has been slow to catch on. Most companies are trying to solve day-to-day problems, figuring out how to use this approach to solve real problems is the key. The driver tends to be business problems. You're not impacting the business unless you're doing

performance consulting and as soon as you do performance consulting you're going to find skills and competencies are at the core. The more you focus on particular problems the more successful you will be."

PITNEY-BOWES AND MICROSOFT: EXAMPLES OF DEPLOYING PROBLEM-DRIVEN STRATEGIC LEARNING THROUGH COMPETENCIES BASED HCM ACTION

Josh points out that Pitney Bowes is a great example of strategic competency based learning in action. Pitney is a postal service company, has regional centers and turnover problems, like many in the sector. The managers within the regional centers are well trained yet Bersin says, "The person in charge of training says when someone quits in a given location they have to figure out who's available and has those skills, training and level of experience. They have to have a skills and competencies model and map people to it to find these people quickly. It's sort of a succession planning problem. They're using an advanced LMS tool to do this."

Josh also offered a compelling example of how Microsoft leveraged the approach. "Microsoft has a very intense, hard driving culture. Over the years the company had tremendous success selling software and dominated markets. A couple of years ago they found an enterprise market where they sell to large corporations. They were not as successful. They were selling against companies like Sun and IBM that were just more sophisticated at selling enterprise solutions. The initial reaction from Microsoft was, "pay these guys more money and give them more training." But it wasn't working. It found it didn't know what the critical skills were to be successful at enterprise sales. Microsoft hired a third party consultant and they talked to the 20-30 sales teams that were highly effective. They profiled them and looked at what they did and what they knew and what the skills and background were. They identified the characteristics of a great enterprise sales person or team. They used that competency model to create training that would be applicable to everyone else. It certainly wasn't in its culture. It wasn't at all what they typically would have wanted to do but they found out through a business problem that they just couldn't solve it with training. They had to go back and get to the root of the problem. I believe that happens in a lot of companies where they don't necessarily have a culture for doing this, but they find it mandatory to solve a problem."

BECOMING A COMPETENCIES ASSESSOR?

Robert Tindell, audience member and VP of Human Capital Development for Goodwill of Central Arizona, focused the panel on skills needed within the learning department to start assessing competencies strategically. "What can we do to provide people with the skills sets to use that transformation process so that when they want to assess competencies as a practitioner they are able to be successful?"

Paul Storfer notes, "There are lots of skills that I would see as being very critical to the successful implementation. Good listening skills are high on the list. The transformation is almost a by-product of successful implementation rather than part of a strategy. "

Josh Bersin concurs. "I think that's a key comment on listening skills. I would presume, with IBM, without knowing precisely how they conducted the transformation from hardware and software to service that they went out and talked to their customers and asked what it could be doing differently if the customer were to use it as a services provider. That information starts to drive the change and the process around its competencies and skill set assessments and the acquisition strategies for who they're looking for?"

BEYOND SKILLS BUILDING AND TRAINING: UNDERSTANDING THE CLASH OF CULTURE AND CORE VALUES AND LEARNING

Robert Tindell, our audience member also commented: "I started my work with competencies modeling back in the 80s with PG&E, so a lot of what we're talking about today is very familiar to me. I think my experience tells me that a lot of people jump

on the bandwagon but they're not really skilled at understanding how to do this work. When I look at our transformation and the values we are trying to establish as an organization [Goodwill of Central Arizona] and push out to our employees, I'm using our values as an organization to drive what our competencies should be – to make those values a living organism within our enterprise and use that to drive our development."

The panel weighed in on the relevance and impact that culture and embedded values have on the required competencies success models and on individual competency requirements. Paul agrees with Tindell, "One of the key pieces of any competency model of an organization is the culture. You cannot sell your ideas to an organization if you don't fit well in the culture of the organization. Your ideas simply won't get heard." He says its critical in linking strategic competency based learning models to HCM strategies to "understand what the culture is and the intertwined values."

FINAL THOUGHTS & TIPS ON HOW TO BE SUCCESSFUL

So, how do organizations tasked with putting out training fires in a reactive way get strategic and proactive around competencies with shrinking bandwidth and budgets in HR and transform into a learning organization?

Alison Rossett proposes that organizations think seriously about better business partnership with line managers to gain the momentum for strategic learning. "Partnership is not [typically] something that people in learning and development can do on their own. It has to do with relationships and a sharing of focus with the line leadership – what's on their minds? What's keeping them up at night?"

Josh Bersin cautions against too much HR alignment and advises firms to focus on the tangible problem being solved. "We (Bersin & Associates) just finished a big research project on the alignment between HR and training and what we found was that too much alignment reduces effectiveness. I think what learning and development managers need to think about is what problem are you trying to solve. What are you using the skills and competencies model for? Is it an enterprise-wide problem of retention or succession planning or is it a pinpointed problem that we're not selling enough enterprise products to the enterprise accounts? Stay focused on that problem. If you do that, you will do just enough to be successful."

John Chaisson says that while organizations have license and flexibility to determine how tightly learning will be linked to competencies, CMM models and HCM, they cannot abandon the talent mindset and be successful with strategic learning. "There does seem to be a little bit of a tug of war going on. I agree with Josh that organizations should identify a real business problem and use that as a catalyst within the organization to propel competency and skills development in alignment with the Human Capital strategy. I would also say, agreeing with Paul's earlier point, that I think it's very important that companies have a human capital strategy in mind – one that encompasses the entire lifecycle of talent; one that views people as unique and strategically important and to the point illustrated with IBM today, one that views people as the source of their competitive advantage and innovation. If we don't embed that inside our culture, especially our talent mindset that is part of that culture, then we don't see the big [learning] picture of the potential of what all of our talent base can do in reclaiming markets, rebuilding our competitive advantage and building the next generation of products. When we stay reactive – just trying to tread water to keep the skills base in line – we're losing an opportunity to propel our businesses forward from a competitive standpoint."

ABOUT THE PANEL PARTICIPANTS:

The guest moderator for this open session was John Chaisson.

SARAH BEERS **FIDELITY INVESTMENTS**

Sarah Beers is a Vice President in Fidelity's Service Delivery University. She is responsible for providing learning solutions for large scale, global training initiatives for Fidelity's Employer Services Company (provider of HR services to corporations and tax-exempt organizations). Sarah brings twenty years of experience to her work as a performance consultant and manager of training programs. Prior to joining Fidelity in 2000, Sarah worked at IBM, DEC and Arthur Andersen.

JOSH BERSIN **BERSIN & ASSOCIATES**

Josh is the Principal and Founder of Bersin & Associates, a leading industry research and consulting firm in enterprise learning technology and implementation. Josh has extensive experience in the development, implementation, marketing and sales of e-learning and other enterprise products. Josh is the author of "The Blended Learning Book: Best Practices, Proven Methodologies, and Lessons Learned" - a comprehensive review of the principles and winning strategies for blended learning in corporate training applications - available from Wiley publishers and on Amazon.com, and he is working on an upcoming book on Training Analytics.

VIRGINIA CLARK **UNISYS**

Virginia Clark, Vice President, Unisys University, has built her career in Unisys human resources since joining the company in 1983. Early on she worked as an HR generalist -- handling recruiting, labor relations, compensation, and benefits for one of Unisys engineering facilities. From 2000-2003, Virginia held the position of Vice President, Global Talent Development where she was responsible for leading the development and implementation of all practices, solutions and programs related to the development of human capital. In April 2003, Virginia was appointed Vice President, Unisys University. Virginia holds a master's degree in human resource development from Villanova University.

KELLY FAIRBAIRN **PPS INTERNATIONAL LIMITED**

Kelly specializes in design and customization of instructional programs and overall human performance consulting. Kelly holds a Master's degree in Employee Counseling and Relations from Binghamton University and a B.A. in Public Communication from Cornell University. She is a member of the National Society for Performance & Instruction, Society for Human Resource Management and the National Association for Female Executives.

NEIL GRANT **MARCONI**

Learning & Development Director with extensive global experience in a number of international blue-chip organisations and as an independent Consultant. Significant experience as an organisational interventionist and creative strategist with a professional and incisive approach to business and HR challenges. Personal qualities: Strategic thinker, innovative, drive, delivery-focused, resilience, collaborative, change-oriented, resourceful, pragmatic, effective communicator

LAVERNE HIBBETT **MARSH FURNITURE COMPANY**

Laverne joined Marsh Furniture Company, a manufacturer of kitchen cabinets and bathroom vanities in 1993 as Customer Service Manager. She became Training Manager in April 2000. Laverne is responsible for leadership development for all lead people, supervisors, managers, executives and support people in key roles. She provides classroom training to these 80 students weekly on a range of subjects.

KAREN KOCHER
CIGNA TRAINING SERVICES

Karen is employed by CIGNA as the Vice President of Enterprise Learning. In her current role Karen has responsibility for employee development for CIGNA enterprise-wide initiatives, strategy and implementation for technology enabled learning and education support for functional organizations such as IT, Finance and HR.

TOM PEDERSEN
SKILLSOFT

ALLISON ROSSETT
SAN DIEGO STATE UNIVERSITY

Dr. Allison Rossett, a Professor of Educational Technology at San Diego State University, works most often on workforce learning, planning, and technology. Allison received ASTD's prestigious award for Workplace Learning and Performance in 2002. She is a member of the ASTD International Board, Training magazine's HRD Hall of Fame, and recipient of the International Society for Performance Improvement's highest honor, Member-for-Life. Rossett is the editor of the ASTD E-Learning Handbook: Best Practices, Strategies and Case Studies for an Emerging Field.

ANGELA SCHWERS
PEARSON EDUCATION

About the Author



John Chaisson John Chaisson is a Senior Director with the Human Capital Institute and leads the Talent Acquisition thought leadership panels and webcast activities for HCI. He is also the Chief Purpose Prophet and Principal Qualitative Analyst for The Prophet Group based outside New Orleans and is responsible for uniting the leadership perspectives, approaches and tools for building leaders and leading enterprises. John has built a career founded on the “purpose” of fostering sustainable workforces, businesses, services and products. After completing Stanford Law School, he worked as a corporate attorney for leading law firms including internationally-renowned Wilson, Sonsini and later began his Silicon Valley business career as General Counsel and VP Business Development for Resumix, also supporting public software and HR services giant Ceridian Corporation. He later co-founded several market-leading technology and management consulting groups focused on ERP software and Human Capital solutions, before launching TPG. Among other roles, he is a Member of the National Advisory Board of the Human Capital Institute and a Board Member of consumer electronics incubator, Sector Labs.

ABOUT THE HUMAN CAPITAL INSTITUTE



The Human Capital Institute is a catalyst for innovative new thinking in talent acquisition, development and deployment. Through research and collaboration, our programs collect original, creative ideas from a field of top executives and the brightest thought leaders in strategic HR and talent management. Those ideas are then transformed into measurable, real-world strategies that help our members attract and retain the best talent, build a diverse, inclusive workplace, and leverage individual and team performance throughout the enterprise.

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