Predictions for 2013

Corporate Talent, Leadership and HR—Nexus of Global Forces Drives New Models for Talent

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Introduction

2012 was a year of tumultuous change. The global economy started to recover, only to be upset by continued high unemployment, imbalances in the U.S. standards of living and the uneven growth in emerging economies. Businesses of all sizes have struggled to shift their resources toward growth markets, yet they find a shortage of talent and leadership holding them back.

We call this the “talent paradox.” Companies need skills, yet unemployment remains high. We do not really have a job shortage—we have a skills shortage. Why? Nearly every business discipline is increasingly changing. As a senior innovation advisor at a major energy company stated,

“In today's economy there is no way anybody can be an expert in a substantial part of their total field. The modern 'renaissance man' is one who understands how to learn.”

This challenge of finding people with the right skills in the right place drives many of our predictions for the coming year.

New Focus on L&D Spending, Skills, Career Development and Engagement

In 2013, businesses will likely see an accelerating need for training, facilitated talent mobility programs, leadership development and reengagement of their workforces. Despite the slow economy, we witnessed a 12 percent increase in learning and development (L&D) spending this year, the largest increase in eight years.¹ Further driving this theme, our clients have shown tremendous interest in learning how to drive a learning culture², implement continuous learning³ and design modern career development strategies⁴.

³ In addition to our case studies on this topic, please see, Building Expertise through In-Depth, Continuous Training, Bersin & Associates / Karen O’Leonard, March 9, 2011. Available to research members at www.bersin.com/library.
A nexus of events has created the need for new HR and L&D practices, new organization models, new models of management, and the demand for new skills and capabilities in our own profession for 2013.

As Figure 1 illustrates, today six related drivers are affecting corporate talent and HR.

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5 “Nexus” is a connection or series of connections which link two or more things; in this particular usage, we mean a connection of events that relate to each other.
1. **Rapid Business Change**—First, we are undergoing accelerating rates of business change, driven by disruptive technology, transparency of markets and rapid changing product cycles. In 2012, we saw well-established brands (like Nokia and JC Penney’s) become heavily upset by market forces, globalization, technology and disruptive competitors. Our advisory board members cited “driving leadership during transformation” as one of their top three challenges for 2013.

2. **Shift toward Emerging Markets**—Today and into 2013, emerging markets are growing at dramatic rates. China, India, Brazil and Eastern Europe are rapidly growing into mature markets with tremendous business opportunities. At the same time, these countries are developing higher levels of skills and more mature leaders, driving companies to hire and develop locally. U.S. educational institutions have fallen behind, making it more important to develop “globally local” talent strategies that take advantage of these markets.

3. **A Borderless Workplace**—Technology has removed many borders between people, creating a virtually borderless workplace that connects employees, customers, partners and suppliers. Corporate hierarchies are disappearing. People work in cross-cultural, diverse teams with flatter organization structures.

4. **Specialization Creates New Job and Career Models**—Driven by the borderless workplace, jobs are now more specialized, more contingent and, in some cases, easier to measure. This has created the need for more specialized and flexible career models, social rewards programs and facilitated talent mobility.

5. **Twenty-First-Century Models of Leadership**—These changes in the workforce and workplace demand new styles of leadership. Our *High-Impact Leadership Development* research\(^6\) shows that today’s high-performing businesses need technically skilled leaders, hands-on management, and a focus on action orientation, creativity and relentless customer interaction.

6. **Intense Competition for Talent**—Finally, change is driven by increasingly intense competition for top talent. Today's talent markets are *highly competitive*. People with hot skills are hard to find. Tools make it easy for high performers to seek new positions and also make it easy for employers to poach them. This makes employee retention, engagement, employment branding and passive-candidate\(^7\) recruiting more important than ever.

Taken together, these issues will likely drive HR, L&D and talent management organizations to adapt to these changes in 2013.

- **New HR and L&D Practices**—Agile and social models are changing performance management, recruiting, rewards, coaching, goal-setting, development and recruiting. (We discuss these throughout this report.)

- **New Structure, Roles and Leadership Models for the HR Function**—We call this, “the New HR.” In this report, we preview what this new HR organization looks like and how bold, business-oriented leadership and deep domain expertise are needed throughout it.

- **New Models of Management**—We need to focus on developing a new generation of hands-on leaders with skills in the management of highly diverse teams.

- **New Tools and Processes for Data-Driven Decision-Making**—Companies need tools and solutions which bring scientific, predictive decision-making to line leaders and HR.

- **New HR Software Systems**—Organizations are taking advantage of a whole new generation of cloud-based software systems which provide rich data and serve as a “system of engagement,” not just a “system of record.”\(^8\)

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\(^7\) A “passive candidate” is someone who is currently employed and who is not actively looking for a job.

What Business Leaders Tell Us

Our predictions are based on much research and many conversations with senior business leaders. Let us review what they tell us. (See Figure 2.)

Figure 2: Top Talent Challenges for 2013

Source: Bersin by Deloitte, 2013.
Leadership Improvement Areas and Bench Strength

Business leaders are very concerned about bench strength. Fifty-four percent of business leaders cite improvement areas in their leadership pipeline as one of their three critical obstacles to growth; fewer than one-quarter of the organizations we study feel that they have well-developed strategies to identify and develop high-potential people.

Over the last two years, this problem has worsened. Confidence in midlevel managers has declined even further—from 66 percent in 2010 to 49 percent in 2012. The perception within many companies is that the talent pool of current and potential senior leaders is weakening.

A Mobile, Contingent Workforce

It is now estimated that 27 percent of all U.S. workers are part-time, with as many as 40 percent of all employees working part-time or on a contract basis. The contingent workforce is now a permanent fixture, so many elements of talent management, recruiting and engagement are being extended to these mobile “free agents.” This has forced business leaders to rethink their workforce and work environment. (Unilever, for example, just announced an entire “agile” work style for all of its salaried employees, giving them the flexibility to work at home, “hotel” at work, or work evenings or weekends.)

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9 This information is based on our ongoing research on the topic of talent.
Challenges in Employee Engagement

Employee engagement has been on a downward trajectory in the U.S. since 2009. New research from Mercer\textsuperscript{13} and many other sources show that engagement levels are low, particularly among younger employees. Many of our client organizations tell us that they have not yet figured out how to build a work environment that attracts and engages people in their 20s and early 30s—a critical issue for the years ahead.

A Globalized Workplace

Globalization impacts companies of all sizes. Our advisory board members told us that one of their top three talent issues is globalization. Emerging economies have “emerged,” creating talent challenges similar to those found in developed countries. This is forcing companies (like General Mills, Ford, Qualcomm, Scotiabank and others) to question their global leadership and mobility programs.

Our new research on global leadership shows that expatriate leadership programs have to change. Organizations cannot “parachute in” talent easily. Now they should build local leaders who understand local culture but who still embody enterprise values. Fewer than one-third of large businesses say their leaders are prepared with the skills in global awareness and fluency, and global business acumen and understanding of other cultures to achieve their goals in the global marketplace.\textsuperscript{14}

Drive for Business Agility

We believe the word “agility” describes the talent strategies for the coming few years. Driven by social technologies and mobile telecommunications, organizations have become increasingly flat\textsuperscript{15} (CEO span of control, for example, has doubled in the last 20 years), creating an agile work environment driven by smaller, interconnected teams.

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\end{itemize}

\textsuperscript{13} Source: http://www.mercer.com/press-releases/focused-on-engagement.
\textsuperscript{14} For more information, TalentTrends™ 2012: A Year of Guarded Optimism, Bersin & Associates / Kim Lamoureux and Josh Bersin, July 2012.
\textsuperscript{15} Source: http://hbswk.hbs.edu/item/7000.html.
Our themes of “agile management” and “agile human resources”\(^\text{16}\) have been widely discussed during the year, with many clients rethinking their entire leadership model. Today, companies understand that top leaders have hands-on skills, they operate in a globally collaborative way, and they understand how to drive teamwork, speed and deep customer relationships. These smaller work teams create a “wirearchy” that replaces “hierarchy” and which appears to be the model for the high-performing companies of the future.

Revolutionary New HR Technology

Adding fuel to this fire, the HR technology industry has been revolutionized. Cloud-based HR systems are now available from many of the largest vendors in the market; these systems integrate payroll, HRMS, talent management and analytics processing into a single cloud-based service. While the systems market remains highly fragmented, availability of these easy-to-use “systems of engagement” is inciting HR leaders to throw away old systems and start all over. HR technology is empowering managers at last, driving companies to reinvent their HR structures. HR generalists and business partners need to step up their game, and provide higher value-add service to managers and workers.

In 2013, technology innovation will likely accelerate. Mobile tools and new social recruiting systems are obsoleting many of the HR systems we have. Soon, we may have systems which form the basis of a “google of people,” enabling recruiters and internal managers to find “just the right candidate” or “just the right skilled person” within an organization. These tools can empower employees to find experts, share information, manage their careers and become even more interlinked.

Need for a “New” HR Organization

These changes have created what we call the “new HR organization”—one which functions like an integrated part of the business. This new HR organization is globally integrated, operates locally, and is powered by highly skilled HR professionals and business partners. It functions on data and drives managers to make data-driven decisions. The new HR organization uses integrated self-service technology; it is focused on leadership development, talent assessment and culture; and, it has a firm grasp on the business’s current talent and future needs.

This “new HR organization” is just starting to emerge in many companies, but it foreshadows the inevitable future of our industry—one in which HR becomes an integrated “talent business operations” function that is able to support major transformations in the company. HR helps the business itself to function as a “talent producer,” developing and supporting talent on a regular basis.
While we are in the beginnings of this transformation, it is clear that Stage 4: Business-Driven HR is here (see Figure 4). The traditional "strategic HR" model is fading away, and companies are looking for ways to transform their HR teams, technologies and skills.

Supporting all of these changes, this year our predictions report has been expanded. We detail 15 trends that we expect to see in 2013 and paint a picture of “the new HR” which we will detail for you in the coming year.

As always, our research agenda for 2013 is expansive. We are committed to giving you the practical insights, guidance, data and tools to help you in moving your HR and L&D organization up the ladder of success.
Predictions for 2013

This year our predictions fall into three broad areas—business leadership and talent; HR technology, tools and markets; and, HR organization, strategy and leadership.

Business, Leadership and Talent

1. Business Agility, Globalization and Flatter Organizations Will Encourage a Rethink of Many Traditional HR Practices

Several years ago, our clients started asking us for help in the design of informal learning, continuous performance improvement and talent mobility strategies. Since then, there has been even more interest in what we call “agile” management practices—continuous feedback systems, social recognition tools and expert-focused leadership approaches.

Case in Point: Decision-Making in the Field

A major oil company, for example, is experimenting with ways to delegate much more decision-making to its manufacturing and production teams. Even in the aftermath of the BP oil spill, the company realizes that much of the deep expertise needed is in the field, so the company is rethinking the way in which teams are managed and skills are developed to empower local decision-making in the context of doing “the right thing.”

This company actually found that the traditional top-down “safety” rules were wrong in many cases, creating a need to empower teams to act more independently. But how does this oil company assure that field personnel have the expertise they need to use such judgment?
As companies become more agile and team-driven, many traditional HR practices need to change. As I discussed at our IMPACT conference in April 2012\(^\text{17}\), many of the principles of human resources that we use today were developed at the turn of the century, when organizations were hierarchical structures driven from the top. Now we need performance management, recognition, employee development and leadership strategies that focus on empowering teams, not just standardizing the process.

Several of our research members have now reengineered their performance management and goal-setting practices, for example. Our research shows that companies which revisit goals quarterly drive more than 30 percent more productivity than those which set goals annually. Development planning has become one of the linchpin, high-impact talent practices—companies with leading development planning and career models generate twice the revenue per employee than their competitors.\(^\text{18}\)

How does HR deal with these changes? The old-fashioned HR concepts of an annual review, an annual talent cycle, and top-down-driven leadership and training simply do not keep up. These programs have to be done in a more systemic way in which managers at all levels are involved and they take place more often. One of the largest providers of healthcare products recently worked with us to create a new, agile high-potential and leadership program, focused on bringing leaders at all levels into the process. Just bringing all leaders into the process alone has created stronger alignment, engagement and improved transparency.

One way to think of this change is to rethink all HR practices as “continuous” rather than as “episodic.” Continuous recruiting\(^\text{19}\), continuous learning, continuous management and feedback, and continuous recognition and rewards define the new agile model for HR.

\(^17\) For more information on the April 2012 IMPACT Conference, please visit http://impact2012.bersin.com.


\(^19\) In Silicon Valley, where demand for engineers is intense, companies now recruit and hire through “meetups” and “speed dating,” during which engineers meet multiple employers within a few hours. Hiring decisions are made rapidly, often by looking at engineers’ code on public systems, like GitHub, http://www.sfgate.com/news/article/Tech-companies-use-tech-to-hire-the-best-4102888.php
A major part of this shift is changing the purpose of HR and L&D. In a hierarchical, top-down organization, HR’s role is to enforce standards and compliance. Today, business leaders want their HR teams to help to drive the business by empowering and enabling managers to operate more effectively. This means focusing much more heavily on development, collaboration, assessment and change management.

We believe this change is forcing a whole new model for the HR function itself, which describes our second prediction.
2. HR Transformation Will Focus on a New Model for HR

This year, nearly every company we talk with is trying to figure out how to “transform” its HR function. Companies feel the stress described earlier, but they are often “changing” only to save money.

This may prove to be a mistake. Companies actually should reengineer their HR organizations to become more data-driven, proactive, business-aligned and strategic in nature. The typical approach, building HR centers of excellence and online service centers, is simply not driving business alignment fast enough.

In 2013, we will be releasing one of our biggest research programs, the new High-Impact HR Organization®. From this research, we are finding a tremendous focus on a new type of HR generalist—a specialist. Today’s organizations need someone who is not an HR administrator but, rather, a deep subject-matter expert who is well-versed in recruitment, leadership, assessment and the business.

In many ways, we need to turn HR inside-out. Rather than focusing so heavily on administrative process and back-office operations (which are still vital to achievement), we need to build agility and deep expertise into the HR function itself—enabling HR business partners to truly help the business to improve.

Case in Point: Transforming the HR Function

I met with the CHRO of a global technology and services company which is going through a major business transformation (a shift from product to service business). He told me that they studied all of the company’s business units to see which were operating at the highest levels of performance and found that the highest-performing teams had a whole different model of management.

This “high-performance” management team relies on a high degree of planning, intellectual debate and intense focus on both “making the numbers,” as well as “explaining why any
discrepancy occurred.” The principles of this model are strong planning, hands-on management, an open learning culture and intense business acumen (studying the business with scientific accuracy and investigation).

(Our learning culture research clearly shows that companies which encourage and support open, unfettered intellectual debate far outperform the competition. Some researchers believe that this is what has given Israel such an amazing innovation machine—the culture supports open and candidate debate.20)

In asking the CHRO what role HR plays in the process, he said, “Unfortunately, not very much.” So he has tasked his HR business partners to study this model and understand how to help other parts of the company to replicate it. He also told the business leaders to challenge his HR team to be relevant, because he knows that many of the people in his own organization are still not business-oriented enough in their approach.

This is the type of thinking that can help us to build the high-impact HR organization. I will not preempt our upcoming research, but let me present some questions which allude to our new research.

- What, for example, does the “center of excellence” do to enable agility?
- How can the corporate university be dynamic and integrate capability development at the ground level?
- How do we develop expertise in social recruiting and employment branding in all of the various countries in which we do business?
- When did we last revisit our leadership model and how well it applies around the world?
- What are our talent analytics and workforce planning capabilities, and how do we advance these areas despite our aging technology systems?

If we look at high-performance companies, we find high-performance HR organizations. They focus on a modern set of people practices:

- **Skills Specialization**—Accenture uses a six-level model for capability development
- **Transparent Talent Mobility**—Cisco lets professionals change jobs every year
- **Continuous Development of Talent**—Deloitte uses a flexible work model that encourages consultants to develop themselves continuously
- **Global Awareness**—IBM encourages all of its employees to take global assignments, honoring their existing jobs when they move overseas

2013 is likely to be an exciting year in our marketplace. The global economy is expected to continue its recovery, and companies may push heavily to expand into China, Brazil, India and other emerging economies. We will help you to “rewrite the book” on HR—and show you a clear path to drive more value, create data-driven decision-making practices and leverage technology.

3. **Global Leadership and Bench Strength Have Become a Top Priority**

Our research continues to show that leadership gaps continue to be many companies’ biggest challenge.

In late 2012, we completed one of the most interesting research projects we have ever undertaken—a detailed look at different leadership styles across eight countries, and 30,000 different managers and leaders. The results point out what we would expect—“great” leaders vary by country and culture.

What the research shows is that “the competencies that matter” vary statistically by country. Leaders should understand these national stylistic differences and development should take a targeted approach to accommodate these styles.

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21 For more information on this upcoming research, please visit [http://marketing.bersin.com/GlobalLeadership.html](http://marketing.bersin.com/GlobalLeadership.html).
For example, many leaders in China and India are far more focused on operational management and execution than are leaders in the Benelux or the Nordic countries. Leaders in China and India are often more likely to be hands-on managers, and focus heavily on process and measurement. A charismatic “strategic” leader may not excel in this environment.

We believe these variations are caused by both cultural and economic issues. In a fast-growing country, businesses often excel by getting to market in a timely manner and effectively. While they need clearly defined market strategies, their achievement and failure are often driven by their ability to hire, train and manage individuals in a timely manner. Their organizations are less interested in long-term vision or sustainability initiatives. Change management takes place hierarchically through the top-down direction.

Benelux and Nordic countries, by contrast, tend to have leaders who focus much more heavily on planning, strategy and communication. We call this model the “change ambassador.” Companies in these countries are older and often very global—creating a need to focus on common vision, values and long-term thinking. While innovation continues to thrive in these countries, their culture is built around a focus on the “collective good.” There are many reasons for this and the data shows a stark difference in effective management styles.22

American managers often seem to have a more hybrid leadership model. U.S. leaders tend to be hard drivers (similar to many Indian leaders) and have a much more “push-oriented” approach to change management. The “rugged individualism” of the U.S. culture and our continued struggle to limit the size of government creates a leadership style that often focuses heavily on execution, with the weight of accountability focused on the individual.

In 2013, we plan to take our leadership development research up a notch. Not only will we continue to identify leading practices in all forms of development (such as various programs, solution providers, developmental assignments, assessments, succession practices, etc.), we will study the characteristics of high-performing leaders themselves. We already know that today’s organizations need leaders who practice hands-on leadership, are specialized in their skills, are able to change and adapt as needed, and are highly sensitive to diversity. In 2013, the topic

of “modern leadership” will likely be an important one and we can help you to make sure your programs are modernized to address the demands ahead.

4. Globalization of Talent Practices Will Be Important

Many major businesses we talk with are now global. Not only have markets become transparent and communications very easy, but business leaders see that emerging markets bring tremendous opportunity. The countries of China, India, Brazil and other fast-growing countries are maturing, and their appetites for products and services have exploded. These countries, while difficult to do business in, are maturing; China is now one of the fastest-growing countries for luxury goods.23

While U.S.-based businesses often think about the U.S. as an “exceptional” nation, much evidence shows that skills and resources have become much more evenly distributed. The U.S. is now ranked (by country) 25th in global math scores, 17th in science and 14th in reading.24 The American education system is no longer producing high numbers of “career-ready” workers, so companies have to either develop these skills on the job or hire from other countries.

In 2013, this trend is expected to continue and accelerate. While the U.S. was once the “country of immigration,” it now ranks equally with other countries (Germany, France, Canada and even Portugal have similar levels of immigration). So, without more focus on education and immigration reform, we can expect the U.S. skills gap to remain a problem. This means that any growing company should recruit and accommodate a globally educated workforce to thrive.

Given the opportunity to build businesses in emerging markets and the need to hire skills from around the world, we should rethink our entire model for leadership, recruiting and HR in general. As I discuss in a later prediction, the concepts of diversity and inclusion should be extended into all aspects of talent management; thriving organizations should be diverse in many ways. In 2013, regardless of the size of your organization, you should look at all aspects of your HR programs and think about how global diversity impacts its design.


5. “Continuous Learning” and “Capability Development” Will Begin to Replace the Buzz around “Informal Learning”

The L&D industry is in a renaissance. Given the global talent challenges which organizations face (and the explosion of online tools, content and systems), many high-performing companies are rethinking their whole L&D strategy. Our new High-Impact Learning Organization Framework® can provide you with a roadmap—we have moved from “talent-driven learning” to a focus on “continuous capability development.” (See Figure 4.)

Driven by these changes, the L&D market is growing rapidly (12 percent last year, the highest growth rate in more than eight years). Companies are investing more in many types of training (formal, informal and business-integrated.) As we predicted last year, the buzzword of “informal learning” has now become mainstream, and companies realize that they should build a whole architecture of L&D offerings and solutions. These new programs are social, mobile, continuous and highly integrated with talent management strategies.

The Year of the Learning Architecture

In order to deliver a continuous learning environment, companies should focus on what we call a “learning architecture”—a constrained set

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25 Our High-Impact Learning Organization research is a series of industry studies, which are available to research members at www.bersin.com/library or for purchase at www.bersin.com/hilo.

26 A concept that we pioneered many years ago, a “learning architecture” is your organization’s learning technology, tools and defined models for use throughout the company. A learning architecture is an organization’s unique map of agreed-upon learning needs, learning strategies and delivery strategies for all of its training. This gives designers, trainers and managers a clear view of what types of problems the organization will solve, how they will solve them, what tools they need and which approaches the organization will take. It deliberately limits the organization’s options by deciding how and where the training organization will focus its efforts – and it builds upon the organization’s culture and history of learning. Without such an architecture, L&D teams and managers constantly have to “reinvent” learning strategies, money is wasted on disconnected tools and it is difficult to move up the learning curve in organizational learning itself. Developing a learning architecture takes leadership and focus.
Predictions for 2013

Without a sound learning architecture, companies struggle to manage the multiple forms of content that we see in L&D today.

### High-Impact Learning Organization Maturity Model®

What does “capability development” or “continuous learning” look like? In 2009, we introduced our first-ever High-Impact Learning Organization Maturity Model®. After several years of study, we found that companies (and their internal organizations) often go through these four distinct phases as they evolve their learning strategies.

Companies start at the bottom with what we call “incidental training.” Here, training occurs on the job, often by peers or supervisors. Then they build a “professional L&D organization” which drives standard tools, programs, approaches and centers of excellence. Over time, companies align and integrate these programs with talent management strategies; finally, they move to a new level we named “capability development” or “capability-focused.”

Without getting into detail here (research members can assess themselves against this Maturity Model), what this means for 2013 is that companies will likely move beyond traditional L&D program management into a new focus on building a more integrated L&D strategy around the world.

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Globalization and business transformation are often forcing L&D to become more agile and integrated, as well. In 2013, companies will likely focus on building a learning architecture, integrating their technologies, driving a deeper focus on content and the learning experience, and driving a learning culture. Our research in 2012 and earlier shows that “talent-driven” learning (learning which is driven through development planning and talent management) drives far more value than performance-driven training alone.

We also see the emergence of “audience analysis” as a important part of L&D. An L&D function which drives organizational capability in today’s environment should understand the details of its learners—their environment, background, goals and work. Developing programs for which people “enroll” or “show up” is not enough. We need to target programs and solutions with a deep understanding of the learner’s
needs, similar to the “pinpoint marketing” ideas developed a decade ago.

We will spend a lot of time playing with new social tools, simulations, video and other forms of content. In fact, content management has reemerged as a critical achievement factor. Social learning is now mainstream and, regardless of your toolset, you should find ways to let people share knowledge with each other. Many low-cost tools (e.g., Jive, SharePoint and specialized learning systems) are now available.

We also believe L&D organizations should become more integrated (which may mean more centralized). Companies that have disconnected training groups (for different business groups, such as sales, customer service, IT, compliance or leadership) suffer with lower productivity, higher cost and less integration with talent strategies. While the best learning is often closest to the business, now is the time to build an integrated learning architecture and use it to bring your L&D teams together. Companies can share tools and expertise without centralizing all resources. Given the global nature of business today, in 2013 we all should focus on building a well-oiled “federated” model for L&D.28

Upskilling the L&D Team

All of these changes have created a need for new skills in the L&D team. Our research shows a growing need for skills in performance consulting, audience analysis and segmentation, learning technologies, and learning measurement and analytics. Training measurement continues to be a challenge, but today standalone learning measurement is becoming less interesting. Companies should take their learning measurement group and integrate it with teams that measure talent, leadership, engagement and workforce planning.

From our conversations with learning leaders, we know that there is substantial concern that their learning professional staffs may not be capable of making the kinds of fundamental changes in skills sets and orientation to remain relevant—to effectively perform what L&D needs going forward. This issue must be addressed with continuing development opportunities for the L&D staff itself.

28 Our High-Impact Learning Organization research is a series of industry studies, which are available to research members at www.bersin.com/library or for purchase at www.bersin.com/hilo.
6. Specialization and Career Development Take Front Stage

Jobs are becoming ever more specialized. Largely because of telecommunications tools, companies can create highly specialized roles and enable experts to collaborate and support many teams and projects. Coupled with this change, high-value jobs now often require even more education and training—on a continuous basis.29

Deep Specialization

Recent U.S. Bureau of Labor Statistics data tells us that more than one-quarter of the most promising occupations for the future require “... considerable to extensive preparation.”30 These jobs in high-growth or emerging industries include robotics engineers, climate-change analysts, and more.29

Figure 9: Increased Specialization in the Workforce

- **Expertise** drives competitive advantage
- **Specialization** improves quality and reduces cost
- **Deep skills developed** through “deliberate practice” and reinforcement
- **Deep skills come from a range of developmental** experiences
- **We need career development** in all critical job roles

Source: Bersin by Deloitte, 2013.

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and energy brokers, among others. The implication is that the major workforce growth in the coming decade is likely centered on positions requiring highly specialized skills.

Specialization is taking place in virtually every industry. Technology companies (like Intel, Google, GE, IBM, Qualcomm and Apple) are driving deep-skills specialization within their engineering and product teams (who had heard of Hadoop two years ago?). Consulting firms (like Accenture, Deloitte, Sapient and others) often use multilevel career paths for technical and professional roles. Healthcare firms often force their professionals to undergo continuous development and certification. As a senior innovation advisor at a major energy company explained,

“There’s absolutely no way anybody can be an expert in a substantial part of the total field any more. The modern-day Renaissance man just can’t exist.”

Many manufacturing companies (such as Ford, Eaton, BMW and others) have these needs. The emergence of electric vehicles, for example, has forced auto companies to build new curricula and partnerships with universities to develop skills in battery technology and small industrial motor systems. Cisco has invested heavily in its engineering population to build skills in small Internet devices (“the Internet of things”) and data science.

This means that organizations should build professional, technical and managerial “continuous development” strategies; we call them “specialist” career models. They drive more than skills and performance—they improve engagement and retention.

Leading Specialized Skills Programs

A great example of such a program is Electronic Arts’ new focus on building digital skills throughout its workforce.

Case in Point: Electronic Arts Builds Specialized Skills

Electronic Arts is a global leader in digital interactive entertainment, delivering games, content and online services for
Internet-connected consoles, personal computers, mobile phones, tablets and social networks. The company has more than 220 million registered players and operates in 75 countries.

As a result of a strategic planning session in 2012, the company realized that it needed to build a deep level of digital literacy across all of its product and market-facing business units. Developed via a mission to build a $3 billion “digital” revenue stream, the company brought together a cross-functional team of experts to build skills, strategy and product direction toward digital revenue streams. This “action-learning” project created a demand for deeper skills and empowered the organization to become more innovative in the development of new digital businesses.
As with Electronic Arts, many high-performing companies are already moving in this direction, such as the following.

- Marriott has built a role-based management development program which lets employees worldwide select their roles and levels, and register for a series of formal, informal and action-based learning programs designed for their jobs. This program, which took several years to build, is now forming the foundation for Marriott’s ongoing management and operational training around the world.

- IBM invested heavily in scenario-based simulations for its sales and service workforce, designed to teach account managers at all levels how to engage with all levels in their client organizations. This game-based mobile program enables individuals to learn, compete with each other and plot their progress sequentially. SAP rolled out a similarly exciting game-based program for its worldwide salesforce.

Capgemini, USAA, Accenture, Novo Nordisk and many other clients have shared their skills specialization programs with us; many will be documented in the 2012 Learning Leaders® report. In these cases, these organizations have taken critical roles and identified the specialized skills needed to achieve their goals—then built an entire architecture of content, programs, activities, rewards and career strategies around the development of deeper and deeper levels of skills.

In 2013, you should take time to build a specialized skills model in one or more of your functional business areas. We will be introducing a four-level capability model in our own research library (beginner, practitioner, expert, master) which you can use as a guide. Once this model is clearly articulated in your organization, you can build training and development, career guidance, and talent mobility programs around it.

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32 Our current research is due to be published later in 2013.
7. Talent Mobility and Career Development Become Important to Achievement of Goals

Six years ago, we started our comprehensive research on succession management. What we found was a fairly old-fashioned approach taking place (“replacement planning”) that was being used by many companies. These organizations had charts and systems filled with “ready-replacement” and “succession” charts. (HR executives tell us that many managers highly inflate the readiness of replacements.)

Now, driven by the competitive talent markets and the need to build deep skills (which often takes years to accomplish), we see a new focus on talent mobility and career development. The following cases in point illustrate the actions that some high-performing companies are taking.

Figure 11: Implementing Talent Mobility

Case in Point: Developing Skills Internally

One of our clients, a large global oil company, forecasts that as much as 40 percent of its workforce will retire within seven to 10 years. Unfortunately, new graduates in mechanical and petroleum engineering are very hard to attract. This particular company has also concluded that, even if it hires a senior energy engineer away from a competitor, it takes nearly seven years for that individual to become fully proficient in its practices and systems. This is not an easy problem to solve.

Specialized workforce, tight labor markets—what do we do? One answer is to create a vibrant career development and talent mobility program which builds talent internally. That is what this global oil company is doing.

Case in Point: A Major Healthcare Company Integrates Its Talent Acquisition, Learning and Talent Management Teams

A major healthcare company that we have worked with for many years uses this approach. This healthcare company recently integrated its talent acquisition, learning and talent management groups together into a new organization, called talent acquisition, mobility and development. This integrated team has set in place new goals which measure and promote internal mobility, talent “production” (the ability for managers to promote talent out of their teams), high-potential career programs and many formal career paths for professionals at different levels. This integrated program has taken the healthcare company several years to develop.

One of the other lessons learned, by the way, is that L&D programs and staff form the backbone of many talent mobility and career development strategies. In these areas, content becomes king.
Our Talent Management Framework® shows L&D as a foundational process—it helps many of the other talent practices to fit together.33

**Case in Point: Cisco’s Career Models**

Cisco, a technology company with more than 66,000 employees worldwide, has a dynamic career model which lets employees change jobs after only one year in their current positions. While the company’s cross-divisional career models are not complete, it believes that this practice tremendously improves its employee retention and creates a highly integrated culture. The company’s head of talent acquisition is starting to build career models across the company to help integrate mobility between business units.

**Integrate Talent Acquisition and Talent Management**

More and more companies now realize that they should integrate their talent acquisition teams with their internal career development teams, enabling any employee (or candidate) to take advantage of the career models in place. Accenture, for example, recently revamped its entire talent management process, and now has an integrated model for new-hire onboarding which fits a similar model for talent mobility and rotational assignments.

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The practices of internal talent mobility and career development touch nearly every other HR practice in the company.

- How do you make sure high potentials are identified and given the appropriate opportunity?
- When an individual moves into a new role, how do you support that employee to make sure that individual excels?
- What patterns of mobility are most strategic to the company, and how do you facilitate and reward this type of movement?
- How do you encourage managers to facilitate the career development process in the right way?

**The Four Pillars of Career Management**

Our research shows that high-impact career programs should be built systemically. There are four big stakeholders to consider (see Figure 13).
Employees should understand their own strengths, career goals and tolerance for work-life balance. Managers should have tools to assess potential, understand opportunities and learn how to develop their people. HR should identify and develop real-world career maps, show the paths of effective individuals as models, and provide tools and coaching to managers and employees. Executives should drive this process from top to bottom, to prevent talent hoarding and to improve transparency in the internal talent marketplace.

If you think about your own organization’s talent challenges, you will likely see that building a stronger mobility and career development program will likely dramatically improve productivity and performance—so we encourage you to put it on your list for next year.

**Figure 13: Entire Organization Should Contribute to Leading Career Management**

<table>
<thead>
<tr>
<th>Employee</th>
<th>Manager</th>
<th>HR</th>
<th>Company</th>
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<tbody>
<tr>
<td>- Identify Career Goals&lt;br&gt;- Maintain Profiles&lt;br&gt;- Demonstrate Values&lt;br&gt;- Socialize Interests&lt;br&gt;- Create Internal Network&lt;br&gt;- Share Expertise</td>
<td>- Define Job Profiles&lt;br&gt;- Provide Coaching&lt;br&gt;- Assess Potential&lt;br&gt;- Identify Development Opportunities&lt;br&gt;- Provide Candid Feedback&lt;br&gt;- Share Talent Openly</td>
<td>- Provide Tools &amp; Resources&lt;br&gt;- Develop Career Models&lt;br&gt;- Facilitate Processes&lt;br&gt;- Offer Career Coaching&lt;br&gt;- Support Career Development Training&lt;br&gt;- Integrate with Talent Management</td>
<td>- Develop Infrastructure – Process, Technology, People&lt;br&gt;- Create Culture of Mobility&lt;br&gt;- Communicate Expectations&lt;br&gt;- Create Transparent Marketplace</td>
</tr>
</tbody>
</table>
HR Technology, Tools and Markets

8. Talent Management Systems Commoditize but Also Innovate as HRMS Replacement and Convergence Build Momentum

For the last 10 years, companies have been buying, implementing and replacing a wide variety of new talent management tools. The four key pillars to this market (performance management, learning management, recruiting / applicant tracking and compensation) are now all being integrated together. Talent management vendors now sell an integrated suite; the major HRMS providers (Oracle, SAP, ADP, Ceridian and Workday) are now building out (or have already built) full talent management suites.

Organizations which have multiple talent systems can now find a vendor with a fully integrated solution. While the products are far from perfect, more than one-third of companies are now willing to give up what have been considered to be “sexy” features for a single-vendor solution.

This trend, coupled with the fact that many PeopleSoft, Oracle and SAP HRMS implementations are more than seven years old (the technology obsolescence period for HR software), means that many major companies are considering some form of major HR systems replacement.

In 2013, the talent management market will likely remain messy. HRMS vendors Oracle, SAP and ADP all have “near complete” solutions in many respects—but each has its own missing elements and much of the integration between acquired software is not complete. Workday is slowly coming to market with a next-generation solution, but it is missing many parts. ADP, Ceridian, Ultimate and other HRMS providers can assist them with meeting the needs of midmarket companies. Other companies (like Cornerstone OnDemand, SilkRoad, Lumesse, Peoplefluent, Saba and SumTotal) continue to offer highly mature talent management software with strengths in different areas.

In each of the six major segments, many innovations are occurring.

a. Recruiting

In recruiting, a barrage of new startups is trying to build the “google of people” tools which let you search the Internet to find prospective candidates, leveraging many social systems.

The market for candidate relationship management tools, video-interviewing, social sourcing, social reference checking, vertical assessments and data-driven recruiting systems is on fire. Venture capitalists have funded dozens of high-powered startups in this market and we can expect many breakthrough new recruiting solutions to come to market. In this market, there is no “one solution” available; companies will likely continue to buy a core applicant tracking system—but this market is more commodity-like, and many of these add-on features will likely drive much of the value and differentiation.

The applicant tracking systems market will likely continue to grow and play an important role in the industry. Companies, like Oracle (Taleo), IBM (Kenexa), Lumesse, SilkRoad, SAP and ADP, as well as new entrants like Cornerstone OnDemand, SmartRecruiters and others, will likely continue to grow market share. HR organizations may not survive without some form of an LMS—for both operational and compliance, as well as data analysis, purposes. All of these vendors may create new tools for analytics, helping recruiters to understand their workflows, quality of hire, brand quality, advertising effectiveness and staffing efficiency. Over time, the applicant tracking systems market is converging with core HR systems.

Facebook continues to play a role in recruiting, but primarily as an advertising platform. We see no evidence yet that Facebook plans to place a corporate bet on recruiting and it may rather be hoping that its application partners build compelling products for the Facebook network. The potential to mine the Facebook network for recruiting is enormous, but the company appears to be focused on other markets. Many of the companies that have tried to monetize Facebook’s database have yet to see huge growth, likely because the company’s search engine and tagging process are not fully designed for corporate recruiting.
b. Learning

The learning management market, now more than $2 billion in size, continues to evolve. We track more than 200 LMS companies (there are more than 500 worldwide) today and many new cloud-based systems are providing far improved learning experiences than do the traditional players. Not only has social learning and expertise-sharing impacted the market, but the explosion of interest in online education (e.g., massively open online courses\(^{35}\)) from companies like Khan’s Academy, Coursera, Xed, Udacity, Udemy and others is making corporate training managers envious.

We believe that the LMS market will continue to be a critically important market; more and more of the new cloud-based LMS companies will likely compete with HRMS-provided LMS systems every day. Today, the HRMS-provided LMS products are often considered the least exciting in many cases and only a few vendors have fully mobile-enabled corporate training solutions. We can expect many more acquisitions of these companies and a continued innovation in this market.

In 2013, the LMS market will likely see an upsurge as companies continue to replace their older systems and implement more modern cloud systems in an integrated way. With cloud-based LMS and HR systems, there is likely no need to purchase multiple systems within an organization, so consolidation should be much easier and more common.

c. Performance and Succession

The performance management software market all but disappeared and, after the acquisition of SuccessFactors by SAP and Taleo by Oracle, is now a “features set” in nearly every offering of HR software. Despite this change, there is major innovation brewing here.

As I described earlier, companies want their performance management processes to be agile and continuous, so a number of exciting companies are now selling tools which manage continuous goal-setting, collaboration, feedback, recognition and performance appraisals, as

\(^{35}\) “Massively open online courses” or MOOCs are a new phrase to describe open e-learning programs for higher education. Most are very unproven – but the venture capital community has funded more than $2.8 billion new education businesses in the last 10 years and the growth rate is accelerating.
well. These new “work management” systems will likely transform the market for performance management and, in 2013, we may see many innovative implementations of these new solutions. Do they replace core HR software? No, but they can supplement and disrupt the incumbent players, and are already highly useful for departmental applications.

The end-of-year appraisal process is not going away soon; but, in terms of value, it is no longer always considered sacrosanct—so companies are looking for tools that let teams manage themselves, share goals and provide continuous feedback. I expect many new companies to become effective in this market, and some may be acquired and then copied by bigger players.

d. Social Recognition

An adjacent market to performance management is the exploding social recognition market. We studied the rewards and recognition market in a big way this year, and found an enormous marketplace of “service awards” and “top-down recognition” programs which does not appear to be driving much business value at all.

New approaches, pioneered by Globoforce and Achievers, let companies provide peer-to-peer recognition in a highly agile, fun and valued way. These new systems allow companies to replace their existing programs with a more democratic awards program, creating more engagement and feedback, while shifting spending without major incremental cost. Our research shows companies that implement these programs often develop a much improved “recognition-rich culture” which, in turn, decreases involuntary turnover by more than 30 percent. In 2013, this market will likely continue to explode and some of these vendors will likely go public.

e. Workforce Planning and Analytics

Several years ago, we believed there was a market for standalone workforce planning and analytics systems. Today, many of these tools have mostly been acquired—and this technology and solutions are being developed by HRMS vendors. While it remains very immature, it is a very high-value arena, and we can expect a flurry of new analytics and planning tools to come to market.
SAP and Oracle have highly mature offerings already (strong on analytics, not as strong on planning); companies like ADP, SumTotal and Workday are heavily investing in analytics systems. But we can expect many new vendors to enter this market, driven by the impact of the cloud and new analytics tools.

Much of the 20-year-old business intelligence software market (e.g., BusinessObjects, Cognos, Hyperion) is being reinvented by new technologies; there are a large number of Big Data service providers entering the analytics market. None is laser focused on HR analytics yet, but they will likely get there soon.

We can also expect Deloitte, IBM, Accenture, PWC and other consulting firms to invest heavily in this market, as well. We launched a whole new research program in HR and talent analytics this year, and we see many opportunities for consulting firms to provide tremendous value as companies build out their own internal analytics teams.

We are in the first inning of a wave of business analytics being applied to talent, so these are the early days. In 2013, we expect that many large HR and talent management teams will increase their internal focus on analytics. Think about bringing all of your HR measurement teams together; this is one of the first steps. We encourage you to read our Big Data in HR and HR Measurement Framework® research to guide your plans.

f. HRMS Market

Technology goes in cycles. During my career, I have seen mainframes, PCs, client/server, SaaS and now the cloud—which is soon to be complemented by mobile.

After seven years of lull in the HRMS market, it is now on fire again. Thanks to cloud computing, companies are looking to replace much of their in-house HRMS and payroll solutions in a big way. In 2013, this market will likely accelerate as Oracle, SAP, Workday, Ceridian, Ultimate and ADP greatly enhance their end-to-end offerings. The wholesale

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replacement of the licensed HRMS market with cloud solutions may take many years; but more and more companies now see the value, and success stories are becoming widespread.

Fueling this fire, many of the major consulting firms are building out Oracle, SAP, Workday and other HR technology practices—making it easier than ever for companies to find experts. In 2013, we will likely see more HRMS replacements with major marketing thrusts by the incumbents to fend off new offerings from companies like Workday and Ultimate (in the midmarket). Oracle, SAP and ADP may all see great gains here.

**New Entrants while Consolidation Continues**

In 2013, we expect to see “strangers in a strange land” entering the HR software market. With so many vendors for sale, many large companies have been looking at this exciting space. Salesforce.com will likely continue to build out its midmarket-focused Work.com product set which may eventually evolve into a more integrated talent management suite. IBM plans to integrate Kenexa software with IBM’s various tools for collaboration to offer an end-to-end HR software suite (time will tell whether or not this works out). I would not be surprised to see other acquisitions take place. Big vendors often want to get bigger and big players often want to get into this market.

My advice to these companies is to be careful. As enticing as the HR software market appears to be, it is highly complex, very competitive and demands deep levels of experience to be effective.

**9. Analytics, Big Data and Workforce Planning Will Become a Major Focus for Large HR Teams**

The Big Data noise level is deafening. Many major software and hardware providers are focused on analytics tools, and consulting firms are all building practices in various types of business analytics. Many HR organizations in general suffer from a lack of experience in talent analytics, but we believe 2013 is a tipping point year when it becomes a necessary investment.
Predictions for 2013

Consider the trends shown in Figure 14. Just as HR organizations are moving from Maturity Model Level 2 “strategic HR” to a function with integrated talent management (Level 3), so is analytics becoming more and more important to achievement of goals. We have clearly entered an economy in which talent is considered a critical and scarce commodity. When this happens, companies should get smarter about every single talent decision. Enter the world of “data-driven people decision-making.”

We have been studying many aspects of HR and learning analytics for many years; there are many applications with tremendously high ROI. For example, simply understanding the characteristics of high-performing salespeople can deliver huge returns and many companies do not do this well. Top sales performance can be driven by many factors, such as candidate experience, education and personality, as well as by management environment, training, motivation factors and many other criteria.
Some companies like Google now have scientific models which predict the engagement of their employees. These data-driven systems help line managers in deciding who to hire, how to manage for optimal performance and what recognition programs can incent high performance. Many companies have this type of data available; in 2013, many more success stories may appear and we recommend that all companies start to perform this type of analysis.

In 2013, HR teams should take the time to build a plan to collect this information and focus on a few major problem areas. While “engagement” is often an important element to measure, it is really a surrogate measure for many other factors. Companies often use their engagement surveys as a starting place, and from there look into the many other factors that drive high performance and retention.

In 2013, the tools, methodologies, consultants and experiences with talent analytics will likely become more visible, forcing HR teams to dive in. Our
research shows that only six percent of HR teams feel “expert” in this area today and we can expect this number to go up dramatically in 2013.

We will be continuing our active research in this area; we recently published the HR Measurement Framework\(^{38}\), as a complement to our Big Data in HR report\(^{39}\) with the Talent Analytics Maturity Model (see Figure 16), to help you to build your plans and strategy. We will, of course, continue to monitor and study tools, leading practices, case studies and models to help you.

![Figure 16: The Bersin Talent Analytics Maturity Model®](image)

Analytics is also an important area of professional development for HR and L&D professionals in 2013. Everyone reading this report should spend time getting to know this space—becoming familiar with the concepts, principles and some of the tools.


\(^{39}\) For more information, Big Data in HR: Building a Competitive Talent Analytics Function – The Four Stages of Maturity, Bersin & Associates / Josh Bersin, April 2012.
10. Developing a Mobile HR Support Strategy Will Be Important in 2013

Much evidence shows that the entire workplace is being transformed by mobile devices. Not only are phones and tablets starting to dominate corporate computing, but Internet sensors are rapidly being installed in most industrial equipment. This means that machines, production equipment, inventory and other workplace devices will likely be “data-producers” for all of us.

I had a conversation with one of the lead engineers at Qualcomm this year (Qualcomm is the technology provider for many of the cellphones in the world). He told me that the company is working on an open source set of tools which is meant to let companies build “location-dependent” applications that enable security, training, knowledge management and many other applications. Imagine, for example, a repair technician who walks into a plant floor to do his job and his phone alerts him that he is not “certified” to operate in that location. This is now an easy application to build.

Companies tell us that many of their employees now come to work with their “home-purchased” mobile devices and fully expect all of their core HR systems (e.g., time and attendance, vacation scheduling, expense reporting, and employee directory, as well as email and other secure applications) to be available. Yet, in a recent meeting I had with around 200 HR professionals, only seven told me that their companies had a strategy to provide HR service support on mobile devices.

Remember that as many as 40 percent of your “employees” may be working from home, on the road or part-time—so they often expect their training, ongoing support and communications tools to work wherever they are. Part of your HR technology strategy should include a close look at mobile tools in nearly every area of HR. You will likely find that many technology providers are getting there in a timely manner.
11. Social Tools and Behaviors Have Started to Significantly Change Many HR Strategies

We started looking at social tools for training and learning nearly five years ago. At that point in time, there were some exciting pilots and lots of small innovative vendors with interesting tools. Today, social tools have infiltrated nearly every software platform in HR—enabling nearly every HR practice and process to be infused with social functionality.

Not only have all HR software providers added social tools to their systems, many disruptive new tools have arrived. Salesforce.com, a leading cloud-provider of salesforce automation systems, has now launched Work.com, which offers a whole set of tools for social performance and daily work management. We expect Work.com to dramatically impact performance management in sales and service organizations.

While some big companies are struggling to put together general social networking strategies, more and more companies now realize that they should empower and encourage such collaboration. In addition, they should put in place the policies to guide its success, rather than try to hold it back. Our research on learning culture shows that empowering and rewarding knowledge-sharing can have tremendous return on investment.40

In recruiting, social technology is having a revolutionary impact. Not only are social networks becoming huge sources of passive candidates, but we can now target advertisements and messaging to social networks as an important way in which to build employment brand. A wide range of startups are building new search tools to find passive candidates, exposing much of your social activity to recruiters. Companies like Glassdoor now provide independent employment branding information, leveraging social technology to expose your employment brand in new and scary ways.

In learning, we have reached a point at which social learning, informal learning and online courseware have come together. Many content providers now understand that they must incorporate social experience in their online learning offerings. Your own internal training, whether it is classroom- or virtual classroom-based, should have a social component

included. Internal collaboration systems, like Yammer, Chatter and Jive, are now widely used for knowledge-sharing and expertise location—enabling informal learning to flourish.

Our research shows that many companies have a huge content management problem on their hands. So, in 2013, social learning will likely continue to grow, but companies will likely struggle to manage the content—they must take time to build a sound architecture for tagging and content management.

In performance management, many companies are experimenting with social feedback (continuous online feedback) and the collection of social recognition as part of the employee evaluation process. Think about a hard-working, highly effective customer service representative who is loved by her customers, but may not be visible to upper management. She may have a “social persona” which shines a spotlight on her performance. Making that data available to her management and the rest of the organization can drive tremendous improvement in her visibility and potential to grow.

Our research in the engagement and recognition market shows clearly that companies which build social recognition tools (such as “thank yous,” and formal and informal programs) have measurably higher levels of engagement and retention. These programs should no longer be “top-down” but should be “bottom-up”—and driven by a social approach.

Social technology, of course, is changing internal and customer communications in general. HR and L&D professionals should understand these systems, and feel comfortable taking on a role of “moderator” or “facilitator”—rather than being a control point or regulator of communication.
12. Employee Engagement and Diversity Will Be Considered a Vital Part of Talent Management

In 2012, we invested heavily in research and tools to help companies understand how to measure, manage and improve employee engagement. We did this because nearly every organization we talked with told us that they had pockets of low engagement and gaps in their ability to understand, measure and improve engagement.

What our research has shown is that low engagement is not only driven by low pay or a slow economy—it is also driven by the increasingly diverse nature of the workforce and workplace. While your organization may still have a “non-diverse” executive team, I would bet that your workforce itself (and your customer set) is increasingly diverse. When we talk about diversity, we refer to age, gender, nationality, culture, race, sexual orientation, background, experience and many other factors (see Figure 17).

<table>
<thead>
<tr>
<th>Figure 17: The Many Dimensions of Diversity</th>
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<tbody>
<tr>
<td>Age</td>
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<td>Race</td>
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<tr>
<td>Location</td>
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<td>Work experience</td>
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<td>Management status</td>
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<tr>
<td>Religion</td>
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<td>Work location</td>
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Source: Bersin by Deloitte, 2013.
Much external research shows that diverse teams bring insights and debate to the table—which makes them perform better, over the long run, than do non-diverse teams.

**Case in Point: Creating Diversity**

One of our clients, a large oil and gas company, realized that many of its new business opportunities are coming from emerging economies (such as Africa, the Middle East, Eastern Europe, etc.), where the populations of workers and customers is far different than it is here in the U.S. Yet the company’s diversity strategy, in the past, was focused on creating a diverse racial background here.

The vice president of diversity (who now runs talent acquisition) realized that the company’s immature diversity strategy was holding back the company around the world in terms of hiring, training, retention and engagement. So, her strategy over the last year was to build a diversity orientation, a set of principles and a set of practices that are integrated into the company’s entire talent management program.

Another of our clients, a major consumer products provider, opened up a major new product center in India in an attempt to tap into buying trends in emerging economies. In this case, the company found that its leadership model did not encourage the development of local leaders, so it started to relook at its typical expatriate leadership development strategy.

Our 2012 research in global leadership clearly shows that companies should focus on diversity in leadership, as well as other talent practices. In fact, we believe that the leadership development industry itself is going to be transformed by the various differences in style and effectiveness across different cultures.

Finally, we have to remember that age can play a major role in organizational strategy. Many big companies (particularly those in the energy, utilities and traditional manufacturing industries) are filled with older employees and have had a harder time attracting young talent.
Young people want to work in organizations which are fun, engaging and filled with career opportunities. In 2013, as the economy grows it will likely be very important for organizations to build an age and diversity focus within its talent management strategy, and to put in place career development programs that attract young people.

Many people who entered the workforce over the last 10 years experienced a difficult economic environment. They tend to be less trusting of their employers, and will likely look for opportunities which bring great work, growth and opportunities to give back to their communities. Many grew up in a less formal work environment and expect a similar environment at work. These are important elements to attracting and retaining top talent, and should be on the list for your talent management strategy in 2013.

13. The Structure of HR and Role of the Business Partner Will Likely Change

Based on the research that we did in 2012 and will launch in 2013, we see a new model of HR and L&D emerging—one which moves to Level 4 in our evolutionary model (see Figure 4, repeated in this section). While many companies will not totally transform their HR teams for several years, the patterns are clear.

One thing we know is that traditional, compliance-driven HR strategies may not drive much incremental value in the coming years. While compliance and core HR programs continue to be business-critical, they simply do not add enough value in today’s global business environment.

Second, our research shows that “conservative” HR organizations, while often highly effective and efficient, do not perform as well as “innovative operators,” which are companies that develop their own unique people strategies. Many HR teams do try to copy the achievement of others; while this is clearly an important thing to do, it should not replace a fresh look at your own organization and a bold attempt to build unique strategies that will work for you. This, of course, requires knowledge, experience and risk-taking—traits sometimes missing in parts of the HR team.
Third, our research shows that the structure of the HR team should be federated (or nearly decentralized) and highly business-focused. So, while HR finds efficiencies in rolling out programs from a corporate office with some “center of excellence” to drive leading practices, the business requires local delivery and customization based on regional needs. Companies that spend too much time building highly centralized HR teams often underperform during times of change.

The fourth item to consider is that the traditional role of the “HR generalist” or “HR business partner” should change. These multidisciplinary roles should be staffed by business-savvy consultants who can rely on deep levels of expertise in assessment, culture, general HR practices and leadership experience. In 2013, companies will likely focus heavily on reskilling HR, and uplifting and changing the role of these critical positions.
As one CHRO described to me last year, the HR business partners should be the “vice presidents of HR” to the local business leader, bringing to bear the management and technical skills needed to help in driving forward that particular part of the business. They should have a set of support resources, systems and programs to rely on—and these supporting systems should be modern, flexible and culturally consistent with the company’s end-to-end strategy.

Remember also that ultimately HR’s job is not to deliver programs, but to empower, aid and support management. Managers run the company. HR’s job is to give employees and managers the skills, tools, systems and support they need to drive success.

14. The Reskilling of HR Has Become a High Priority

Many of the issues we discuss in this report describe new approaches to management, organizational development, technology and many of the major disciplines of HR. These changes are driven by technology, demographics, the economy and the political changes surrounding us.

What they add up to is a lot of new thinking about HR practices themselves. If you think about the nexus of change we discussed at the beginning of this report, you realize that many of the traditional HR practices we use may no longer work as well. Many major human resource practices were designed by someone to solve a problem—and they worked within the context of that particular company at that particular point in time. So, while some approaches appear to be “gospel,” we should challenge them when they do not add value.

As a research organization, we maintain an independent perspective—and we see many areas in which HR professionals need to adapt. Unfortunately, only 15 percent of the companies we surveyed last year told us that they have any type of formal HR retraining or continuous education in place.

In 2013, you as a professional and your organization as a whole must invest the time and money in skills and education. In our High-Impact HR research41, we will be introducing new tools and models to help you to

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41 This information is based on our current research on the topic of high-impact human resources, the reports for which is due to be published in 2013.
understand the “new roles” in HR. It is clear now that organizations need HR and L&D professionals to be highly skilled in modern approaches, aware and comfortable with technology, data-driven, and “bold” in their willingness to try new things.

One of our clients mentioned the idea that “boldness” is an important trait in a high-impact HR business partner; we agree. In 2013, we believe it is time to innovate within HR—try new things and learn from the experience of others. This is likely impossible to do if you and your organization have not taken the time to develop deep levels of expertise and understand the technical nature of our profession.

Human Resources, L&D, recruiting, leadership development and all of the other parts of our profession are like trades—they are a “craft.” There is no precise “right” and “wrong” way to do many things in HR; rather, you learn them from experience and a deep understanding of basic principles. Like any craftsman, we have to continuously try new things, learn new tools and refine what we already know.

The rate of change in our profession is at an all-time high. Business leaders expect us to be on our game and provide continuous value—so, in 2013, take the time to sharpen your saw, and dive into the topics of HR and L&D that you have not yet mastered. (The University of Michigan, ANZ Bank, Edelman and Quintiles, for example, have each built new HR certification and knowledge-sharing programs for their internal HR teams. You can read more about them in our case study library.)

We, as an organization, will be significantly enhancing our membership to assist you in this effort, by the way, so stay tuned for some new announcements that can further help you to develop your own level of skills and experience through your Bersin membership. We have a wide range of new tools, new topics, new technology features, and an exciting new professional development dimension to our membership that can help you and your organization to improve your core capabilities.

15. “Bold,” “Business-Driven” CHROs Become Heroes

Late in 2012, I attended a conference in Europe and listened to a speaker talk about the “incredible shrinking CIO.” His point was that cloud computing and other integrated technologies have changed the role of the CIO, forcing many to either take on new responsibilities or go away.
Do we have an “incredible shrinking CHRO,” as well? Definitely not!

If you think about all of the issues raised in this report, you would likely conclude that a business-driven CHRO is now more important than ever. In 2013, the “bold” and “business-driven” CHROs will likely stand above their peers.

The role of a chief human resources officer (or vice president of HR) is very difficult. You must make “the trains run on time” or else you lose your job. This means implementing global staffing, payroll, compliance training, performance management, labor relations, compensation planning and a myriad of other “business-critical” support processes. These functions, like the CIO’s job of making sure that email works, are not often rewarded—but if they do not work well, the business cannot operate.

On the other hand, the “strategic” role of HR is increasingly important. High-performing CHROs and their teams have found a way to automate, streamline and outsource the “non-strategic” parts of their operations—and they provide a laser-focus on high-value areas.

Programs like strategic talent acquisition, workforce planning and intelligence, culture (learning culture, engagement and accountability), new models of leadership and management, and programs to support business agility and innovation are all important to HR.
Conclusion: Be Bold in 2013

Our advisory board told us this year that their top issues were driving transformational change and restructuring their HR teams. It appears that many of the HR structures and systems we have in place seem to get in the way.

This is why we use the words “be bold.” In 2013, you have the opportunity to push the envelope, ignore some of the sacred cows and implement programs that address the issues in this report. You will likely find enthusiastic reception from your workforce, our industry and, of course, from us.

One of the themes I like to use is moving HR and L&D from working “on the business” to working “in the business.” In other words, your job is not so much to design, develop, implement and roll out programs for your company—but, rather, to simply look at what your company is trying to do, and to use your deep expertise to make it happen faster and more effectively.

Not as easy as it sounds. But to me these are the big themes for 2013. We will be here to help you along the way.

Josh Bersin
Principal

P.S.: We have an expansive agenda for research, tools, professional development and networking to help you in navigating your strategy in the coming year. Please call us to learn more about the new dimensions of the Bersin membership and the BersinInsights® information services platform.
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