TREND/What's old is new again.

Backward Glances

Forward thinkers find comfort in business fundamentals, paper magazines, books, and traditional training—with a digital element.

By Sabrina E. Hicks

"I feel very ambiguous about progress. Technical progress, everybody now understands, is the key to prosperity. But my own feeling is that prosperity comes with a price that perhaps we don't acknowledge. And there's something unnatural about the devaluation of the past that is implicit in the exultation of the future."

- Michael Lewis, author of Next, *from an interview with NPR's Alex Chadwick*

Imagine if you will, my desk as a conveyor belt. As *T+D*'s book editor, I've watched many a book roll by this year: *Finding, Hiring, and Keeping Peak Performers; The Emotionally Intelligent Workplace; Lean-ISD; Resolving Conflicts at Work; Hands-On Training;* and more than three books on General Electric's retired CEO Jack Welch. As those and other titles crossed my desk, I began to notice a change in topics from previous years.

In 2000, the bestselling business books, as reported by **www.businessweek.com** included such titles as Malcolm Gladwell's *The Tipping Point*, Christopher Locke et al's *The Cluetrain Manifesto: The End of Business as Usual*, and John L. Nesheim's *High-Tech Start Up*. In 1999, we were reading *Business @ the Speed of Thought, The Innovator's Dilemma,* and *Customers.Com*. As I'm writing this Trends article, I check the Top 25 books at **www.800ceoread.com**. Here's a sampling: *Six Sigma Way, Managing Transitions*, and *The Change Monster*. Remember Six Sigma?

Those titles and the change that I notice add up to a developing trend away from technology and dot.com topics to more practical "here's how to get things done around the office" titles. What's the deal?

I'll tell you the deal: We're scared. As the summer of 2001 TV car commercial notes, last year we were wondering, "How high is high?" concerning the stock market; now we want to know "Where's the bottom?" Nowhere in sight—if the Federal Reserve continues to find zero growth in business as it did in June and July. Due to the economic and emotional whiplash of terrorism, we're a little less interested in the next big thing and a little more interested in what works.

Fundamental fanfare

So, what does work? The pun has been made: B2B now stands for Back to Basics instead of business to business. Just as the *Peanuts* character Linus wraps himself in his blanket for comfort, we're wrapping ourselves in business fundamentals that have been tested and proven. According to Joe DiStefano, a professor at the International Institute for Management Development, looking back fondly at what worked in the past is common during harsh economic times: "Profit decline (or loss) and market value decline both concentrate senior executive attention to costs, which inevitably increase during prosperity. Record number of years of growth—in some industries, explosive—probably led to less cost consciousness. So, attention to fundamentals is a natural consequence of those factors."

There's another train of thought, as described by Joe Willmore of Willmore Consulting Group in Annandale, Virginia: "After several years of glorifying dot.coms and arguing corporate dinosaurs are dead, we're now trashing the tech firms and rebuilding the reputation of those that pre-date the dot.com wave." True, now that the tech industry has suffered Nasdaq's slings and arrows, we're returning to tried-and-true business models of the bricks-and-mortar kind. Which successful bricks-and-mortar organization have we chosen as our archetype? GE, with Jack Welch standing in as the man of the retro-hour.

"If we're returning to the fundamentals and returning to the basics," says Jeffrey A. Krames, author of *The Jack Welch Lexicon of Leadership*, "I think it's because, in times of uncertainty, people return to what works. There's no leader who has a more extraordinary record in success and growth than Jack Welch. So, now I think everybody would like to do [business] the Welch way."

The attention the media is throwing Welch's way isn't unsubstantiated: He seems to have cornered the market on implementing successful business models. You've heard of Six Sigma, Work-Out, Boundaryless, and Number One, Number Two—talk about your tried-and-true business models. It's no wonder we want to learn from Welch now. The gamut of books on Welch that keep crossing my desk have to be an indication of popular interest.

The present economy and Welch's highly publicized success at GE are two reasons professionals are re-interested in business fundamentals. While dot.comers are cleaning up after their 2000 and 2001 pink-slip parties, they're realizing that some of the new business models they implemented during the Internet frenzy aren't as reliable, aren't as profitable, don't have the shelf-life of established business models as those implemented at GE by Welch.

Time's 1999 Man of the Year was Jeff Bezos, but Welch, now retired from the company he grew from US$13 billion to $600 billion, wins in the popularity contest against a shopkeeper of a dot.com that's yet to show a profit. Bezos's new economy business model is based on business fundamentals, isn't it? Sure it is, but as Dana Robinson of Partners in Change and co-author of *Moving From Training to Performance* notes, "[Bezos] developed a new business model [that has] yet to prove it will be sustained over decades."

Time will tell whether Bezos's model is ultimately a success. For now, we watch Nasdaq. And the more we watch Amazon stock suffer, the less faith we have in a degree from the Jeff Bezos School of Management. As of this writing, Amazon stock [AMZN] is at 9.76—a loss of at least 90 percent from its highest value.

So why in the third quarter of 2001 is Amazon.com stock still slipping? Could it be because Bezos, not content with making money selling books and CDs, now attempts to sell everything from skin products to baking goods? Still, can we totally demonize a man who wants to do away with strip malls? Perhaps it's best to keep in mind what Jason Pontin, editor of *Red Herring*, says in the August 15, 2000 issue, "With any sufficiently revolutionary technology, no one knows what business models will work."

A page turner

In rejecting—or at least not having as much faith in—the new business models of the Internet, we're also dismissing some of the so-called "life improvers" of the Internet. Online magazines for example. I've heard time and again how online magazines were going to be to paper magazines what the guillotine was to Marie Antoinette. In theory, online magazines are a great concept: They're convenient, the search capability makes them highly useful for research, and you don't waste time with unnecessary reading. But guess what? It seems that we're somewhat addicted to—and fond of—the act of turning a crinkling page.

"An organization's ability to learn and translate that learning into action is the ultimate competitive advantage."

-*Jack Welch, former GE CEO*

According to an article from the now-defunct *The Industry Standard*, Nielsen/NetRatings report that Internet usage in U.S. households has slowed from this time last year. Although 58 percent of all Americans have home access to the Internet, as recently as August one of the more profitable independent online magazines, *Salon.com*, was reporting a stock price so low that even Nasdaq wasn't interested.

In a salvage attempt, Salon Media Group laid off 14 members of the editorial staff and gratefully received $2.5 million from a group of investors—who likely are what Peter Lauria, in an article for *TheDeal.com*, calls "admirers of a noble journalistic ideal: independence." In addition, the once-free mag is going to start charging for premium content and access to its Table Talk discussion boards. We all know what happens when a charge is applied to content that was once free. (Hint: Napster.)

That's not to say that the new "charge for content" model won't work. Others have had success. Encyclopedia Britannica's Website www.eb.com which provides subscribers exclusive access to its complete content (with no advertisements), and the *Wall Street Journal* site www.wsj.com have done well despite charging for content. Then again, they're not independent online magazines.

Media Life staff writer Jeff Bercovici, in an article detailing the pros and cons of electronic magazine delivery, says that the race for electronic magazine readers continues "in the absence of any tangible proof that such a market, if it even exists, is large enough to be worth fighting over." He notes, "Many readers still incline toward ink and paper." "Magazines in the Information Age," a report by FCB Media Research located on the Magazine Publishers of America Website www.magazine.org confirms Bercovici's statement: "The most popular magazines outdeliver the most popular TV shows across most demographic groups." That same report notes that although heavy users of the Internet are "21 percent more likely to read magazines than the general public...just a little under 2 percent of the [U.S.] adult population read an online magazine in the past month."

The thinking is that online magazines act as an extension, rather than a replacement, of their paper counterparts. An online element of a magazine provides readers a way to interact with the editorial staff. Such interactivity, according to the FCB report, "further strengthens the relationship it has with readers by offering them more in-depth information on articles and…allowing readers to give immediate feedback."

We love our paper magazines so much that we're influencing publishers to produce more titles. While newsstand sales declined during the first and second quarters of 2001, subscription gains are keeping the magazine industry alive, notes a report by the Audit Bureau of Circulations. Magazine Publishers of America reports at least 59 new magazines in the first three months of 2001. Less than half have a Web component, which is odd because new titles covering technology issues continue to multiply like rabbits. *PC Magazine*, *InfoWorld*, and *CIO* still seem to be the magazines of choice among IT professionals, but new mags covering technology appear so often that it's hard to keep an updated list.

To paraphrase what our pal at *Red Herring* Jason Pontin wrote, "You never know what business models will stick nowadays." That applies not only to dot.com shops, but also to online magazines. In a recent *Inside.com* article, Jimmy Guterman reminds publishers not to get too high and mighty about the presumed superior status of ink-and-paper magazines. He writes, "The *New Yorker* and others of its ilk are on the Web now because their managers know two things: Any branding opportunity in this current environment can't be ignored and that when the current period of online confusion ends and conditions improve—and they will—only those already in the game will have a chance of gaining new readers and revenue online."

Some people's aversion to online magazines extends to an even newer electronic reading vehicle: the ebook. Advocates of this proclaimed champion of the 21st-century reading community relish that we no longer have to lug business magazines with serious thud factor but can carry a compact electronic device that stores all of our learning and recreational reading material.

Yet, the ebook is still a lightweight contender because complications abound. Which ebook reader to buy? Would you like the RCA REB1100 with its closed, proprietary NuvoMedia software? Or IPM-NET's Myfriend reader, which runs on *Microsoft Reader* software? Or Cytale's Cybook, the first ebook device by a European firm, which runs on dedicated *CytalePage* software? Because universal standards don't yet exist, we have to use the term *dedicated* a lot when discussing ebooks and their corresponding reader software. No one device has yet established itself as *the* device. So for now, consumers have to wade through all of the options as they decide which device is best—based on the availability of their preferred texts.

Contrary to earlier predictions, ebook sales haven't skyrocketed. The device we still consider best is the dust-collecting, space-consuming book. According to Wade Roush, editor-in-chief of eBookWeb **www.ebookweb.org** the fact that "ebook hardware and software providers…couldn't convince publishers to release enough titles electronically to make buying an ebook device attractive to readers" is part of the reason ebook sales haven't reached the thousands or millions as expected.

Another reason for the lag in ebook sales is that many readers aren't comfortable with the new medium, and improvements are necessary for screen readability and battery life. Still, Roush predicts that ebooks will penetrate the market in a fashion similar to audio books. "Perhaps in 30 to 50 years," notes Roush, "the electronic text delivery and display…will displace print for almost all applications except perhaps pleasure reading."

Tech me

People's hesitancy to adopt technical devices such as ebooks notwithstanding, a rise in comfort level with technology is evident. That probably explains why we're noticing an indisputable trend toward blended training solutions. "Blended learning," according to the e-learning glossary on ASTD's *Learning Circuits* Website, GO TO WWW.LEARNINGCIRCUITS.ORG/GLOSSARY.HTML is learning events that combine aspects of online and face-to-face instruction.

The excitement surrounding e-learning caused some high-tech companies, such as Dell, to mandate that all training be delivered electronically. But Jack Zenger, executive vice president of Provant and co-founder of Zenger Miller, notes, "The one thing you can always be sure of when a new movement comes along is that some zealots will push ahead far and fast and make the pendulum swing too far to one side. We hear of clients mandating that all learning and development will be Web-delivered within 18 months. Wiser heads realize that it'll take time to strike a proper balance."

Recently, the high costs associated with e-learning implementation have forced some zealots to realize they were putting the cart before the systems infrastructure horse, and that they'd helped create a huge divide in the training community. Traditional trainers held on vehemently with whitened knuckles to the idea of stand-up training and waged verbal

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-Jason Pontin
editor of Red Herring

battle against vendors who preached the long-term cost-effectiveness and time efficiency of e-learning. With those camps defined, we shouldn't be surprised that a compromise has developed. Full-force e-learning initiatives are merging with traditional training instruction to create blended solutions.

Is a trend developing in which employers see blended learning as the best option for their training needs? The easy answer: Yes. The easy, extended answer: "Yes, because there are some things that e-learning can do better than instructor-led programs," says Zenger, "while other learning objectives are better met by instructor-led development."

The expectations for the 21st-century training environment is another reason to like blended learning. Daniel Ramelii, president of General Motors's GM University, says, "Our environment is dominated by reduced budgets, less available time, and an expectation that we'll learn new skills faster. Blended learning responds to those needs and helps all of us with our e-skills—which will be important in the future."

What does the future hold for e-learning? "It remains to be seen," says Zenger, "whether the younger generation employees who have grown up comfortable with computers will have that same need for human interaction."

For now, it looks as if employers favor the benefits of blended solutions. E-learning—if the infrastructure is in place—provides great cost-savings with the added bonus of just-in-time training for employees; instructor-led training fills participants' emotional need for focused, hands-on training in a familiar learning environment. The overall benefits of training—even now in the struggling U.S. economy—can't be denied. Susan Burnett, director of enterprise workforce development at Hewlett-Packard, says, "[Companies] must develop the capacity and capability of their workforces because it's too expensive to acquire new talent and have unwanted turnover. Businesses are laying off those [employees] who don't have the needed competencies for the business and can't build them fast enough."

How should the training and development profession interpret all of the glances back at what has worked before? Is a nostalgic nod of the head just a natural response to the frenzied success and halt of the dot.com revolution? Michael Lewis, author of *Next*, says it best: "There's something unnatural about the devaluation of the past that is implicit in the exultation of the future."

So, it's indeed natural to want to take a moment now, after the technology bust, in the midst of political upheaval, to stop, take a breath, and reflect on what has worked—and what we half-turned our backs on. Pausing to regroup enables us to find ways to mirror the success of the blended learning solution in other aspects of the field: Take what worked in the past, add to it what's innovative and exciting now—with that combination, the possibilities are endless. TD

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