Four HRD Scenarios of the Future

Any could happen.

By Joe Willmore

Scenarios of possible futures are a powerful way to gain insight. Peter Senge, in the *Fifth Discipline, Fifth Discipline Fieldbook,* and *The Dance of Change,* points out how the scenario-planning activities of Royal Dutch/Shell and Global Business Networks have been used to foster organizational learning. Peter Schwartz's *The Art of the Long View* shows how scenarios can help large and small organizations develop significant competitive advantage.

What follows are four scenarios of how our profession might evolve during the next five to seven years. They're not unfounded predictions of the future but analyses of key trends and how those might play out in a variety of ways. You can use the scenarios to test your own and your organization's plans, to challenge current beliefs, and to stimulate new thinking about future strategy.

Scenario 1: Sub City

In this picture of the future, the past five years have seen cataclysmic and increasingly violent events throughout the world. The second Korean conflict and armed efforts by the People's Republic of China to assimilate Taiwan have led to market jitters throughout the world and created a poor economic climate throughout Asia. Young, sophisticated, and well-educated professionals have fled the stagnant economies of their countries to pursue work and careers elsewhere. Referred to as the "new boat people," these expatriates serve as a metaphor for how training, performance, OD, and facilitation professionals have evolved.

Work in almost all organizations is increasingly project-driven with definable start and end dates. Most organizations mimic Charles Handy's shamrock model, with a small core of indispensable employees and a lot of temps and subcontractors. For the vast majority of HRD professionals, their role is that of subcontractor. Almost all HRD work and functions are now being outsourced. What few functions remain internal are done mostly by contract managers and HRD procurement specialists, whose job is to contract with and oversee the external contractors their organizations bring in as needed.

A depiction of businesses by size looks like an hourglass—a lot of large businesses and sole proprietors, with practically no small or medium-sized firms. It has become too difficult for small and medium-sized firms to pay their overhead and operating expenses, so they must get much bigger or much smaller, even downsizing to one-person shops. Because of the time pressures in the new economy and the difficulty of finding people who are a good fit for specific roles within a project, sub work is highly lucrative—when subcontractors are working.

This is an organizational world driven by fads and an imperative to cut costs. Because of the rate and unpredictability of change, degree programs in the HRD field have trouble staying current and have begun to lose their value. Certification efforts have failed: The lack of consensus on key competencies and frequent change in job requirements have left such programs eating dust. Certificate programs, however, are popular because they can be set up quickly to respond to emerging market demands. Contractors are relying less on credentials and evaluations and more on competency testing in order to make hiring decisions regarding HRD subcontractors.

At the same time, job demands are changing continuously—driven by fads, new demands by clients, or the expectations of a new contractor. The HRD profession has splintered into hundreds of subprofessions, and the competencies for each seem to change monthly. Because of the reliance on subcontractors, most organizations don't invest in upgrading their contractors; they just hire new people with the necessary competencies. Thus, individuals are solely responsible for their professional growth. Those who don't continually look for ways to grow find themselves unemployable. For HRD workers, life is transient and mobile, moving from one contract to the next.

In this scenario, it's common to see subcontractors' resumes that list 12 projects for 12 different contractors in four countries over a two-year period. Not even the U.S. government offers much security anymore. There's tremendous movement in and out of the HRD field. Conversely, the demographics of HRD roles show that there's an increasingly larger number of young entrants to the field. At the same time, the nature of project work makes it easy for older and semi-retired professionals to continue working on a limited basis. Thus, HRD workers are getting both younger and older, while middle-aged professionals are leaving the field to try to find work with more financial and lifestyle stability.

Scenario 2: A boundaryless world

How ironic: In this scenario in which governments continue to erect new barriers and create divisions between countries, interaction and networking among professionals worldwide are proliferating. The former Soviet Union continues to splinter into smaller, separate nation-states, what was once Nigeria is now three separate countries, and the seccession of Quebec has sent reverberations throughout North America. The trade wars that swept through the world economy in 2002, have led to the disintegration of NAFTA and the European Union. National barriers abound.

And yet, professional networks, links, and collaboration have reached unprecedented levels. Informal communities are now the norm, having been partly driven by an emerging set of common needs and competencies around learning, networking, and use of technology. These communities are facilitated by the widespread dissemination of groupware and information technology. Though the nature of HRD work and roles is diverse, everyone is a consultant.

The prevailing organizational model in this scenario is referred to as a "swarm" or "virus" because organizations are fluid and highly adaptive, and their forms are ever-changing. These collaborative organizations pull in professionals as needed, and they change in size, composition, location, and focus on the basis of the task at hand.

There's no longer any effort to distinguish between internal and external practitioners because such a distinction is meaningless in this economic environment. To be successful in such a world requires strong team skills, a great ease with chaos and free-form work, and tremendous networking and linking abilities. No one can afford to work alone anymore; those that do don't last long. Even large-scale manufacturing has converted to just-in-time, lean production and outsourced most components. Large efforts are usually a combination of several temporary strategic alliances and collaborative arrangements, often between competitors.

Almost all work is done over distance using virtual interaction and technology. HRD professionals without strong technology skills and groupware expertise have limited value. It's now rare for meetings to occur face-to-face and the reliance on distance and virtual collaboration makes it harder to discriminate: You can't tell skin color or accent via email. All professionals now carry wireless communication devices.

The new information technology has made it possible for lone consultants and small shops to compete with the big dogs because there are fewer large corporations. However, almost all work is done through collaborative arrangements and temporary alliances with other small shops. The boundaries between businesses and customers are so nebulous that organizational affiliation is often unclear.

Practically everyone belongs to at least one community of practice or informal network solely for professional learning. Such groups are based on an area of interest, professional level of expertise, or industry focus—not geographic proximity. Because these networks and communities are self-supporting and volunteer based, almost all have norms about participation.

A Few Questions

Here are some questions you should ask yourself as you consider the scenarios and your future:

- ❑ In what ways will I be prepared or unprepared for the world described in each scenario?
- ❑ Which of my assumptions do the scenarios challenge?
- ❑ What windows of opportunity will emerge?
- ❑ Given the system dynamics of each scenario, what leverage points might influence the degree and direction of change?
- ❑ What signs are warning signals that any of these scenarios is developing?
- ❑ What career strategy plays out well for each of the scenarios?

For instance, each member must provide resources and time to support the network. If you don't contribute regularly, you're usually expelled. There's an informal blacklist, and HRD practitioners expelled from two or more networks are on it. No one else will take them into their communities.

Given the informal and ever-changing nature of organizational affiliation, it's understandable that businesses have now given up most responsibility for developing employees' skills. Instead, people have almost total responsibility for their development. The profession and key competencies are stable, but the glut of information, the need to keep up with it, and fluid networks make for a continuously evolving world for HRD professionals. Thus, they spend most of their time learning and connecting rather than performing.

Scenario 3: Caste system

More than halfway through the first decade of the new millennium, the corporate mergers so prevalent in the nineties continued to proliferate. The world now sees new global conglomerates that span multiple industries. Through mergers and a new class of multinational executives, merged firms typically have strong ties to many nations and don't depend on one country as a base of operations. Nor are most of these firms from the usual places such as the Pacific Rim, North America, and Western Europe. Russian oligarchs, Brazilian software giants, and Israeli-Palestinian consortiums are sudden entrants to this group of corporate behemoths.

There's a clear dividing line between firms with the right stuff and those that aren't long for this world. The best of the big firms have found ways to capture and leverage knowledge, and they invest heavily in intellectual capital. They're ruthless predators and have found that certain human assets have direct links to strategic targets. They publish annual reports in color that score human performance and assess the value of nonfinancial assets. Though big organizations, their corporate staffs are lean. Anything or anyone that isn't shown to have a direct, tangible, quantifiable payoff to business results is discarded.

For HRD professionals, a clear set of competencies has emerged. To be able to hold a job at one of these big firms requires expertise in ROI, measurement, and evaluation. All HRD initiatives are driven by major strategic goals and evaluated by quantitative measures, usually reflected as a form of business results. With clear competencies for HRD identified, informal certification efforts have begun to blossom. However, they tend to be specific to an individual corporation rather than industry-wide.

Sole proprietors and small businesses have been crushed by the big firms, which have used the newest generation of technology to master mass customization and thus take away a big advantage of small firms. Cyber and brainware (the next generation of groupware) work also favors size, so few small businesses enjoy any long-term success in major markets.

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Much like Microsoft in the 1990s, the successful conglomerates view smaller firms as their R&D staff: They buy up any start-ups that have promising patents or intriguing market niches. The small firms and solo consultants survive mostly on the crumbs big organizations leave behind.

Now, the division is between organizational haves and have-nots. The have-nots make people responsible for their professional growth and for any internal development efforts not driven by ROI. HRD professionals within the have-nots are less focused on accountability for business results. The haves tend to have corporate cultures with an international orientation. The managerial and executive pools are surprisingly young, reflecting the emergence of giant players in nontraditional areas as well as the outflux of talented young professionals from countries such as Kazakhstan and Turkey. Gender is a major distinction in the corporate split: Women who opted to develop solo practices find themselves in a market in which the dynamics work against them. Consequently, women have no more visibility and influence than they did in the previous decade.

Entry into the HRD professions varies. At firms with the right stuff, initial employment is extremely competitive because working in such firms is so attractive. Practically no one gets hired from a have-not to a have organization, and no one goes the reverse direction voluntarily. The haves work at keeping talented performers; stock options for employees are common. The absence of viable outside opportunities other than with big firms creates an incentive to stay. So, good performers at top firms tend to remain. Everyone else is left on the outside looking in.

Scenario 4: The silo economy

The wave of consolidation has reached tidal proportions. The number of competing firms within any particular industry continues to diminish as businesses acquire market share by buying out competitors. Part of what's driving that is economy of scale. In addition, the market crash of 2001, which sent Asia into another tailspin, reversed U.S. growth, and slammed the world economy, has led to excess capacity so firms continue to consolidate.

There are several implications of these global-sector consolidations:

- Associations have been devastated as the number of potential members and exhibitors dropped.
- A state of near monopoly exists in most industries.
- Though it's rare for any firm to have a presence in more than one sector, the age of big conglomerates has passed.

Mass customization is the key organizational imperative. Customers expect products and services to be tailored to their individual circumstances. Given the tremendous splintering and diversity of markets around the world, that means successful organizations either specialize in niche markets or master the ability to adapt to individual circumstances. For example, a buyer of a new computer fills out a 200-question survey and Microsoft's operating system adjusts the software set-up, options, and keys automatically to his or her needs and level of expertise when the PC is first plugged in. The evolution from cookies to brownies in the operating software instructs each Website how to reconfigure itself on the basis of the user's interests and Web savvy.

There are few firms that have mastered the ability to mass customize, so they choose to specialize. That's especially relevant for consultants and vendors. Even big consulting firms such as Andersen/KPMG now have highly specialized practices because cross-industry experience has little credibility with most clients. Small consulting firms and solo shops have been forced to migrate to areas such as Clarksburg, Texas, for telecomm or to Tel Aviv for software—places that have a critical mass of clients. Or they spend all of their time traveling.

Despite the global and interrelated nature of the economies, HRD professionals are finding themselves in a series of separate but parallel worlds driven by the industry or sector they work in. Some sectors (IT, software, and systems integration) invest heavily in human development. High-tech firms provide extensive support for HRD initiatives, but industries such as finance, health care, and manufacturing hold employees responsible for their professional development, learning, and "credentialing." HRD staff in such organizations have little support, funding, or perceived value.

Even the focus and competencies for HRD vary by industry. Practitioners in manufacturing sectors are required to have strong backgrounds in quality and ISO. The hospitality and seasonal industries still place a strong emphasis on standup training. Health care emphasizes self-paced instruction; the utilities and power industries push HPI. Software firms emphasize OD. Each sector seems wedded to its particular approach to HRD. Thus, firms aren't open to development approaches that are inconsistent with their industry norms.

Job security is a double-edged sword. With the number of firms in each industry shrinking through consolidation, HRD slots are decreasing. However, given the emphasis on industry experience, there are usually only a few candidates for the open slots. So, for HRD professionals at firms that are doing the acquiring, security is good. Entry into the field usually comes from working in the industry in a non-HRD-related position and then moving into the HRD role. Cross-industry transitions are rare, and those who make them are usually regarded as damaged goods or as workers who are starting over their careers. Consultants delete jobs and references from their records so that they aren't perceived as working in too many different sectors.

Aspects of some of these scenarios are already a reality. Think about them, consider the possibilities, and plan accordingly. ❑

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