



The Relationship Between Learning, Workforce Agility, and Business Performance

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Executive Summary

With a constantly evolving business climate, encountering change is the new normal. As change permeates organizations, it challenges companies' operational dexterity. Paramount to being prepared to effectively and efficiently adapt in times of change for maximum business impact is having an agile workforce. Organizations that embrace and practice agility are proven to be more effective in dealing with change. Key to fostering agility is continuous learning and development. Learning is not an event-based occurrence where one-time training can satisfy skill gaps; learning opportunities need to be accessible, targeted, and continuous. With a strong learning culture that aligns with business objectives, companies are better able to embrace an agile mindset, and with increased agility, performance will improve and the overall business impact will increase.



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The speed of change is not a new phenomenon. In the 1960s, researchers noticed how technology was impacting the rate of change, how the ‘nature of change was changing’ and how normal expectations and rules for dealing with change no longer applied¹. From these studies, the term ‘turbulent environment’ was coined. Companies not adapting quickly enough struggled for survival.

Today, change is still noted as one of the prominent challenges among CEOs, with the scale and pace of change in the current economic environment proving to be more substantial and complex than in decades past.

It comes as little surprise, then, that the main theme in the Critical Human Capital Issues of 2013 study conducted by the Institute for Corporate Productivity, or i4cp, is the increasing urgency in dealing with change. According to i4cp, change is “pervasive, problematic, and pursued very differently”, with one-third of the year’s top 10 issues relating to managing and embracing organization change³.

Managing and embracing change isn’t new to this list; it’s a perennial mainstay among the issues dating back to the 1990s. However, the findings increasingly support the need for high-performing agile organizations, where companies are:

- Nearly three times more effective at managing and coping with change;
- Over four times better at managing organizational change; and
- Over four times better at getting the current culture to embrace change.

A 2010 study by IBM that surveyed 1,500 executives revealed that preparing businesses for an unpredictable future is imperative. The economic downturn in 2009 served as a “wake-up call” to businesses that previously turned a blind eye to the challenges of a global marketplace where change is constant and adaptation is vital². Key to responding to that wake-up call is the ability to lead and be part of an agile organization that can readily respond to change.

Creating a continuous learning culture is paramount to becoming an agile, adaptive, and prepared organization. It is a significant corporate undertaking that directly relates to business success. With emerging technologies, rapid innovation, new business models, regulatory compliance and fierce competition, change has become more intense and relentless. From this rapid-fire environment, the need for agility has emerged as a front-burner issue. This paper examines:

- The qualities of business agility;
- Challenges that restrain agility;
- How leadership, technology, and a continuous learning culture can affect an organization’s potential for agility; and
- Why agility significantly impacts business performance.

Within a rapid-fire global business environment, the need for agility has emerged as a front-burner issue.

¹ “The Causal Texture of Organizational Environments”, F.E. Emery and E.L. Trist, *Human Relations*, Vol. 18 (1965), pp. 21-32.

² “Capitalizing on Complexity: Insights from the Global Chief Executive Officer Study”, IBM Institute for Business Value © 2010.

Defining agility

Fundamentally, an agile business “can move quickly, decisively, and effectively in anticipating, initiating, and taking advantage of change.”³

But what are the traits that give businesses the agile edge? In *Agile Business for Fragile Times: Strategies for Enhancing Competitive Resiliency and Stakeholder Trust*⁴, the following are listed as qualities of companies that are successfully agile:

- Maintaining a continual focus on profitability and revenue growth
- Understanding central priorities and the importance of assessing and reporting on value
- A sustained commitment to communications that starts at the top
- Acquiring and filtering pertinent information from and to key constituents, rapidly
- Testing assumptions and frequently measuring results
- Having a performance culture
- Enabling shared decision making
- Adapting rapidly to change

Reactive business postures often materialize in the form of declining market shares and talent turnover.

It further states that companies that embrace these traits have a “survivability edge that allows them to observe, react and factor market changes into an embedded discipline of continual cost and growth refinement.”

To be truly successful in creating and sustaining an agile business, leaders must encourage the above qualities in order for agility to permeate the entire organization. In addition, *Chief Learning Officer* specifies that they must:

- Champion the brand of the organization, and conduct themselves in a variety of social situations with authenticity and ease;
- Achieve results by getting in the “trenches” with a clear sense of purpose;
- Guide employees by setting clear performance expectations and providing encouragement and continuous feedback;
- Bond with the people they are leading to garner trust and respect;
- Unite networks and seize opportunities to connect diverse talents and perspectives; and
- Excite their constituents through actions and interactions.⁵

Executives are the leaders that drive and manage change in alignment with strategic goals; create environments that encourage learning, innovation, collaboration and problem solving; recognize and reward high performance; ensure effective and efficient communication; and minimize barriers to

³ “Building a Change-Ready Organization: Critical Human Capital Issues 2013”, Institute for Corporate Productivity © 2013.

⁴ “Agile Business for Fragile Times: Strategies for Enhancing Competitive Resiliency and Stakeholder Trust”, Mary Pat McCarthy and Jeff Stein, McGraw-Hill © 2003.

⁵ “Six Traits Agile Leaders Must Have”, Larry R. Nordhagen, Chief Learning Officer, CLOmedia.com.

change. Executives who understand, cultivate and infuse these traits throughout the organization create a workplace of high performers. The critical role of leadership in fostering and developing an agile work force is underscored by executive education programs such as “Strategic Agility: Leading Flexible Organizations” from Harvard Business School’s Executive Education Program and “High-Performance Leadership” from the University of Chicago Graduate School of Business.

As the need for agility moves down the managerial chain and into the functional units, it can manifest itself in different ways. At the level of an individual contributor, agility is demonstrated by the ability to quickly solve day-to-day business problems, to identify new processes and frameworks for speed of delivery, to cross global and functional lines without faltering, and to accept, respond, and initiate change. Employees who can identify opportunities, adapt, and thrive in the reality of change have a propensity to be high performers. Given the right resources and investment in learning, these traits are achievable across the entire organization.

While the need for and the path to agility might be obvious, its pursuit can be riddled with obstructions that impede it.

Challenges that restrain agility

Leaders need to fuel agility, but many senior executives lack the necessary management skills and often display management styles that produce opposite effects. Intimidating employees to get results ends up suppressing productivity and creativity, producing uninspired and unimaginative work with minimal effort and contribution. Rhetorical communications cause mistrust and ambivalence, while lack of communication provides nebulous goals and strategy. Dismissing feedback from employees or ignoring problems can end in disaster as projects fail, opportunities are missed, and workers lose motivation. Ignoring employees who under perform or avoid responsibilities shifts the burden to their coworkers, creating resentment.

Executives that support continuous learning are the force behind achieving agility.

Senior management needs to lead the way to an agile organization through examples of honest and frequent communications and by creating a safe haven of trust and relationship building. Relationships need to expand beyond peer-to-peer to an interconnection of the entire work force. “We can no longer simply look out for ourselves – we must look out for everyone. The commitment to mutual success must be a part of the culture and embedded in every action we take.”⁶ This connectivity is the underpinning of a culture that fosters agility.

Culture is not the only area in which leaders need to set the tone. The economy is approaching an “imminent mass withdrawal (voluntary leave) of an unevenly aging workforce”⁷, causing the need for workforce planning to focus on satisfying the knowledge gap. According to the U.S. Bureau of Labor Statistics’ Employment Outlook, growth in the labor force over this decade will be greatly affected by an aging workforce, causing the labor pool to grow at a much slower rate than in past decades.⁸

With a relatively small pool of workers, the competition for talent will be hot, and the threat of losing a great amount of experience and expertise imminent.

⁶ “Powerhouse Partners: A Blueprint for Building Organizational Culture for Breakaway Results”; Stephen M. Dent and James H. Krefft; Davies-Black Publishing © 2004.

⁷ “The Forthcoming Generational Workforce Transition and Rethinking Organizational Knowledge Transfer”; Adam Starks, *Journal of Intergenerational Relationships*. 2013, Vol. 11 Issue 3, p223-237. 15p.

⁸ “Labor force projections to 2020: a more slowly growing workforce”; Mitra Toossi, Bureau of Labor Statistics © 2012.

While businesses are anxious about this trend - nearly two-thirds of employers are concerned about losing essential knowledge and experience when older workers retire - very few have taken steps to address the issue and retain the knowledge.⁹ In these cases, the burden will fall largely on the remaining work force.

The role of technology in achieving agility

Impediments to work force agility can also be generated by what is frequently thought of as a means of revolutionizing businesses. Although IT is commonly recognized as a strategic resource for staying competitive in the business environment, there remains debate regarding whether or not investments in IT actually lead to better firm performance.¹⁰

Increasingly, technology is becoming more complex with a myriad of system platforms that inevitably need to integrate with one another. The fast-paced change taking place in the technology sector can slow down an organization's ability to keep pace, as well as introduce risk to existing processes.

An aging workforce raises demand for knowledge transfer and sharing.

While at one point service-oriented architectures promised to be the solution to achieving technological gains and improving agility, focus is now spent on cloud computing solutions, where an organization can “pass to a superior form – the virtual organization”.¹¹ Cloud computing allows greater flexibility in storage and access solutions, and increases the sharing of resources and market integration speed, allowing organizations to respond more quickly to present challenges.

Traditional IT impact studies highlight the value of IT resources, while recent studies place greater emphasis on the organization's ability to manage these resources. Because many of the top competing firms have similar IT capabilities, the competitive differentiator lies in the company's way of managing its IT activities. IT is not simply a tool for automating processes; it is an ‘enabler’ of organizational changes that can lead to additional productivity gains.

Studies have concluded that while technology is important, it is the work force that is the main factor in achieving agility. For a firm to be agile, workers need to be trained in order to use the technology to keep up with the dynamic environment. Achieving agility will not be possible if leaders and/or employees do not accept this need.¹²

If those managing IT in an organization can reinvent themselves from focusing on reducing costs to supporting a workplace that enables high performers to work with technology, the full potential of both entities can be realized.

The changing nature of the workplace

With the global expansion of many workplaces, including virtual locations and mobile access, organizations must view the distribution as an opportunity and advantage rather than a hindrance. In a decade-long study of Fortune 1000 companies that explored the relationship between people, technology, and place, it was found that when given the technological means and choice of how,

⁹ “The Voices of Kentucky Employers: Benefits, Challenges, and Promising Practices for an Aging Workforce”, *Journal of Intergenerational Relationships*. 2013, Vol. 11 Issue 3, p255-271. 17p.

¹⁰ “IT-Enabled Organizational Transformations to Achieve Business Agility”; One-Ki Lee, University of Massachusetts, Boston, © 2012.

¹¹ “Combining Business Intelligence with Cloud Computing to Deliver Agility in Actual Economy”; Marinela Mircea, et. al. *Economic Computation & Economic Cybernetics Studies & Research*, Jan2011, Vol. 45 Issue 1, p1-16. 16p.

¹² “A Review on Workforce Agility”, Somaieh Alavi and Dzuraidah Abd. Wahab, *Research Journal of Applied Sciences, Engineering and Technology*, © 2013.

when, and where to work most effectively, teams demonstrated 20% higher levels of collaboration and 18% better project results.¹³

The digital ecosystem enables work to be carried out “across boundaries of time, distance, and function”¹⁴, disrupting traditional business models but providing endless opportunity for growth and innovation in agile organizations that are willing to adapt.

Businesses that can embrace the distributed work force and use it to its full potential can realize several benefits that enhance the organization’s agility:

- When ‘distributed’ means virtual, less corporate real estate is required, giving the company more flexibility and lower fixed costs;
- Often, in a distributed work force, employees are closer to customers, where face-to-face conversations can happen more often and for less investment in travel expenses;
- Acquiring talent becomes easier as the net can be cast wider and people can work productively anywhere; and
- A disruption in a certain location affects the company less as a whole, and the rest of the work force can be prepared to provide aid.

The digital ecosystem provides amazing opportunity when it is embraced and employees are empowered. That being said, a distributed, mobile work force does not come without its challenges. The concern over the potential for a loss of shared knowledge and corporate culture is prevalent, but with the right management and collaborative processes, the distributed, mobile work force is a strong trait of agile organizations.¹⁵

When empowered to work when and how they choose, employees demonstrate better results.

The critical role of information

Whether it's a distributed work force or employees in a corporate facility, the constant shifting of business requires a critical component that crosses all business units and functional roles. The work force must be able to access information that will provide knowledge for needed skills, to stimulate thinking, and for serving as catalyst to innovative ideas. With the speed of change, information is proliferating at such a disturbing rate that, in many cases, it has overloaded our ability to gather, process, and comprehend it.

In the IBM study previously referenced, the majority of CEOs surveyed described their organizations as “data rich, but insight poor”. In many cases, leaders and their employees express not being able to transfer the data they have access to into action plans or into detecting emerging opportunities, suggesting that the overabundance of data is making their information worse.

The paralyzed nature of a work force facing information overload supports the need for a smoother, in-context delivery of information, as well as the need for agile leaders to rely less heavily on data and more prominently on business acumen and intuition.

With the inability for internal infrastructures to deliver needed information, the work force is looking outside of the company’s resources and is spending inordinate amounts of time searching what

¹³ “Connecting and aligning distributed, global innovation teams for high performance”, Robert Osgood, *Corporate Real Estate Journal* © 2013.

¹⁴ “Digital Business Strategy and Value Creation: Framing the Dynamic Cycle of Control Points”, Margherita Pagani, *MIS Quarterly*, Jun2013, Vol. 37 Issue 2, p617-632. 16p.

¹⁵ “The Distributed Workforce: Why There’s No ‘There’ There”, Inc.com.

is often unstructured information. Comments on websites, blogs, or forums, for example, offer employees a slew of what is often misinformation that is outside of an organization's control. With the pervasive availability of uncontrolled information, a business's ability to be agile is threatened.

However, when vetted correctly, profits can be realized from the abundance of information available:

- Hidden opportunities can be uncovered when data is not merely collected, but connected to internal and external stakeholders meaningfully;
- Data can be translated into proactive action when it's accessible to the right people at the right time;
- The sharing of pertinent and valid information can build trust in the organization and prepare the work force for a quicker response to opportunities and threats.



Figure 1: Learning integrated in the workflow.

Without the right information at the time of need, the work force will falter in executing initiatives and will jeopardize the success of the organization. Businesses must find ways to streamline information gathering to provide quick and precise access. This will enable the work force to move quickly, decisively and effectively in anticipating, respond to, and driving change.

Businesses must take action in acknowledging and understanding how these challenges, and others, impact work force performance and ultimately organizational success.

Learning as a strategic lever to agility

Change in a business environment often leads to skill gaps. Rapid change proliferates those gaps. To fill in the gaps, accelerate employee performance, fuel adaptability and innovation, and increase engagement and retention, organizations need to focus their culture on learning and development. Not only does a high-impact learning culture lead to better business outcomes; best practices of a learning culture have strong ties to the same behaviors necessary to increase agility¹⁶.

¹⁶ "Creating the Agile Organization", Stacia Sherman Garr, Bersin by Deloitte Consulting LLP, September 2013.

Organizations with strong learning cultures significantly outperform their peers on the following levels:

- 46% more likely to be first to market;
- 37% greater employee productivity;
- 26% greater ability to deliver quality products;
- 58% more prepared to meet future demands; and
- 17% more likely to be the market leader.

When change is prominent and challenges not always defined, one-off training becomes especially ineffective in preparing employees to proactively adapt. Instead, the learning culture should be focused on continuous learning and development, where bite-size learning, communities, reflection, employee-generated content, experiential learning, and social networking are embraced and strategically used.

With a targeted learning and development function, organizations are more likely to cultivate high-performing workplaces. Among agile organizations, it has been found that these companies view themselves as resilient, see change as an opportunity, possess better change capacities at the individual, team, and organization levels, and engage in strategies to improve change management.

How Skillsoft fosters agility

Skillsoft is, at its core, a company that understands learning is an enterprise business process that fuels agility. Skillsoft delivers relevant learning solutions at the point of need. As priorities and requirements shift, Skillsoft enables learners to develop the critical skills needed to adapt.

Skillsoft also fosters agility via continuous learning. Event-centric solutions won't cut it in an environment where change is constant. With rapid change comes the demand for rapid learning. With its multi-modal assets and the cloud-based, cutting-edge Skillport 8 learning management system, Skillsoft delivers when and where people want to learn. To support a wide range of

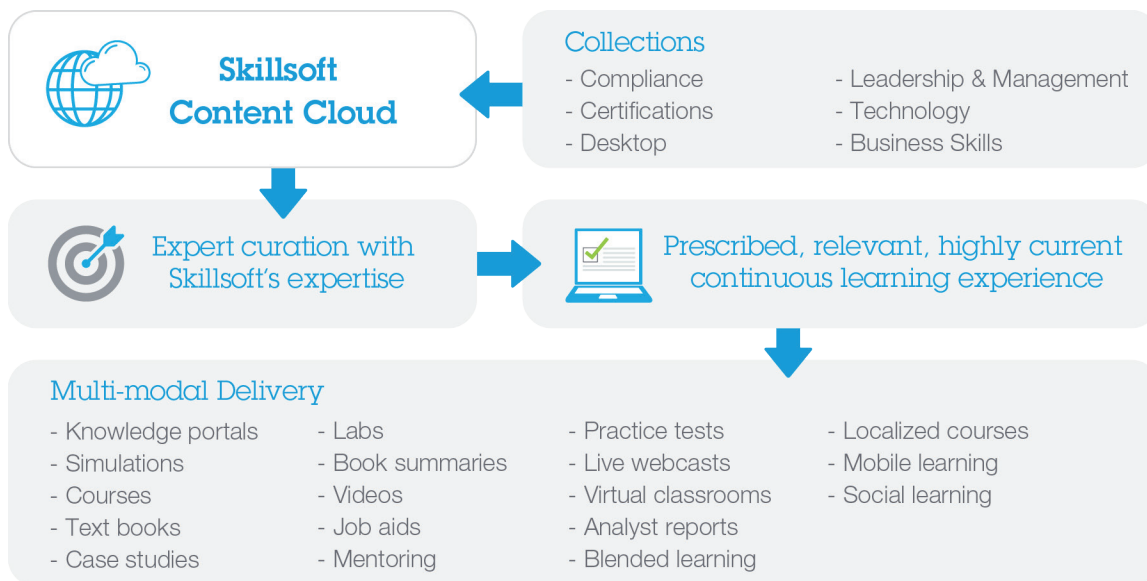


Figure 2: Skillsoft's Content Cloud offers a continuous learning solution that supports many learning types.

enterprise learning needs continuously, Skillsoft's content offerings cover key topics, such as: leadership and management, technology, business skills, compliance, certification, and more. As learning leaders and individual learners need information, they easily draw from the content cloud. The cloud is continuously maintained for currency, and the user experience is always innovative.

Skillsoft's cloud's multiple delivery types include targeted knowledge portals, simulations, courses, case studies, labs, digitized textbooks, audio books, videos, live leadership webcasts, mentoring and much more. The robustness of the Skillsoft solution caters to numerous skill gaps that emerge as change occurs.

Skillsoft is also a leader in mobile learning, delivering thousands of resources to learners on the go.

Let learning permeate your organization, and agility will be embraced and achieved.

Skillsoft's award-winning inGenius™ social learning layer promotes the instant exchange of 'know-how' among employees.

Skillsoft's learning consultants guide clients through proven methodologies that ensure success and maximize agility.

Embracing agility within your organization

Close assessment of how your organization operates and of employee response to change can be first steps in helping to determine your current level of agility. Management hierarchies need to be examined to see if they are restricting innovation, actions, and decisions. Employees should be viewed as companies' greatest assets; the availability of learning opportunities and their reactions to change should be understood. No matter the physical make up of the organization, the development of a culture of open communication from the top down and from the bottom up can help ensure the flow of information, while scrutiny of business units and their interaction can reveal their ability to be agile. Technology infrastructure must support the exchange of the company's business information and intelligence, and employees must be empowered to work with that technology.

Programs that support and cultivate leadership development, talent management, change management, and skill development should be part of the company's operating process and should be continuous and encompass all employees. Immediate access to trusted information should be in the context of the workflow and readily available within the work place environment regardless of location.

Companies that close their eyes to the need for agility and resilience in this turbulent world will surely lose competitive traction as others who embrace agility quickly advance to take the lead.



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