



Research on the Future of Learning and Business

Business in 2002

Working papers and research notes of Internet Time Group.

Everything here is D-R-A-F-T, fodder for our understanding. This particular note is one of a series.

[eLearning Executive Summary](#) ■ [Research Notes & Working Papers](#) ■ [The Network Age](#) ■ [Business](#) ■ [People](#) ■ [Learning](#) ■ [Technology](#) ■ [Organizations](#) ■ [Knowledge Mangement](#) ■ [Decision-Making](#) ■

"What we need to create is a Silicon Continent, not just Silicon Valley." --Sun Microsystems co-founder Bill Joy, in *The New York Times*

"Our behavior is driven by a fundamental core belief: the desire, and the ability, of an organization to continuously learn from nay source, anywhere – and to rapidly convert this learning to action --- is its ultimate competitive advantage." Jack Welch, GE, 1996 GE Annual Report

Permanent Whitewater

The deluge of information flooding our brains has created many fatalists who declare that it's no longer fruitful to try to make sense of the world. The half-life of knowledge is so short that, like the weather, you only need to wait a little for it to change. Our planning horizon stops just short of our office door. Chaos sets in. We live in a time of "permanent white water."^[1]

Hold on a minute! It's not as if *everything* is in flux. We have values. Pinch me and I feel pain. 19th Century aphorisms still ring true today.

Wayne Hodgins suggests we consider different parts of the stream:

- **Whitewater** catches our eye. It's the volatile information, the continual churn, the something-new-every-day, the frenzied activity of the net.
- Toward the **bottom of the stream**, things are calmer. The river flows, occasionally a rock tumbles. More business trends are found in deep

water than in the froth above.

- The **banks of the stream** are stable, like the models we use to look at the world.

Whitewater rafters tell us that to maintain control, you must go faster or slower than the current. If you go the same speed as the current, it takes control.

The Information Economy^[2]

"As the century closed, the world became smaller. The public rapidly gained access to new and dramatically faster communication technologies. Entrepreneurs, able to draw on unprecedented scale economies, built vast empires. Great fortunes were made. The government demanded that these powerful new monopolists be held accountable under antitrust law. Every day brought forth new technological advances to which the old business models seemed no longer to apply. Yet, somehow, the basic laws of economics asserted themselves. Those who mastered these laws survived in the new environment. Those who did not, failed."

"A prophecy for the next decade? No. You have just read a description of what happened a hundred years ago when the twentieth-century industrial giants emerged. Using the infrastructure of the emerging electricity and telephone networks, these industrialists transformed the U.S. economy, just as today's Silicon Valley entrepreneurs are drawing on computer and communications infrastructure to transform the world's economy."

New Rules for Business

Magazine articles and television shows can't capture the look and feel of the new, networked businesses. More than high bandwidth, meteoric growth, twenty-something millionaires, audacious plans, free-flowing venture capital, and loads of nerds, business of the network age come with an *attitude*. To experience the gestalt of these new entities, you need to hear where they're coming from in their own words.

The business magazine *Fast Company* wants to become the *Fortune* magazine of the new economy; they're doing rather well thus far. These lines come from *Fast Company's* Mission Statement.

Handbook of the Business Revolution

A global revolution is changing business, and business is changing the world. With unsettling speed, two forces are converging: a new generation of business leaders is rewriting the rules of business, and a new breed of fast companies is challenging the corporate status quo.

That convergence overturns 50 years of received wisdom on the fundamentals of work and competition. No part of business is immune. The structure of the company is changing; relationships between companies are changing; the nature of work is changing; the definition of success is changing. The result is a revolution as far-reaching as the Industrial Revolution.

We are just beginning to comprehend this new world even as we create it. This much we know: we live and work in a time of unparalleled opportunity and unprecedented uncertainty. An economy driven by technology and innovation makes old borders obsolete. Smart people working in smart companies have the ability to create their own futures -- and also hold the responsibility for the consequences. The possibilities are unlimited -- and unlimited possibilities carry equal measures of hope and fear.

In late March '99, four luminaries and cut-ups^[3] posted the 95 theses of *The Cluetrain Manifesto* on the web. A few days later, Salon magazine's astute critic Scott Rosenberg wrote,

"The Net, the manifesto declares, makes new 'conversations' possible among and between corporate employees and the general public -- and these conversations, conducted in 'language that is natural, open, honest, direct, funny and often shocking' are inoculating us against the 'hollow, flat, literally inhuman' language corporations use. 'In just a few more years,' the authors maintain, 'the current homogenized "voice" of business -- the sound of mission statements and brochures -- will seem as contrived and artificial as the language of the 18th century French court. Already, companies that speak in the language of the pitch, the dog-and-pony show, are no longer speaking to anyone. Companies that assume online markets are the same markets that used to watch their ads on television are kidding themselves.'"

Using the provocative vocabulary and analogies of web culture, the authors capture both the spirit and the reality of new forms of business. Excerpts follow; the full text appears in the Appendix to this section.^[4]

By 2002, we expect these to be guiding principles and realities for most companies:

Organizations

- Hyperlinks subvert hierarchy.
- In both *internetworked* markets and among *intranetworked* employees, people are speaking to each other in a powerful new way.
- These networked conversations are enabling powerful new forms of social organization and knowledge exchange to emerge.
- As a result, markets are getting smarter, more informed, more organized. Participation in a networked market changes people fundamentally. Today, the org chart is hyperlinked, not hierarchical. Respect for hands-on knowledge wins over respect for abstract authority.
- Command-and-control management styles both derive from and reinforce bureaucracy, power tripping and an overall culture of paranoia.

Markets

- Markets are conversations.
- People in networked markets have figured out that they get far better information and support from one another than from vendors. So much for

corporate rhetoric about adding value to commodity products.

- There are no secrets. The networked market knows more than companies do about their own products. And whether the news is good or bad, they tell everyone.

Voice

- Corporations do not speak in the same voice as these new networked conversations. To their intended online audiences, companies sound hollow, flat, literally inhuman.
- In just a few more years, the current homogenized "voice" of business—the sound of mission statements and brochures—will seem as contrived and artificial as the language of the 18th century French court.

Direct Communication

- Companies that don't realize their markets are now networked person-to-person, getting smarter as a result and deeply joined in conversation are missing their best opportunity.
- Companies can now communicate with their markets directly. If they blow it, it could be their last chance.
- Companies need to lighten up and take themselves less seriously. They need to get a sense of humor.

No more BS

- Companies attempting to "position" themselves need to *take* a position. Optimally, it should relate to something their market actually cares about.
- Companies need to come down from their Ivory Towers and talk to the people with whom they hope to create relationships.

No more loyalty

- Networked markets can change suppliers overnight. Networked knowledge workers can change employers over lunch. Your own "downsizing initiatives" taught us to ask the question: "Loyalty? What's that?"

Bonding community

- To speak with a human voice, companies must share the concerns of their communities.
- But first, they must belong to a community.
- Companies must ask themselves where their corporate cultures end.
- Human communities are based on discourse—on human speech about human concerns.
- Companies that do not belong to a community of discourse will die.

In-house

- As with networked markets, people are also talking to each other directly *inside* the company—and not just about rules and regulations, boardroom directives, bottom lines.
- Such conversations are taking place today on corporate intranets. But only when the conditions are right.

- Companies typically install intranets top-down to distribute HR policies and other corporate information that workers are doing their best to ignore. Intranets naturally tend to route around boredom. A healthy intranet *organizes* workers in many meanings of the word. Its effect is more radical than the agenda of any union.

Conversation between employees and customers

- Command and control are met with hostility by intranetworked knowledge workers and generate distrust in internetworked markets.
- These two conversations want to talk to *each other*. They are speaking the same language. They recognize each other's voices.
- Smart companies will get out of the way and help the inevitable to happen sooner.
- If willingness to get out of the way is taken as a measure of IQ, then very few companies have yet wised up.

Customer intimacy

- However subliminally at the moment, millions of people now online perceive companies as little more than quaint legal fictions that are actively preventing these conversations from intersecting.
- This is suicidal. Markets *want* to talk to companies.
- Markets do not want to talk to flaks and hucksters. They want to participate in the conversations going on behind the corporate firewall.
- De-cloaking, getting personal: *We are* those markets. We want to talk to *you*. We want access to your corporate information, to your plans and strategies, your best thinking, your genuine knowledge. We will not settle for the 4-color brochure, for web sites chock-a-block with eye candy but lacking any substance.

Customer equality

- We are immune to advertising. Just forget it.
- We've got some ideas for you: some new tools we need, some better service. Stuff we'd be willing to pay for. Got a minute?
- You're too busy "doing business" to answer our email? Oh gosh, sorry, gee, we'll come back later. Maybe.
- You want us to pay? We want you to pay attention.
- When we have questions we turn to each other for answers. If you didn't have such a tight rein on "your people" maybe they'd be among the people we'd turn to.

Facets of new business scenarios

Phone centers are also chat centers. NetAgent software enables a customer rep to service four customers simultaneously. This accelerates cycle time, cuts processing and labor costs, reduces the email burden, and satisfies customers.

Customers write the promotional copy. Customer endorsements are more credible than marketing copy. Increasingly, on-line catalogues incorporate customer reviews a la Amazon.com.

Transactions between customers and companies will be personalized. Companies will continuously gather information about customer preferences and use it to provide ever-smarter offers. Similarly, customers will learn about company services to better take advantage of them.

Companies don't hire people; people hire companies. With the demise of the employer/employee contract, people are looking out for number one. And with an omnipresent shortage of innovative high performers, companies are always looking for fresh talent.

Empires will be measured by effectiveness, not size. Companies will put their chips on the numbers with the highest expected return. The goal will be to outsource everything else. Administrative overhead is like fat – you need a little to live but too much can kill you.

Fresh news overcomes static noise. Current content keeps customers coming back.

Corporate systems deal primarily with information outside the organization – customer profiles, competitive position, relevant trends, opportunities for alliances, benchmarking standards, and breaking news. Internal measurement – the incessant navel-gazing of 20th century accounting – will become more automatic, a system of red flags and alerts, and less important.

Consumers will issue RFPs for their purchases, letting merchants compete to offer them the best value proposition. Customers won't need to go shopping when companies are willing to bid competitively for their business.

New Metrics for Learning

Customer Satisfaction. The evaluation of customer satisfaction may be multi-dimensional for two reasons. First, the definition of training has expanded to include the trainee's unit manager, the unit, and the organization -- not just the trainee in the classroom. Second, we are measuring perception of quality, convenience, and value. This information is crucial to continuous improvement.

Impact on the Business Problem. This level is usually the most important to the business unit manager. It answers the question, "Did the training make a positive difference in the business problem I have?" You work with the business unit manager to identify the business problem up front, not what needs to be taught, delivery or trainees to be serviced. This level of evaluation also makes trainers think of training as one problem-solving intervention among many.

Return on Investment. Training professionals have no choice but to demonstrate the effects of their work on corporate profitability in today's organization. This is true of every unit in the organization. Whereas it was once considered impossible to measure the ROI of training, many organizations now are doing so. The knowledge to achieve this goal is readily available to the practitioner, although the goal is still difficult, complex, and dependent on a long-term perspective. Discussions with cost accounting experts are helpful. However, the goal is reachable, and once you begin to measure ROI your process will improve.

The challenges to justifying investments in training are significant, and more meaningful methods of evaluation will provide solutions. Training professionals are being asked to do more, to meet an expanded definition of "customer." But these changes and the changing organizational context have created new roles and opportunities for training.

Lessons of e-Business for Learning

Customer loyalty is the goal. Make your outposts on the web "sticky" so you can hold on to them. [5](#)

- Make learning irresistible.

Do what you do best & outsource the rest.

- Most companies should outsource development, delivery, and maintenance of training.

Not all your customers are equal. Weyerhouser knows which bring in the big revenues and which don't. Then they prune.

- Focus training efforts where they'll generate the largest return.

Technology is not always the impediment. In some cases, it's stodgy corporate culture. "For many older executives, converting to e-business is like changing their religion."

- Organizations have to put the fear of God in the way of executives who support of "training as usual."

The greatest danger is that business units will act independently, and the results will be piecemeal. The last thing you want is tack-on technology.

- Optimal learning requires a systematic, big-picture approach.

By offering new services, companies not only expand sales but also install customer loyalty.

- By offering new courseware, companies not only expand learning but also instill learner loyalty.

"If you're surviving on schmoozy sales relationships, you are not going to make it. The buyer also wins.

- Learners are right. They will choose the form(s) of learning that fits their needs from a menu of approved learning spaces. Freedom of choice and time allowed to learn will attract new talent. Learning opportunities will be considered compensation.

Don't rely solely on an e-business cyberstore. There is synergy among channels. The more successful retailers supplement e-commerce with direct mail, call centers, stores, advertising, and buyer's clubs. Many people will not buy without interacting with a human.

- Don't rely solely on online learning. Supplement it with on-job learning, coaching, mentoring, apprenticeship, buddy systems, study groups, electronic libraries, and opportunities to try things out in the "real world."

Personalized customer service pays. *Furniture.com* began providing operator

assistance to customers buying by phone. This took 20% longer than purely automated learning but yielded 50% higher ticket sales.

- Add a human touch to automated learning. Employ guides to help learners make choices and link up with the right resources.

Amazon's model is 1. customer focus, 2. customer-centric, and 3. customer obsession.

- Effective training focuses on the learner, is learner-centric, and obsesses on learners.

Five things a business can do to capitalize on the opportunities for business in cyberspace:

Establish direct channels. Companies can use the increasingly ubiquitous Internet to establish direct, interactive links with customers, suppliers, trading partners, and others in their value chain.

Create new value. Companies can use the Internet to create and deliver new products and services that have not been feasible before.

Extend boundaries. Cyberspace transcends geographical borders and other traditional boundaries, enabling businesses of all kinds and sizes to widen their horizons.

Become a community magnet. With effort and commitment a company can dominate the information and access channels within an industry or community of common interest, effectively setting the rules by which others must play.

Short-circuit the value chain. Direct links with customers and suppliers make it possible for businesses to bypass others in the value chain, either eliminating intermediaries or capturing their businesses.

Going Global

Globalization will not be smooth, for the world's cultures hold different standards. India and China, in particular, will be tough to integrate. (In China, politeness is a sign of weakness.)

As the world shrinks, companies crossing cultural boundaries will assess the fit of their values and those of their partners along multiple dimensions:[\[6\]](#)

Advancement	Birthright	-¾¾¾¾®	Merit-based
Power	Vertical	-¾¾¾¾®	Distributed
Rules	One-Size-Fits-All	-¾¾¾¾®	Situation-based
Uncertainty	Risk-Averse	-¾¾¾¾®	Opportunity-Seeking
Self Concept	Individual	-¾¾¾¾®	Member of Community
Personal Expression	Introverted	-¾¾¾¾®	Extroverted
Competition	Assertive	-¾¾¾¾®	Cooperative

Learning by doing is adaptable across national borders but Persona delegates all to its local partner. This makes training more powerful.

EQ translates well. Everyone in Europe is reading the book. Email and wbt will be more accepted in Europe than asia (competition drives the Europeans to try new things), and in asia

more than south America. (south American sees relationships as all important.)
Training extends to customers. New relationships there, blurring of distinctions.

Appendix

Cyberadvertising Lingo

How many of these concepts can you apply to online learning?

Online Advertising Vocabulary^[7]

Affiliate Marketing, noun: A system of advertising in which site A agrees to feature buttons from site B. and site A gets a percentage of any sales generated for site B. It can also be applied to situations in which an advertiser may be looking for marketing information, rather than a cash sale. Popular among startups with very small marketing budgets. If we do each other's laundry, we'll all get rich, right?

Amnity Marketing, n.: Marketing efforts □ including e □mail promotions, banners or offline media □ aimed at consumers on the basis of established buying patterns. (For example, "Dear Cowpoke, as a valued cattle □restraint equipment customer, you're invited to a special Webcast sneak peek of our newest product: the Heifer Holder. Act now!")

Banner, n.: Old unfaithful. Banners are the 468 □by □60 □millimeter space atop commercial Web sites that agencies and advertisers make such a fuss about. As a design medium, the banner is the Web's answer to the toothpaste tube □ that is, a creative director's nightmare. Here's an idea: Make 'em blink.

Branding, n.: A school of advertising that says, "If the consumer has heard of us, we've done our job." Fortunately for agencies, brand value is extremely difficult to measure, so branding campaigns can be easily defended with grandiose predictions of future glory. And, yes, everyone is going to be the next Yahoo. Just wait. Really. You'll see.

Click □Through Rate, n.: The percentage of Web surfers who see a banner and click on it. At one time the granddaddy of Web □marketing measurements, click □through is based on the idea that online promotions that do what they're intended to do will elicit a click. But clickthrough rates are plummeting. (Have you ever clicked on a banner?) So now agencies are backpedaling on click- throughs as a yardstick of success.

Direct Response, n.: The school of advertising that says, "The Internet is an interactive medium. If the consumer interacts with our marketing efforts, we've done our job." Unfortunately for agencies, there's nowhere to hide with interactive campaigns, as they produce precise success or failure measurements.

Impression, n.: A unit of measure. One set of eyeballs glancing over one banner counts as one impression. Never mind that those eyeballs could belong to the family cat calling up a site with an errant paw. To the agencies that collect a fee for every thousand impressions (hence the term CPM □ cost per thousand), 1,000 cats count.

Interstitial, n.: The interstitial is a separate window of advertising that pops open spontaneously, blocking the site behind it. It is designed to grab consumers' attention for the few nanoseconds it takes them to close the window. Only Web companies could portray such an intrusive and annoying little doohickey as a great leap forward.

Opt in/Opt out, v., adj.: An e-mail marketing promotion that typically gives consumers an opportunity to "opt in" (taking action to be part of the promotion) or to "opt out" (taking action to not be part of the promotion). Marketers can be sensitive about the distinction, although many are secretly anxious about the day when e mail, like real world direct mail, becomes an opt-out medium.

Pay per Click, n.: An advertising pricing model in which advertisers pay agencies based on how many consumers clicked on a promotion. Condemned by advertisers and agencies alike for its many marketing vagaries and technical loopholes.

Pay per Impression, n.: An advertising pricing model in which advertisers pay agencies based on how many consumers see their promotions.

Pay per Sale, n.: An advertising pricing model in which advertisers pay agencies based on how many consumers actually buy something as a direct result of the promotion. Despised by agencies for the wretched accountability it brings to their lives. REP, n.: Request for proposal. A charade in which several agencies audition for a baffled client. An REP is an opportunity to see agencies at their most cartoonish — arriving in limousines, talking about neutrality and vision, and generally falling all over themselves to seem omnipotent, omniscient and just damn hip. ROI, n.: Return on investment. The big kahuna. The holy grail. The most —used three word phrase in any agency's lexicon, ROI is promised to clients in pitch meetings the same way people swear on their mothers' graves — with a hand over the heart and an earnest tilt of the head. Clearly, many people in interactive agencies didn't get along with their mothers.

Stickiness, n.: A measure used to gauge the effectiveness of a site in retaining individual users. The term is typically used in promotional material when traffic numbers are too low to be effective in lauding a site's performance. Never mind the quantity, feel the stick.

Targeted Marketing, n.: Banners or other promotions aimed, on the basis of demographic analysis, at one specific subsection of the market.

Viral Marketing, n.: Any advertising that propagates itself When Hotmail users send e-mail, they unwittingly infect the recipient with the tagline at the bottom of the message.

Performance?

Decades ago Donald Kirkpatrick described a schema for evaluating the effectiveness of training.

- The first level is "smile sheets," post-course evaluations filled out by trainees upon completing a course. Smile sheets are only useful in evaluating training, not trainees.
- The second was test performance — could trainees demonstrate that they'd mastered the objectives of the course? Tests reflect test-taking ability, which often bears scant relationship to performance on the job.
- The third was improvement on the job, evaluated by direct observation or an appropriate

metric, like, say, amount sold before and after training. Level three is useful to the extent that we've chosen the right yardstick to measure individual contribution. But to be valid, isn't the right yardstick always going to be tied to the bottom line?

Level four is where the rubber meets the road. Did training this individual improve the business? Did it add to the bottom line, even if only .0001%?

Many trainers shy away from level four because it's nearly impossible to isolate and measure in scientific fashion. From a senior management perspective, this is bunk. No aspect of business is calibrated perfectly. Every performance formula cuts corners and oversimplifies the situation. Accounting is a fiction that attributes no value to improving the skills, attitude, and loyalty of employees. Level four entails making a plausible case, not an open-and-shut case.

[1] Peter B. Vaill, *Managing as a Performing Art*

[2] The opening paragraphs of *Information Rules...*


[3] Christopher Locke, David Weinberger, Doc Searles, and

[4] If you've got an Internet connection handy, look at this at <http://www.cluetrain.com>. We've taken the liberty of chopping back the Manifesto and adding descriptive headings.

[5] Stickiness. a great example of how to provide a service that will keep people coming back, provides personalized services, and takes advantage of the power of the net. Daytimer just announced a free on-line calendar. Since it's on the web, you can access it from where you are. But others have done that. You can also have it email you reminders of upcoming events, e.g. your anniversary's in two weeks. You can share parts of your calendar with others or email friends with notice of an interesting event. And you can pull in dates of upcoming ballgames, art exhibits, etc.


[6] *Business 2.0*, March 1999

[7] *The Industry Standard*, February 22 – March 1, 1999

[eLearning](#) [Executive Summary](#) ■ [Research Notes & Working Papers](#) ■ [The Network Age](#) ■ [Business](#)
 ■ [People](#) ■ [Learning](#) ■ [Technology](#) ■ [Organizations](#) ■ [Knowledge Mangement](#) ■ [Decision-Making](#)
 ■ 

© 1999, Jay Cross & Internet Time Group

ftnref7" name="_ftn7" title="">[7] *The Industry Standard*, February 22 – March 1, 1999

[eLearning](#) [Executive Summary](#) ■ [Research Notes & Working Papers](#) ■ [The Network Age](#) ■ [Business](#)
 ■ [People](#) ■ [Learning](#) ■ [Technology](#) ■ [Organizations](#) ■ [Knowledge Mangement](#) ■ [Decision-Making](#)
 ■ 

© 1999, Jay Cross & Internet Time Group