



The Complete Guide to

BUILDING AND GROWING

A TALENT DEVELOPMENT FIRM

Stephen L. Cohen

More Praise for *The Complete Guide to Building and Growing a Talent Development Firm*

“If you are serious about creating and building a talent and development firm, this is your go-to book. It explains the difference between success and failure in this industry. Steve Cohen is the “been there, done that” guy with wide and deep experience. He knows the TD industry like no one else. What an amazing well-researched resource.”

—Geoff Bellman, Founder, GMB Associates, Ltd.

Author, *The Consultant’s Calling*

“This is ostensibly a book about starting and growing a talent development firm, but it is really relevant to anyone starting any new business. I have had the privilege to work with Steve Cohen on a number of company boards over the years and I know how much value he adds to an aspiring business owner. Now we can all benefit from his experience by following the clearly laid out outline in this book. From being intentional about your mission and vision, to thinking carefully about whom you wish to serve, and then, most important, determining how you intend to add value and build competitive advantage, he leads you to success.”

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“At last a book that is different from the plethora of theoretical books on the market these days telling you how to run your business *The Complete Guide to Building and Growing a Talent Development Firm* tells it “like it is” and is clear, practical, and readable. Steve Cohen opens up and shares his immense wealth of experience and success strategies that many firms pay dearly for.”

—Ann Herrmann, CEO, *Herrmann International*

Co-Author, *The Whole Brain Business Book*

“Do you think you want to be or develop a business that focuses on talent development? Or, to grow a business you already have? Steve knows this industry and consults with many of the best. And, because he knows what goes into making, differentiating, and selling these unique products and services, you will feel he is talking directly to you—as your trusted adviser and confidante!”

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—*Louis Patler, President, The B.I.T. Group*
Author, Make Your Own Waves and If It Ain’t Broke . . . BREAK IT!

“An invaluable, relevant, and practical resource—that’s what Steve Cohen has delivered in *The Complete Guide to Building and Growing a Talent Development Firm*. Clear, concise, and on point, the book provides a pivotal foundation for growing a thriving business in the talent development industry. It is a masterpiece for anyone dedicated to this industry, whether firing up a business or leveraging long-term success. It’s a comprehensive toolkit complete with provocative questions challenging the status quo and offering new possibilities for consideration.”

—*Pamela J. Schmidt, Executive Director, ISA—The Association of Learning Providers*

“An absolute must-read resource for anyone involved in or contemplating the business of talent development! From trends to day-to-day operations to clarifying the difference between building a business and creating a practice, Steve Cohen provides keen insight from his many years in the field, as well as thought-provoking questions. This is an invaluable, brilliant handbook!”

—*Susan Scott, Founder and CEO, Fierce, Inc.*
Author, Fierce Conversations

“Steve Cohen serves up the long-awaited, definitive guidebook for anyone seeking to build or grow their talent development business. This book is jam-packed with best practices—proven lessons, tools, insights, and methods—based on his decades of doing the real work, as one of the true pioneers of talent development, globally. It’s a rare classic and keepsake.”

—*Paul G. Stoltz, Founder and CEO, PEAK Learning*
Author, Adversity Quotient @ Work and GRIT

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To my parents, Bea and Murray, long gone but not forgotten, for their continued encouragement and support for all my educational and professional pursuits.

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For starters, where would I be without all the colleagues with whom I have worked and shared perspectives over the years? They include those from Assessment Designs International, my very first firm, to Harbridge House, Wilson Learning, The Learning Design Group, Dove Consulting, Carlson Marketing, Carlson Companies, Right Management, to Strategic Leadership Collaborative, my current business. My two original partners from Assessment Designs, Cabot Jaffee and Fred Frank (unfortunately deceased) and their families, have been life-long friends. David Dove, whom I first met at Harbridge House, also remains a valued and trusted colleague and friend.

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My thanks extends to the boards of other training and education suppliers that I've been fortunate to serve on and learn from. They include Better Communications, Crisis Prevention Institute, Decision Pulse, Employment Law Training/Navex, ExperiencePoint, Fierce, Grace Hill, Herrmann International, Interaction Associates, Lexipol, NetSpeed Learning, and OnCourse Learning. The knowledge and experience I bring to this book can be directly derived from these wonderful and enriching experiences, and I deeply thank each and every one of these CEOs for their confidence in me to assist them.

One group that has been intricately involved with the writing of this book are the client organizations and their representatives with whom I have had the honor to consult. Too many to list, and yet they should not go unnoticed because they in fact have provided the background and context for what I write here.

My career, and a result this book, would not have been possible without a short but powerful list of professional associations and support groups. Certainly, my nearly 40-year participation with both ATD and the Instructional Systems Association as a board member, frequent volunteer, and beneficiary of the programming and information has benefited my development immeasurably. While less involved over the years, my association with the International Society for Performance Improvement and the Society for Industrial and Organizational Psychology have been equally helpful in shaping my career. Although I'm no longer active, one other important association was the Woodlands Group. This small quarterly gathering of 15 to 20 professionals was instrumental in my development as a relatively young practitioner. I thank all of its past and current members for their support.

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INTRODUCTION

Before you start some work, always ask yourself three questions—why am I doing it, what the results might be, and will I be successful. Only when you think deeply and find satisfactory answers to these questions, go ahead.

—Chanakya

Before answering the three questions Chanakya, a philosopher from India, posed in his quote, I'll first ask you: Why are you reading this? What results might you obtain? And will you be successful? As you will soon discover, the you in this book encompasses a larger group. This introduction outlines my intent, my experience and background in the industry, my hopes for what you will get from it, and how I've organized it.

Purpose and Need

Some excellent books have already been published around the corners of this topic—for example, Elaine Biech's fabulous contributions of *The Business of Consulting* (2007), *The Consultant's Quick Start Guide* (2001), and *The Consultant's Legal Guide* (2000); Geoff Bellman's superb *The Consultant's Calling* (2002); and Peter Block's classic *Flawless Consulting* (2000). But these informative books are not what I had in mind when I set out to write mine. While many of the principles and practices outlined in these books apply to the talent development industry, there are many differences between a general consulting firm and one in the specific talent development space. Particularly, the nature of its drivers—its content, delivery, and instruction. This book is about setting up a business in the specific field of talent development, not just about being a good consultant or even creating a general consulting practice.

My primary purpose for writing this book is to give back to the profession that has been so good to me. This is a two-way street, but being able to spend my

entire career in a profession I love makes me feel just a little unworthy, because it has been so much fun. More specifically, it has provided me the opportunity to give back, after learning so many lessons and making many mistakes, to both those thinking about starting a talent development firm or those already engaged in one and planning to grow it.

A large part of my current consulting practice involves sitting on boards of training and education firms and facilitating their strategic planning efforts. In addition, I have been part of at least eight different consulting enterprises in the industry over my more than 40-year career. What I have discovered is there are countless questions about how to most effectively operate a very profitable talent development business, even from those who have done reasonably well. However, I found that no one has pulled this information together as a reference for these questions and best practices. I hope this book will serve this need.

My Experience in the Talent Development Field

I am the first to admit I don't possess all the knowledge and experience in the industry. I make no claims that my points of view are better or more accurate than anyone else's. Rather, I believe I can pass on some perspectives and insights that may alter the way you look at business challenges. And yet, with the one-size-rarely-fits-all state of the modern business world, you must place the offered suggestions in the context of your own business, goals, experience, and expertise.

That said, I do bring some very unique experiences from a talent development supplier's perspective. I have spent more than 40 years in the talent development consulting world, from my first day in graduate school studying for my PhD in industrial/organizational psychology. I have founded, co-founded, or directed eight different talent development entities, the majority of which focused on assessment and development in the industry. Four of them I sold, and several others I helped to restructure within other organizations. Suffice it to say, the different missions I have served, objectives I have met, and budgets I have overseen mean I have been around the talent development block a few times.

I've gained considerable insight into navigating the industry and running consulting businesses that cater to it. I was sought out to share my experience and advice as a board member of many training and education businesses, as well as conducting strategic growth planning for them. To date, I have had both the pleasure and honor to serve on more than 15 boards, alongside some very astute people. During my tenure on these boards, I have often witnessed outstanding growth—on average about 200 percent. But the true value gained by serving in this

advisory capacity has been from watching the mistakes that were made, helping to correct them, and then making sure these businesses were on solid ground.

All of this collective experience has provided a wealth of insight into the people development world, and I owe it to the industry to share what I've learned. While I don't have all the answers, let alone know all the questions to ask, I know most of the issues and challenges, and in some cases even best practices for operating and growing these businesses. No doubt, there is much to discuss. Each chapter will focus on a specific topic germane to building and growing a talent development business.

What Do I Want For You?

I have written this book for those in the business of consulting and training supplier services. You could be an internal talent development professional contemplating going out on your own or joining a consulting firm. You could already have an individual or small private consulting practice and be considering what it will take to be more successful. Or, you could be leading a larger firm committed to growth. Finally, you could be a senior-level learning leader trying to figure out how to more effectively perform your internal role.

The challenge is appealing to all these audiences simultaneously while remaining equally relevant. In the end, you will have to determine what's relevant to you and how you will apply what you are learning.

In writing this book, I've led with my opinions based on my experience, although I try more often than not to support those opinions with informed research. Therefore, the purpose of this book is to be more heuristic than definitive in an exchange of ideas on the topics presented. My goal is to stimulate thinking sometimes through provocative statements and other times through questions. I am hopeful it will create a strong dialogue between you and your partners, colleagues, and businesses, to the benefit of all.

Book Organization

Selecting topics to cover in a book like this is always difficult. I have decided to pick the topics most germane to building a growing and successful business in this industry. Although I will not cover all the bases, I will cover those I think will be most meaningful to you. If you are in the business of talent development, I am sure you will find valuable and readily applicable insights.

I organized this book around the series of events that typically take place in establishing, managing, developing, and growing any business, but in the context of the talent development supplier industry. Therefore, I have placed the chapters in the order in which you would most likely need to consider them, assuming you were starting from scratch. In a way, they represent the business value chain of what has to take place to go to market and then subsequently what is needed to survive, and hopefully thrive, in it. Because of this, the chapters can stand on their own as specific topics you might want to turn to as you're confronted with a particular issue. This book can serve as a reference through the lifecycle of your business.

This book comprises three sections. Part 1: Getting Grounded sets the foundation for building your business. To start, I address the industry as a whole: What are its dynamics, trends, and practices (chapter 1)? From there, I move on to helping you understand what you want from your business (chapter 2) and how you can begin to set the foundation for its success (chapter 3). Part of this foundation is understanding what you own as a business and how you can ultimately leverage it in the marketplace (chapter 4). Part 2: Creating Momentum provides the underpinnings of operating your business. It includes differentiating and selling your offer so it doesn't collect dust on the proverbial shelf (chapters 5 and 6). Next, I cover how to operate both the front and back of the house in a sustainably profitable manner (chapters 7 and 8). Finally, Part 3: Moving Forward is about identifying and overcoming barriers to growth (chapter 9), as well as looking ahead by exploring what's in store for your business and the industry, and how you can best prepare for the unpredictable future that lies ahead (chapters 10 and 11).

At the end of each chapter I've included reflection questions for you to think about. They refer to how you are managing the challenges mentioned in the chapter, or ask you to consider your options going forward. They encourage you to think about how you are addressing the many issues that surface when establishing, building, and growing a talent development business. At the very end of the book is an action planning appendix, with room to answer questions for each chapter, which will help you apply what you have learned. You may want to respond to these after you have read each chapter or wait until you have digested the entire book.

This isn't a tell-all book, a revelation of the industry's dirty little secrets. It also isn't intended to be a how-to book, with prescribed steps you must follow. Wouldn't it be nice if it was that easy?

Establishing and growing a business in any industry is a complicated endeavor, dependent on many interrelated factors. As I mentioned, I don't have all the answers. Despite the book's title describing it as "The Complete Guide" it could've easily been hundreds of pages longer, covering ever finer points about the industry.

By the time you are reading it, some industry information may have become dated. What won't be dated, however, are the many lessons learned and best practices observed throughout my career. So as you set out with this book in hand, you may be seeking a special formula for success. I am pleased you've turned to me to offer my advice and insight.

I hope you enjoy reading this as much as I've enjoyed writing it.

Steve Cohen
Founder and Principal
Strategic Leadership Collaborative
Minneapolis, MN
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PART 1

GETTING
GROUNDED

1

UNDERSTANDING INDUSTRY DYNAMICS AND TRENDS

*The barriers are not erected which can say to aspiring
talents and industry, "Thus far and no farther."
—Ludwig van Beethoven*

You can get lost trying to keep pace with the changes currently taking place in talent development, not to mention the transformation of the field since I started my career 50 years ago. It wasn't long ago that the industry was defined by models and theories such as McGregor's Theory X and Theory Y, Maslow's Hierarchy of Needs, and Herzberg's Two-Factor Theory. Personal computers weren't even on the radar, unless you call a deck of punch cards that fed into a massive mainframe, personal. Add to that the radical changes in the makeup of the workforce: multiple generations, diverse cultures, and freer mobility of workers between jobs. The workplace is different today. The current pace of change far exceeds that which I experienced not too long ago. Navigating through it successfully is challenging.

There was a time when almost all talent development firms were teaching softer leadership, communications, interpersonal, and sales skills, and computer-based training was in its infancy. Today, businesses in the talent development industry set out to get organizations and their employees up to speed on the ever-changing state of federal policies, legal compliance in ethics, anti-discrimination policies, HVAC technical skills, oil and gas rig operations, mortgage lending policies, and sanitary food manufacturing techniques. Yet, while the content of the business of talent development has broadened, technology has brought even greater change to the industry in which software as a service-based subscription platforms in the cloud are common.

This chapter is designed to not only ground you in what has taken place in the industry, but also introduce you to the most recent changes. Let's start with a

brief history of the field, before we dive into what we know about the industry and the major trends going forward.

A Wild and Windy Road: Historical Perspective

Any consulting firm focused on providing advisory services for improving the performance of the workforce would qualify as a talent development supplier, sometimes referred to as a vendor. These could include individual consultants, full-fledged consultancies, or simply providers of training services in areas such as skills development, coaching, change management, engagement, performance management, and technical skills—any area that can enhance the skills, knowledge, and attitudes of the workforce to ultimately improve performance. We sometimes refer generically to these programs, products, and services as an offer. In other words, what is offered to clients as solutions to their workforce development challenges.

It would be an understatement to say the talent development supplier industry has undergone considerable change. In the last 50 years, it has experienced just about every kind of consolidation and distribution play possible: roll-ups and integrations, mergers and acquisitions, franchises and distributors, partnerships and brokers. This would indicate either a maturing industry or one that has yet to fully evolve. One thing is certain, there are fewer barriers to enter the industry now. Whether those who enter the industry will be successful depends on many of the factors covered in this book.

As the global economy has changed, driving often unique but certainly different demands in the workforce, the talent development supplier industry has had to keep pace. Some firms have been relatively successful navigating this change, while others have not, and still others have outright failed. In the United States, it's now a more than \$70.6 billion industry, some \$8 billion of which was spent on external services (*Training* 2016), which was a 29 percent increase over the prior year. But it hasn't always been this way. Not too long ago, the human capital asset was considered more of a necessary evil than a true business game changer with relatively little money earmarked for skills training.

In addition to the many changes in the global economy affecting talent development, other forces influencing the supplier industry have been at play as well. For instance, there have been many attempts at supplier acquisition and consolidation, including some ill-fated ones. Provant attempted to roll up 21 training companies in the late 1990s, but after financially overextending itself, it started divesting in 2001 and a year later sold the remaining companies to Drake Beam Morin—Japan (J. Zenger 2013).

At about the same time, there was another short-lived attempt at a roll up of about a dozen firms by Enterprise Profit Solutions (EPS), an offshoot of a division of Deloitte & Touche. While the acquisitions included more traditional human resources firms, EPS purchased 10 talent development businesses, all for stock in the new company that planned to go public. However, EPS did not have an integration strategy, which left these companies on their own. Less than a year after its founding, EPS started to come apart, never went public, and its founders had to exit the company, by then so buried in debt they couldn't even issue junk bonds (Welles 2002). Unfortunately, all of these companies had to buy themselves back even though they received no cash when they were first acquired.

On the other hand, there have been some successful consolidations. Examples include the Times Mirror acquisition of Zenger-Miller, Learning International, and Kaset International from 1985 to 1992 (which were then consolidated into Achieve Global in 1998); Kenexa's acquisition by IBM; Taleo's by Oracle; Lynda.com by LinkedIn (then by Microsoft); and Success Factors by SAP.

Another successful acquisition was the Institute for International Research's (IIR) purchase in 2000 of five companies (Achieve Global, Omega, Huthwaite, Forum, and ESI International). IIR later became part of Informa, after being acquired in 2005, which itself was finally sold in July 2013 to Providence Equity Partners, one of the largest private equity businesses in the world (Informa 2013). Other private equity firms such as The Riverside Company and Renovus Capital Partners have also targeted training and education companies in building their funds by identifying strong platform companies and then growing them through frequent add-ons.

Setting the early pace was one of the first supplier industry acquisitions when John Wiley & Sons purchased Wilson Learning in the early 1980s, which was then divested in 1991 to Wilson's Japanese subsidiary. However, Wiley reentered the talent development business with the relatively recent acquisitions of Pfeiffer & Company, Profiles International, Inscape Publishing, and CrossKnowledge.

What you can conclude from all of this activity is that the talent development supplier industry has been going through its own metamorphosis, supported by the influence of technological advancements in human resource information systems, learning management systems, and online learning capability. In 2013 alone, the industry spent more than \$5 billion on talent management systems software (Jones and Wang-Audia 2014).

From the outside, it appears talent development is a growth industry, creating an interesting dynamic of small businesses mixed in with the big players. You don't have to look much further than to IBM's and SAP's respective acquisitions of Kenexa and Success Factors to recognize that big business has also realized the

potential for high growth in the talent development arena. Clearly, the competitive landscape is changing.

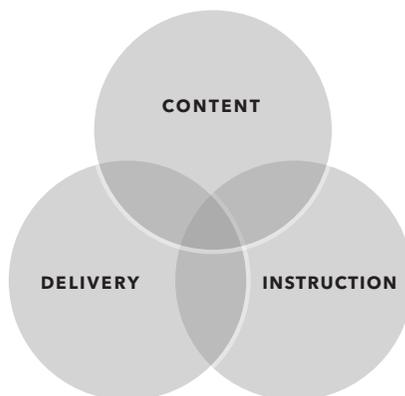
Know What You Don't Know: Industry Knowledge

Achieving success in the talent development supplier industry means you truly understand the nature of your business, its value proposition, and the business model that will ensure sustainable profitability. Not being able to grasp these factors is a formula for failure. As we consider the past, experience the present, and imagine the future, this industry can be described at any of those junctures by three drivers that have and will continue to influence its demand, structure, and market strategy.

These three drivers—content, instruction, and delivery—are independent, multifaceted constructs, but all dependent on one another (Figure 1-1). When combined, they create a customer experience. While some in the industry only focus on one of these drivers and temporarily do well in that particular sphere, they will ultimately fail because the other two define the customer experience as well. It is their unique combination and interplay that differentiates a successful supplier in the talent development industry.

Owning the intellectual property, or content, without the capability to deliver it in an instructionally sound way that achieves results, whether in a more traditional classroom facility or through technology, will not create a differentiated user experience. Nor will owning a unique delivery platform without relevant content, even if instructionally sound. What this implies is a complex industry that involves considerable knowledge, insight, and foresight of the marketplace to build and grow a successful business.

Figure 1-1. Talent Development Industry Drivers



Take the aforementioned Provant, for example. The intended training business roll-up was masterminded by a company that had successfully acquired both ambulance and waste treatment businesses throughout the United States. And yet, the business models for successful ambulance or waste treatment companies have far greater similarities than those in the training field. Provant's leaders thought the same could be done with training businesses, but they didn't understand that each of those businesses had unique content and value propositions and delivered their offering differently, in many cases to international audiences. Attaining economies of scale by integrating back-office functions such as human resources and technology were strong motivating forces to bring costs down, but integrating other operations such as product development, marketing and sales, and training delivery was much more difficult, because each company had its own distinct offer and delivery methods. In fact, while the intent was to have these companies cross-sell each other's offer, they were simultaneously incentivized to make their company's numbers, ultimately keeping them from total collaboration.

Contrast Provant with IIR and Informa. In their acquisition strategies they recognized the unique differences in their training businesses. While they took advantage of integrating some back-office functions, they kept the firms separate, maintaining their own brands. More recently, Providence Equity Partners built a portfolio of 12 talent development firms under the umbrella of TwentyEighty, many of which were sold to it by Informa.

Also consider John Wiley & Sons' purchase of Wilson Learning in the late 1970s. Wiley assumed Wilson was also in the publishing business because it printed training binders and thus could leverage Wiley's in-house printing, warehousing, and production capabilities. However, Wilson was no more a publisher than Wiley was a training business. The intended synergies never took place. Fortunately, a generation later, Wiley recognized what business it is in with its acquisition of Pfeiffer & Associates, Profiles International, Inscape Publishing, and CrossKnowledge. While these businesses provide assessment and training materials and programs, most use resellers and distributors, rather than directly delivering their own materials.

Numerous other examples support this premise, but what is most important is that to be successful, the architects and leaders of these mergers and acquisitions must truly understand their business model, as well as those they acquire.

One of the more interesting events in the talent development supplier acquisition world involves tangential businesses that see this as a growth industry worth investing in. Korn-Ferry, a leading executive recruiting firm, has been very active over the past few years accumulating talent development companies: Lominger; Lore International; Novations; and PDI-Ninthhouse, Pivot, and Hay (Burnison 2013, 45-48). Like many other companies, Korn-Ferry sees the talent development

industry as a hedge around their original head-hunting business, which is subject to economic peaks and valleys. Time will tell whether they made a wise decision.

Similarly, Right Management, a career outplacement business, also subject to the vagaries of economic stability, flourished during bad economic times when people were let go and needed outplacement services, yet suffered when times were good with fewer people leaving and unemployment relatively low. Right Management bought a dozen or so organizational and talent development companies over several years in the mid-1990s to early 2000s to help flatten out its financial performance. In 2004, it was bought by the huge temporary staffing company Manpower, as its hedge against the frequent fluctuations in the staffing economy.

As the talent development industry continues to evolve and expand, integration, whether through acquisitions of new businesses or mergers with existing ones, will continue to define the competitive landscape. As you build and grow your business, the lessons from these integrations, many of which have unraveled in one way or another, will be critical to ensuring your future success.

Here Today, Gone Tomorrow?: Current Fads and Lasting Trends

Trends in one industry guide the trends in others; although determining which causes which is always difficult to assess. But some emerging trends clearly affect almost every industry, including talent development. Consider four trends McKinsey & Company recently identified (Dobbs, Manyika, and Woetzel 2015):

1. **Beyond Shanghai:** The age of urbanization, involving a shifting of the center of economic activity and dynamics to emerging markets and the cities within these.
2. **The Tip of the Iceberg:** Accelerating technical change, involving the sheer ubiquity of technology in our lives in its scope, scale, and economic impact.
3. **Getting Old Isn't What It Used to Be:** Responding to the challenges of an aging world, which means a stronger burden on a reduced workforce to drive growth, as well as the severe strain put on government finances to care for the aging.
4. **Trade, People, Finance, and Data:** Greater global connection, which means more interconnectedness and dependencies across industries, countries, and people than ever before.

I will not try to dissect the influence of every trend on the talent development industry. I'll leave that to the economists and futurists. So with the four trends in mind, here are a few impactful trends for those focused on building a talent development supplier business.

It is hard to argue that the most significant industry trend of the last couple of decades has been anything but the influence of technology on the delivery of content. This ranges from the ever-evolving online learning programming to human resources information systems and platforms that house and distribute that programming and other content.

Significant advancements continue in the area of technology-enabled talent development. Blended learning, the merging of technology-enabled with face-to-face delivery methods, has almost become an expectation, not the exception it was 10 years ago. In addition, we are just scratching the surface in gamification and only starting to explore virtual learning as the apparatus for creating virtual worlds. These advancements are largely about how to reach the learner more efficiently.

Other advancements continue to emerge for how to reach the learner more effectively; that is, learning more readily just in time, applying it more immediately, and then remembering it longer. There seems to be a resurgence in brain anatomy in understanding how learning takes place. As a result, we are seeing more and more bite-sized learning applications in smaller timeframes with focused information. Consider that Ned Herrmann brought us Whole Brain Thinking 50 years ago, which continues today through Herrmann International. Starting with how people process their approaches to learning differently and how learning curricula must consider this in their design and development, there is likely to be much more exploration in the area of neurological underpinnings of learning, and a good deal more to learn that hasn't yet been specifically applied to the talent development industry.

While technology's influence remains on the minds of organizations, they realize their most important asset is their human capital. The costs of recruiting and hiring new talent in the face of a relative skill set paucity, particularly in the United States, has caused significant concern. Finding, developing, and retaining more qualified human capital has become so economically advantageous that corporations finally recognize its hidden value. One would have hoped this would have been recognized without the force of an economic driver, but regardless of what caused this surge in behavior, it's real and undoubtedly long lasting.

The very human assets mentioned are also changing dramatically. Comparing the characteristics of the Baby Boomer workforce with that of a future in which Millennials and Gen Zers are leading the charge, Bruce Tulgan (2016) identifies 19 factors that will distinguish these two types of workforces. Examples include what the younger generations want in a job (flexibility versus security); what they want in their manager (support, guidance, and feedback versus autonomy); what they want in their leaders (coaching, teaching, and mentoring versus authoritarian and

directive); and what their attitudes are toward their career (build a career around the desired life versus build a life around the desired career), among others.

The numbers alone are staggering. Tulgan's study estimates that by 2020 the Western workforce will comprise less than 20 percent of Baby Boomers, who in 2016 made up about 30 percent, while first-wave and post-Millennials will make up 30 percent, compared with 14 percent in 2016. The worldwide workforce is experiencing a significant age shift accompanied by different wants and needs from employment. As a result, the goals and expectations of these newer workforce entrants will change the landscape of how work is accomplished in the future and therefore the skills and capabilities needed to successfully navigate the world of work.

This is not to say there aren't more significant trends beginning to emerge that will continue to influence the industry. Pat Galagan (2015, 28-33) does an excellent job identifying six: the boundary-less career; employee satisfaction's bleeding edge; sort-of-new performance management; new learning movements; simple and slow; and mobile learning. She makes a very strong case for how each of these trends already influences the talent development industry, and there's no reason to believe they won't continue.

The influence of a domino effect is easier to accept than to understand and interpret. Global trends trickle down to affect organizations and the workforce, and eventually define the industries serving it, such as talent development. In 2015, ATD conducted a study with Rothwell & Associates and Penn State University to better understand the trends and challenges faced by the talent development field. In the study 31 industry thought leaders from global organizations were interviewed, and they identified 15 trends that would affect talent development between 2015 and 2020, including the need for a more innovative workforce, high turnover rates, world economic interdependence, and company and education provider partnerships. It was concluded that learning technology will continue to rise, strong talent pipelines need to be built, talent development professionals need to engage as strategic business partners, global organizations need to be able to solve problems and innovate, and value-added partnerships need to be developed. In short, these challenges require clear talent development goals, effective delivery methods, and measurable results. The talent development supplier industry is in the perfect position to assist organizations in serving all three of these needs.

Among the most significant changes and trends occurring in all industries, including talent development, is how firms reach prospects and

customers. Technology enables you to reach more people in less time for less cost, but sorting through the vast number of prospects and converting them into customers requires even more sorting.

What is unknown at this point are events which will continue to disrupt how we look at the talent development industry. There's no question that capabilities such as agility, adaptability, and flexibility in how we see and reflect on what presents itself in the business environment are, and likely will be, in greater demand.

Dream On: Entrepreneurship

The talent development supplier industry is still largely made up of one- or two-person entrepreneurship, with the exception of large companies such as Accenture, McKinsey, Xerox Learning Services, and Deloitte, not to mention technology and content platform companies such as Udemy, IBM's Kenexa, Microsoft's Lynda.com, SAP's Success Factors, and Skillsoft. What makes the industry difficult to define is that businesses are consolidating into even larger companies, while smaller consulting practices, freelance independent contractors, authors, and speakers exist as their own entities.

Consider the membership of the Instructional Systems Association, a group of about 80 learning provider organizations. Over its 40 years, 65 to 70 percent of ISA's membership has been considered small (that is, under \$5 million in revenue), 20 to 25 percent medium (\$5-\$25 million), 10 to 15 percent large (more than \$25 million), and 3 to 5 percent quite large (more than \$100 million) (Schmidt 2016). If these statistics are representative of the industry—and there is no reason to believe they aren't—it's clear that talent development is an entrepreneurial industry. In fact, because interest in growing is an important qualifier to being a member of ISA, many more small practices that earn less than \$5 million in revenue probably skew the relative percentages even more toward the small side.

As a result, you must consider whether you can operate as an entrepreneur. In 2012, a study was conducted to determine the personal skills unique and predictive of those people who would become serial entrepreneurs. When compared with a control group of 17,000 working adults, the group classified as entrepreneurs self-assessed above the control group average in the skills of persuasion, leadership, personal accountability, goal orientation, and interpersonal skills (Bonnstetter 2012).

A Pioneer in the Talent Development Supplier Industry

My favorite story of an entrepreneur in the industry is of Larry Wilson (now deceased), one of the very first people to enter the training and development space with Wilson Learning Corporation, which he founded in the late 1960s. Larry was an insurance salesman, but not just any salesman. He was one of the youngest to reach the million dollar plateau when that was a significant achievement. He believed selling did not require a manipulative or adversarial approach; instead, he used a counselor approach to meet customer needs and produce more effective results. At the time, this was a groundbreaking concept that created a new generation of salespeople who recognized the value of establishing relationships based on trust and win-win problem solving. So Larry took what he had learned as a successful salesman and trained others to be as successful. He created the training program Counselor Salesperson, which, nearly 50 years later, is the basis for most sales training programs.

Larry knew he wasn't equipped or even interested in building a business. He just wanted to create great programs that could help people "become all they could be." So he hired operators to do the dirty work, such as tend to the finances, processes, people, and the like, while he pursued the next big thing. He demonstrated a willingness to take risks, one of which was introducing video to training. He used VHS or Beta tapes, the latest technology at that time, to better engage learners, as we do today with online programming. Next, he become one of the very first to bring computer-based video learning to the industry. After his company was acquired by John Wiley & Sons in 1981, Larry built a subsidiary business to house Wilson's Interactive Technology Group, a conglomeration of software engineers, video writers and producers, instructional developers, and graphic designers all working to create state of the art videodisc self-instructed programs, the forerunner of online learning today.

As a model for entrepreneurship in the talent development industry, Larry can best be described as optimistic, passionate, undeterred, relentless, enthusiastic, and energetic. Like Larry, great entrepreneurs are also visionaries who see what others can't. They are excellent communicators who can articulate their vision in a way that captivates and excites others. But they are also humble and grateful for their successes.

What is most interesting is that many of the characteristics that make an effective entrepreneur are not the same as those needed to build a well-organized profitable business. Often, true entrepreneurs are so focused on chasing their visions they don't think about the implications of costs, time, and energy on the rest of their business. Unless they have an unlimited budget or are surrounded by business builders, their vision can interfere with establishing and growing the business.

Also, if you are expecting a reasonable work-life balance as an entrepreneur, you should probably rethink starting a business of any kind. It's typically all-consuming with a reasonable amount of self-imposed stress and anxiety, in large part due to the responsibility for meeting payroll. This is why it is important to only take on business that you love.

After reading this book, you should determine whether you are equipped to be an effective entrepreneur. Remember, you will also be competing against many people who are characterized by this archetype.

The Entrepreneurial Spirit

Entrepreneurs are often driven by their commitment to succeed. While they may sometimes appear to be disorganized, they take time to prepare their next steps. They fall down and get up again. They anticipate what the future will hold. They take appropriate risks. In sum, they are passionate, persistent, and persevere at all costs. These characteristics, and others, are masterfully described in Louis Patler's 2016 book, *Make Your Own Waves*, in which he uses 10 surfer's rules as a meaningful metaphor for entrepreneurs and innovators: Learn to Swim; Get Wet; Decide to Ride; Always Look "Outside"; Commit, Charge, Shred!; Paddle Back Out; Never Turn Your Back on the OceanDare Big; Never Surf Alone; and Stay Stoked! A very delightful, influential, and relevant read for all current and future entrepreneurs.

Conclusion

Undoubtedly, the talent development industry has become very important to overall organizational performance. Done right, starting a talent development supplier firm can also be seen as a good investment opportunity. This is largely because of the elevated prominence talent development has garnered due to its importance to business performance. As a result, there has been considerable activity in the investment community during the last 25 years and it doesn't look

as though things will change anytime soon, as noted in chapter 11. While it was typically considered only a necessary cost in the past, leveraging human capital is now a major concern to boards of directors today.

Looking forward, technology and demographic shifts have brought significant changes to the talent development role in organization performance and productivity. This has inspired an entrepreneurial consulting industry to support these changes. To survive and thrive you must take these factors into consideration if you decide to start your own talent development firm.

Reflection Questions

A WILD AND WINDY ROAD: HISTORICAL PERSPECTIVE

- What do you think made some talent development supplier firms successful and others not?
- Are there patterns that can explain those that have and continue to be strong industry contributors from those that don't?
- Are there critical factors that separate what's useful from what's not?

KNOW WHAT YOU DON'T KNOW: INDUSTRY KNOWLEDGE

- What are some examples of talent development supplier firms, or their acquirers, that failed due to a lack of basic understanding of how the industry goes to market and operates?
- What examples demonstrate how understanding the talent development industry facilitated a firm's success and growth?

HERE TODAY, GONE TOMORROW?: CURRENT FADS AND LASTING TRENDS

- What trends are having the greatest impact on your business?
- How would you reshape what you are doing to embrace these trends?
- Are there other trends that could have a more significant influence on your business model in the future?

DREAM ON: ENTREPRENEURSHIP

- How would you characterize your propensity to demonstrate entrepreneurial characteristics?
- How important is it for you to envision your business?
- What have you done to compensate for some of your entrepreneurial characteristics by surrounding yourself with people who are business operators?

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