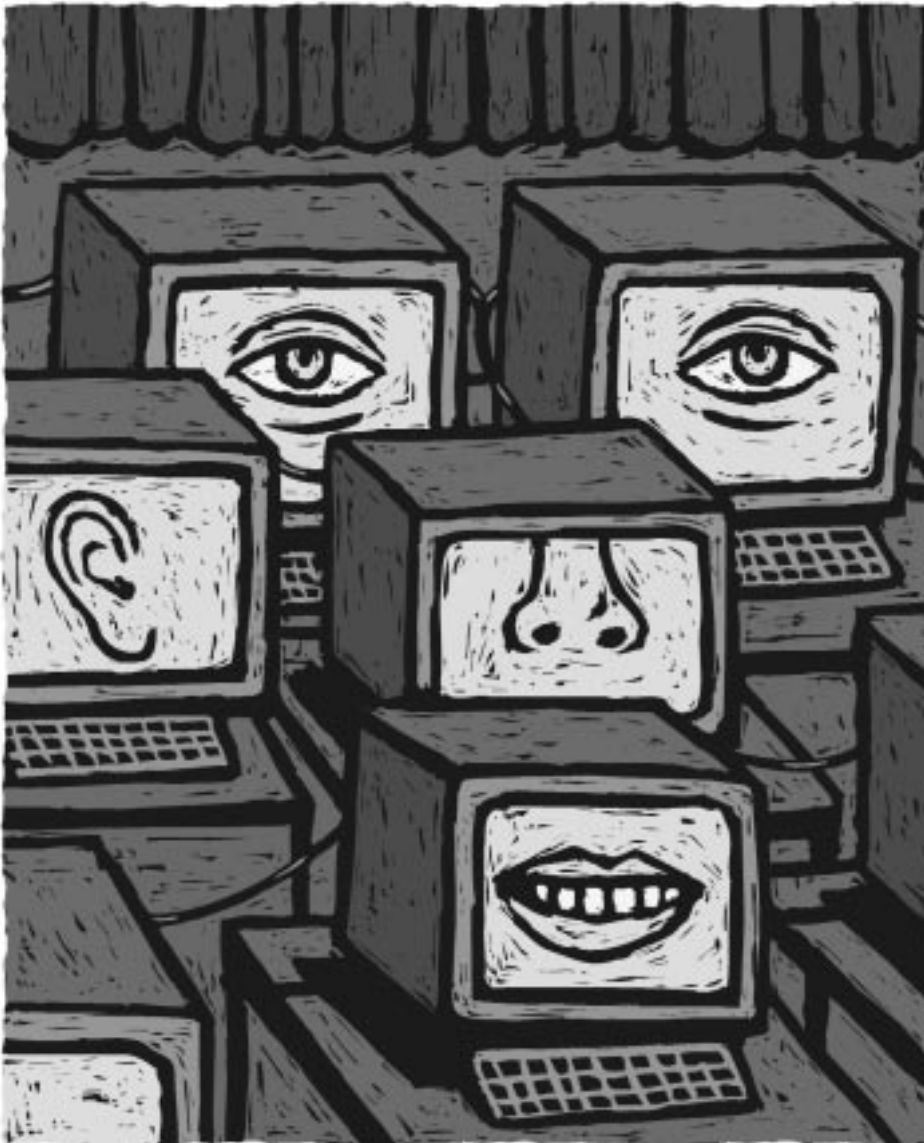


Ten Observations on e-Learning and Leadership Development

Albert A. Vicere, Smeal College of Business Administration, The Pennsylvania State University



There is no denying that the Internet has changed the business world. And there is no doubt that the explosive development of wireless Internet technology will further catalyze corporate reactions to the e-revolution. Every aspect of doing business has been touched by these events, and, as a result, virtually every business process is in a state of transformation to some type of e-platform. Although e-commerce and enterprise software currently dominate discussions of this infrastructure shift, the impact of the Internet on people management is equally as profound. Definitions of the potential role of the Internet in recruiting, training, educating, developing, leading, and earning a return on investment in people are just beginning to emerge. But even in its infancy, the e-world holds great promise for enhancing the art and science of people management.

A particular focus in this article, sponsored by the International Consortium for Executive Development Research (ICEDR) as part of a global investigation of innovations in executive learning, is on the role of e-learning in leadership development. Although there are many other aspects of people management that can be positively impacted through the use of Internet technologies, this article assesses the current state-of-the-practice in the use of e-learning as a platform for attracting, identifying, training, educating, developing, and capturing knowledge from an organization's leadership talent pool. Its observations are based on a review of related literature as well as in-depth interviews with over 30 experts, analysts, providers, and practitioners. There is a distinct bias toward the e-learning industry perspective here, as nearly two-thirds of the respondents were industry players. The intention is, however, to provoke discussion and dialogue across all sectors of the field.

Based on the interviews, only one conclusion is reached. The field is still too new, too much in an embryonic stage, to reach any conclusions. This is especially the case when the focus is on leadership learning. It seems that most examples and most discussions immediately shift to IT training, sales training, and more technical content areas. Yet, the level of commitment and optimism is so high, the perceived potential so great, that the Internet and e-learning are forces not only to be reckoned with, but forces for cataclysmic change in leadership and organizational development. That said, the ten observations of this article are intended to provide a high level overview of both the state-of-the-practice in e-learning in leadership development as well as a set of opinions on future directions in the field.

Observation 1: Is It Real or Is It Internet?... And Its Corollary: Just What Is "It"?

The most obvious observation is that for all of the talk and all of the hype, e-learning for leaders is alive but not all that well. No fully developed success stories or benchmark examples have been found. Even the e-learning providers themselves talked about their growing pains, the fact that they were still searching for effective, exciting

learning platforms for leadership development. As a result, when pushed, respondents agreed that leadership learning overwhelmingly remains a live-event process. Maybe that's because we still cannot define what e-learning is all about. Is it Internet-based courses and networks? Does it involve facilitation and face-to-face learning? Does it include knowledge management? Are there infrastructure investments needed? The answer is all of the above and more.

There are some outstanding providers. SmartForce, formerly CBT Systems, has built a huge installed base of programs in IT and technical training that give them a foothold with many of the world's largest corporations. Similarly, companies like Pensare and Caliber are attempting to link "granularized" content (content segments broken down into components that can be packaged and customized to individual and organizational needs as opposed to traditional courses), live interaction, facilitation, and on-line networking in an effort to enhance the scale, scope and speed of education and information delivery. Companies like UNext and Quisic (formerly University Access) are providing courses for credit and degrees to help companies develop and retain key talent. Companies like Docent, Saba, and Tacit are developing unique learning and knowledge management technology platforms that not only facilitate, but also capture learning and enable

companies to store, catalogue, and disseminate that learning throughout the company. Centra and Click2learn have highly respected technology and service capabilities. And companies like SMGnet and Provant, not to mention a host of traditional providers, are developing content that can help fuel learning and knowledge creation. Yet, none of these companies seems to possess the industry's "silver bullet," an integrated platform for learning and knowledge management.

And therein, it seems, lies the rub. What analysts like Bank of America's Howard Block as well as most of the respondents say is missing is an integrated architecture for e-learning and knowledge management. The field is too complex at the moment. And in its complexity, it is running head-long into one of the corporate world's biggest issues: the need to simplify, speed-up, and expand global access to information, ideas, and knowledge.

What...is missing is an integrated architecture for e-learning and knowledge management. The field is too complex at the moment.



Consultant John Eielson of the Parthenon Group, a strategy consulting firm with a significant position among e-learning companies, noted that, “there needs to be an equivalent of Powerpoint” for e-learning courses and services to help clients get up and running quickly and inexpensively.” He noted that the field looks like the personal computer field in the 1980s when everyone was talking LANs but running proprietary platforms. He predicts a major shakeout in the industry as common standards and platforms emerge over the next five years. Jennifer Reingold of *Fast Company Magazine*, formerly with *Business Week*, has been a keen observer of the leadership development field over the past several years. She adds to Eielson’s observation, “There are so many offerings out there including a lot of junk. When the early euphoria dies down, there will be some providers who really suffer.”

Alan White, Senior Associate Dean at MIT, commented that the most precious resources in leadership development today are content and time. “We waste a lot of both right now,” he suggested. Part of the reason for this was explained by David Dobkin, Senior Vice President of Caliber Learning Network:

many companies are using enterprise software to integrate their supply chains. But they are realizing that supply chain efficiency won’t help if third party (outsourced) partners don’t understand a company’s products or services. This is creating a new infrastructure integration focus that requires platforms that drive the deployment and transfer of knowledge. This is not one way transfer, but the creation of highly interactive environments where living knowledge bases are maintained.

Jim Shegog, Global Leader Executive and Organizational Development at PriceWaterhouseCoopers (PwC), commented that PwC is intensely focused on the idea of “global knowledge management.” They have established numerous partnerships with universities and other providers in an effort to build an unparalleled capability in learning and knowledge management. As consulting firms like PwC learn how to integrate content, technologies, and services into an operating platform for their own business, are they likely to turn those capabilities into a consulting practice in itself? Observers like Block and Eielson think so, and both predicted that the major consulting firms could

become the pac-men of the industry, swallowing up small niche players as they build global consulting practices based on integrated learning and knowledge management platforms.

But even if this happens, when might we see a real impact from e-learning? Is it five years away, twenty? Most of the respondents said at least ten, partly because of the field’s complexity and partly because of observation number two.

Observation 2: If You Build it, No One Comes... And its Corollary: But You Had Better Be There...

A majority of the people interviewed cited Wharton Direct as an example of an exemplary e-learning delivery platform. And there is no question that Wharton has created a terrific product. However, as Bob Middlestadt, Vice Dean at the Wharton School of Business, will freely admit, the product looks great, sounds great, and gets great kudos. It is only lacking in one area, revenue. Wharton Direct, like most e-learning providers, is struggling to find the answer to attracting and maintaining learners. As with all aspects of the dot.com sector, e-learning companies can tell a great story and demonstrate some wonderful products, but the bottom line remains a big issue. As analyst Howard Block noted, “a lot is being sold right now, but very little is being used.” As a result, long-term cash flow and profitability remain critical question marks for all e-providers.

Why might that be the case? There are a number of possible answers. A few respondents suggested that e-methodologies just don’t cut it for executive-level learning, that at best they are effective supplements to live events. “Almost no one asks for Internet or e-learning to be built into program designs,” said Jim Bolt, founder of Executive Development Associates, a firm specializing in top-level leadership development, “we suggest it and they like it, but they don’t ask for it.” Marshall Goldsmith, the noted consultant and leadership guru, saw it as an access issue. He suggested that it was a matter of time and technological development. “When access is ubiquitous (i.e., on every desk and/or in every home) and when we have instant download, TV quality, digital audio-visual transmission over the Internet, e-learning will dominate. And that will happen in five years.”

The overwhelming opinion of respondents was that e-learning is coming and everyone had better jump on board the train. But implicit in

their discussions was the notion that real e-learning isn't here yet, that learners themselves are not flocking to e-learning platforms and singing their praises. Les Spero, CEO of SMGnet, noted that there are two forces for growth in e-learning. The first is cost—the potential for incredible efficiencies in scale, scope, and speed of learning deployment. The second relates to how e-learning processes and platforms can help a company to migrate from event-based learning to continuous learning, an essential shift in today's world. At the same time, he noted that there are two competing forces against growth. The first is that ever-present complexity, the overwhelming issue of combining the offerings of content, service, and technology providers into an integrated platform. The second is the changing nature of learning itself, a movement away from learning as a social experience to learning as an individualized experience.

A critical issue, then, is the need to discover flexible, adaptable blended methodologies that can be mass-customized to a variety of learning styles and learning needs. These methodologies need to be scalable to large numbers of people around the world, easily programmed to accommodate the “Internet speed” of business development, and fully integrated to ensure accountability and enable knowledge creation. “That’s the issue in a nutshell,” says SmartForce CEO Greg Priest:

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every company has a transformation in progress like e-commerce or supply chain integration, often more than one. As they move forward with these efforts, they realize that the real intractable issue is business process transformation, not just technological change, but fundamentally changing modes of doing business. As a result, the boundaries of training and education are expanding to include both internal and external constituencies, supply chain partners, channel partners, vendors. A company must have a learning/knowledge management platform that pulls all these constituencies together. This isn't about technology, it's about the integration of various methodologies and platforms into an experience-based educational process.

So the stage is set for a look at how that task might be accomplished. And that leads us to observation number three.

Observation 3: Stokin' the Star-Maker Machinery... And Its Corollary: I'd like to Thank All the People Who Made This Possible...

The need for content in e-learning has many respondents painting a fascinating scenario in which well-recognized gurus become the superstars of the industry. At the same time, multi-skilled providers who can help companies integrate content with facilitation, load all of that onto a technology platform, manage it for the company, and add to it the ability to monitor and disseminate the knowledge created will emerge as the “production companies.” It's very similar to the entertainment industry. And maybe that

analogy gives pause for thought.

In our interview, Marshall Goldsmith posed the question, “Can university professors be bought?” He noted that at its highest level, leadership education is increasingly star driven:

Everybody wants stars ... so the delivery model is beginning to resemble the entertainment industry. Keep in mind that stars usually don't need to control others, but they hate being controlled. They are financially independent. Over time they become more motivated by control of their life than by financial considerations.

So, virtual networks of faculty will be forming throughout the market.

Goldsmith is helping to lead that charge, spearheading the development of the Financial Times Knowledge Leadership Dialogue, a virtual network of leading thinkers linked with the Pearson publication.

Could that mean that “guru” faculty will find agents, that they will seek contracts and free agency? Industry experts like Pepperdine's Bob Fulmer think so. And companies like The Learning Partnership, a loose assemblage of about 40 leading faculty from business schools around the world, agree. Says Mike Davidson of TLP, former Deputy CEO of Gemini Consulting, “we launched in Europe as a speaker's bureau of sorts but quickly realized that companies were looking for ways to get at faculty without going



through their universities.” Andrew Rosenfield, CEO of UNext, adds a slightly different twist. “Most faculty,” he suggests, “are great at creating knowledge, but universities are not very good at disseminating it. We can help knowledge creators effectively package and disseminate knowledge in ways that meet the demands of today’s fast-moving companies. And we can do it far better than the traditional providers who still rely on live delivery.” Is this a competitive gauntlet? We shall see. But at the least, it reflects tremendous upheaval in leadership education delivery channels.

Most of the respondents agreed that for well-known gurus, life would be good over the next few years. Demand will be high, opportunities will abound, and opportunities for affiliation plentiful. For those who have not achieved guru status, the situation may be quite different. Says Chuck Hickman, Vice President of Quisic and formerly with the American Assembly of Collegiate Schools of Business:

There will be a growing gap among the 35,000 b-school faculty members, only a few dozen of whom really can be called superstars. Several years ago, AACSB invited the General Manager of the Boston Red Sox baseball team to speak at their b-school dean’s conference. He told the assemblage that their jobs were the same: find a couple of superstars, fill in the rest of the team with solid players, then figure out how to deal with the salary discrepancies and motivational issues while keeping external constituencies happy.

An appropriate analogy, it seems.

And while guru faculty consider free agency, while delivery channels restructure around intense competition, how do we move forward with integrated platforms? Unfortunately, says Bryan Polivka, Chief Learning Officer of Caliber Learning, “technology seems to be driving migration to e-channels, not educational process.” Much of today’s e-learning initiatives are direct derivatives of traditional text or filmed content. Yet, there is life beyond asynchronous (not live), text-based delivery platforms. As Polivka noted, “what the web promises is that you can connect people, hardware, and software any way you choose.” Sally Elliot, Vice President of Pensare, noted that we need, “blended solutions, some event-based (live) methods, some e-based. The mix may change over time since younger people are more comfortable with ‘e,’ but still we will need a blended platform.”

Easier said than done, says Spero of SMGnet: “Tech people think it’s a tech issue, training providers think it’s a learning process issue, content providers think it’s a content issue, platform companies think it’s a management issue. Well, it’s all of the above.” That’s why the service providers who can integrate and customize solutions for companies are the likely winners, according to Howard Block, “that’s why PwC and Andersen have potential to grow and Saba and Click2learn are worth watching. These organizations seem to understand that solving the complexity problem is the key to profitable growth in the e-learning space.”

And that begs the big question. Say we solve the complexity problem, say we build the blended methodologies. If we build it, will they come? That leads to observation four.

Observation 4: Talkin’ ‘Bout My Generation... And Its Corollary: Just Who, Who’s Next, and for Whom the Mouse Clicks...

Throughout the interviews, there seemed to be a sense that younger people were more open to e-learning processes than were their more experienced counterparts. Jack Zenger, Vice Chairman of Provant, noted:

Younger folks and incumbent leaders may not learn differently but they do approach learning differently. Younger folks tend to seek knowledge then try it out. Incumbents look for an instruction book. Younger folks also have incredibly high expectations for great jobs, great companies, more opportunity, more money, more fun. And on top of all that, younger folks are far less patient. So, learning must evolve to methods that are more experience-based, more active, more engaging, more relevant.

Sally Elliot of Pensare echoed Zenger’s sentiment:

Right now, senior leaders want high touch/low tech delivery processes, but younger folks want the opposite. You can’t expect senior leaders to spend much time on tech-based components, but they must be available. And if they are, you can entice senior managers to use those components to communicate with the organization, to spread their message, to share information, insights, compliments, and challenges. As a result more people will log on. And if the right methodologies are in

place, more knowledge and best practices will be shared, resulting in better organizational performance, resulting in the senior leaders developing a greater comprehension of the power of e-learning.

So it appears that the road to e-learning systems must traverse a fairly significant generation gap. Or maybe it is just a different perspective on education and learning. Says David Dobkin of Caliber Learning Network, “There is a bifurcation in the market. Upper-middle level and senior leaders still tend to favor traditional learning methodologies. They do want more customization of learning to their particular needs but ‘e’ issues are not as important.” But he also noted:

More progressive companies like Motorola, Intel, and Sun realize that training and education around products, platforms, and processes has to be fast, accessible, and cheap to deliver, which increasingly means no travel. This type of learning is not about basic skills or retooling, it is about just-in-time learning to prepare people for assignments. And it is where e-learning can excel.

The question is, then, do companies really understand the potential value-added of e-learning to leadership development? Dobkin says they’re getting there, but:

many companies still see leadership education as almost a philanthropic activity—it is good, people need it, it can help them. But few companies are tracking real impact. The more progressive companies are finding that e-learning enables them to develop a core curriculum, deliver it globally with top-level faculty, package content with applications, and track impact on measures of effectiveness.

This is where knowledge management comes into play, notes Howard Block, “If we define learning to mean enabling an enterprise to do things differently, if intellectual assets are important, then we need robust knowledge management systems to ensure that learning is taking place and knowledge is being captured.” That takes work and planning. Says PwC’s Shegog, “We can’t get the benefit of e-learning without the commitment to invest in platform development and management. And to do that right now, a company must tap into an array of partners to bring content, services, and technology to the table.”

And that seems to bring us right back to the integration issue. We need platforms that appeal

to all types of learners from all generations. They need to be fast, flexible, accessible, efficient, and easy to operate. And they must include the ability to track and manage knowledge creation and dissemination. How do we do that? What are the innovative methodologies we can use, who are the benchmarks to study? That leads us to observation five.

Observation 5: Everything Old Is Still New... And Its Corollary: But This Old Thing Is So Comfortable...

For all the hype, despite a belief in the power of e-learning, good examples are hard to find. Exemplars were found involving IT training, sales training, and degree programs—all more technical than leadership-oriented. Examples were found of how e-learning methodologies were being used as a supplement to live leadership development efforts. Detailed descriptions were received of mind-boggling software and systems. But when push came to shove, most of the innovative leadership development initiatives described were still live programs. True, they involved more action learning and leader-led initiatives, thus incorporating new methods of delivery. But the “e” component was conspicuously missing.

To be sure, there were a few respondents who smugly smiled and feigned surprise that e-learning had not seemed to crack top levels of corporations. Clearly, they were not the ones running e-learning companies. Others gave statistics to support the embryonic stage of the field: Ninety percent of all corporate education is still classroom-based. E-learning initiatives can be expensive and time-consuming, involving up to 200 hours of development time for one hour of instructional content. Diane Wendt, Manager of Strategic Services for Motorola University West, said that in an effort to speed-up migration, the company is demanding that 30 percent of all delivery be through e-channels by 2001, 50 percent by 2003. But still, benchmark working examples were absent from the discussion, almost as if we were still in the product-testing phase of the industry. And maybe we are.

Caliber Learning’s Bryan Polivka had experience with EXEN, a live, interactive television-based precursor to today’s Internet-based platforms. He noted:

We learned from EXEN that corporate cultures impact learning models. It sounds basic, but we hadn’t thought about it. People in the old MCI culture wanted time for discussion



among themselves during broadcasts, while the IBM folks felt we were wasting their time. They wanted to hear from the guru. We were packaging education as entertainment. Education requires adaptation to different learning styles.

Perhaps Quisic's Hickman said it best, "The industry is going through stages. The first was the acquisition of intellectual capital and content. We're moving to the creation of integrated delivery platforms and services. The final phase will involve the creation of real distribution channels and marketing." If Hickman is correct, and the pattern seems to fit, then the industry is at a critical juncture. Corporations are calling out for integrated delivery services and platforms. And they have added to that call a need for tracking, evaluating, and managing knowledge. All of the necessary services seem to be out there, yet no one company seems to have them all available in a user-compatible package. And that leads us to observation six.

Observation 6: Can You Put That in a Box for Me? And Its Corollary: What Is It Worth to You?

The case is clear that integrated service providers are needed across the industry. The point has been made and reinforced throughout this article. So, this segment of the discussion focuses on knowledge management. The reason for that is simple. Knowledge management applications have enormous implications with regard to corporate investments in and support of e-learning. The importance of intellectual capital as a strategic resource is now undisputed. And knowledge management systems seem to make it possible for organizations to align business strategies, development initiatives, organizational knowledge bases, individual expertise, project management systems, and communications networks into a single operating platform, in effect, to put it all "in a box."

The problem is that knowledge management systems, thus far, have not lived up to expectations. David Gilmour, CEO of Tacit, a member of the original Lotus Notes development team, blames that on the "repository paradigm" that has dominated the industry. He described it as a "publishing" model where a company goes to people, asks them to contribute information and ideas to a repository, stores and catalogs those ideas, tries to distribute them, and twists arms to

get them updated. All of this results in a participation rate of 20 to 30 percent at best. And worst of all, says Gilmour, "the people you really want to contribute usually don't so the content isn't always the best, it's old, it's stale." That can lead to the creation of a "knowledge bureaucracy to manage the process," says Gilmour. That's expensive and ineffective. He notes, "It's a Stalinist fantasy that you can expect to collect enough knowledge, that everyone would contribute, that you could keep it fresh enough to be meaningful. You need to automate the process, making knowledge discovery not something that requires action, but something that is in the background, embedded, and pervasive."

Tacit has created a process that scans email, the most pervasive communications medium in today's corporation, developing and maintaining knowledge profiles of knowledge workers. It can track what a person is doing, the questions asked of that person, the answers provided. From that, it can profile an individual's level of expertise. Yes, privacy is an issue, but Tacit deals with that through encrypted storage and an elaborate system of filters controlled by the individuals themselves. The potential end result raises eyebrows: a completely automated profile of a company's knowledge resources.

It is important to note that Tacit is only one example. There are others, like Docent and Saba, that have their own mind-boggling platforms. But the message is clear. The potential exists to document individual knowledge bases through the screening of communications, to then establish a pool of content/topic experts in a company, to make their expertise available across the corporation. Tom Peters might call that a "Wow!" But there are two sides to that wow. What is it worth to the company? And what does it make the individual worth in the marketplace? A number of respondents suggested that resumes would evolve to dossiers of knowledge gained or exhibited throughout one's work life. They further suggested that these dossiers would become living documents that would travel with an individual from employer to employer. That means that knowledgeable, experienced individuals could become free agents just like guru faculty. That's already happening, but it's a discussion beyond this paper.

It does lead, however, to a discussion of the relationship of knowledge management systems to measurement and evaluation of leadership development. It is very simple for a knowledge

management system to document basic statistics like courses taken, test results, information accessed by individuals, or time spent in a learning situation. These data can be related to performance data to determine the impact of various educational interventions on effectiveness. This capability was not lost on those interviewed, and the level of excitement around it was high. But working examples of advances in measurement and evaluation still tended to focus on counts and statistics without relating them to performance criteria.

So, the promise is there, the opportunity great, the need for investment and coordination even greater. And that leads to observation number seven.

Observation 7: Clicks, Bricks, and Politics... And Its Corollary: What Is Wrong with U?

The importance of intellectual capital, the pressure for change, and the desire for accountability have combined to create a greater need on the part of corporations to get a better handle on investments in education and development. That desire, in part, has fueled the explosive growth of corporate universities. Once the province of only a few “progressive” companies like Motorola, more than 1,600 corporations now sponsor an internal university, according to Jeanne Meister, president of the Corporate University Exchange. Often combined with the establishment of a Chief Learning Officer position, corporate universities are charged with bringing education and development into the 21st century. Or are they?

Opinions of the respondents were mixed on the relevance and viability of corporate universities. At the same time, this was the one question where anonymity was requested more often than not. That is because corporate universities often are the partners for learning providers, and no one wishes to bite the hand that feeds them. Still, the majority of the sample challenged the credibility of corporate universities, often suggesting that they seemed to be a mechanism for centralizing education and training efforts and keeping costs under control. But perhaps the biggest indictment was related to their purpose. “A university,” said one respondent, “has core competencies in creating and disseminating knowledge. I don’t see those competencies in corporate universities.” Another respondent echoed that concern, adding that, “the corporate university label

often is attached to the training department which keeps doing its old thing under a new label. It shouldn’t be a marketing ploy, it should be a strategic tool.”

Not all comments were negative, however. Jack Zenger noted that, “corporations probably get higher return from a corporate university than from sending their leaders to outside providers.” Jennifer Reingold related relevance to purpose. “The corporate university model may better fit training and general education, but I’m not so sure for executive and leadership education. You can’t just drop leadership development in a corporate university and expect it to make an impact. It’s a much more strategic function. If a corporate university is not linked to strategy and driven by the top team, then it could easily become a management bureaucracy that cranks out irrelevant programs.” Relevance was key to Mary

Eckenrod, Director of Global HRD at Rockwell International, which recently dissolved its corporate university. “Business units felt the relevance wasn’t there,” she said, “so we pushed the function back out to them and we’re having much more success.”

Maybe SmartForce’s Greg Priest said it best: “traditional universities are changing too slowly. Corporations had to do something. Maybe this will be the call to action.” Howard Block

goes a step beyond, “Corporate universities are a delayed response to the recognition that traditional universities do not train competent workers. They are remedial, designed to develop people who don’t just know things but also are able to perform. As the industry evolves, companies eventually should be able to outsource all but the most strategic aspects to outside vendors.” That could become a huge issue, as, according to Jeanne Meister, some 50 percent of all corporate education departments will stop being cost centers and start being profit centers by the year 2003.

Clearly, the corporate university movement is controversial. But it triggers a discussion that is equally as controversial, and it is outlined in observation eight.

Observation 8: B-schools Fading in the Stretch... And Its Corollary: The Report of My Death Has Been Somewhat Exaggerated...

Not so long ago, university B-schools dominated the provider channel for executive and



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leadership development. They do not anymore. Nor do our respondents expect them to recover fully. Quisic's Chuck Hickman noted that, "B-schools still package products as traditional degrees. Demand for education is greater than ever, but less for degrees and more for granular, relevant content." To be sure, respondents felt undergraduate programs were not under fire. But they did discuss a growing market for "certification," in which individuals gain a credential that validates their knowledge of a particular product or technology. This is very common in the technology sector where computer hardware and software companies, telecommunications equipment companies, and others certify that individuals are experts in particular products. This is important to both individuals and consulting firms, because "certified" technicians command higher salaries and higher consulting rates.

Some of our experts suggested certification might give graduate schools a run for their money. Wanda Miles of Docent noted, "Corporations don't see certification as a substitute for an undergraduate degree, but they do tend to see it as an important additional credential. That could begin to impact demand for degrees at higher levels." Howard Block is more succinct:

We all know great students make great schools just as great people make great companies. But do we really need schools to identify great people? At a certain level, might skill set validation be better than broad education? On the other hand are current certification programs nothing more than justification for consulting firms to charge higher fees? In the end, the process that best equates to performance will have the edge, and right now that points to certification.

Such comments paint a challenging picture for B-schools. Many respondents suggested that there are too many business schools and that a shake-out is likely. Many suggested that only top-tier schools will prosper and that even they would need to collaborate and perhaps merge to fend off consulting firms vying for corporate learners. MBA programs at all but the best schools are in jeopardy, say respondents, and executive education programs are under even more competitive pressures. In fact, most respondents noted that open enrollment programs, once the bread-and-butter of revenue generation for B-schools, would never rebound to their previous levels. In response, schools like Fuqua at Duke

are spinning off executive units, others are collaborating with e-learning providers to revamp their portfolios. In an AACSB study, B-school deans suggested that at least 40 percent of MBA program content would be delivered over the net in 2003, a huge shift in learning models from the present day.

So, the future is not all bleak. B-schools still have access to exceptional pockets of intellectual capital (even if guru faculty begin to do their own thing), they still have core competencies in knowledge creation, they still have brand names (at least some of them), and they still command a level of respect in the business community. Collaboration among the schools themselves and alliances with e-learning providers will help. New delivery channels created through those partnerships could expand opportunity. Yet, for most B-schools, all of this is moving at a fairly slow pace and that could become an issue. As Marshall Goldsmith noted, "There are no barriers to entry in this industry." Docent's Miles observed, "Schools are still asking whether they need to go 'e,' how they might do it, whether it will be effective. They're asking about virtual universities, about learning styles. They're looking for models that are working. They're concerned about tenure and intellectual content ownership." Concern must soon give way to action, however, and it has at several leading B-schools like Harvard, Stanford, Wharton, Fuqua, Sloan, and a few others. But, say our respondents, the pace needs to pick up across the board.

At the same time, the competitive environment is undergoing tremendous change. And that change could further alter the competitive landscape in ways that pose an even greater challenge to B-schools and providers, not to mention major opportunities for corporate HRD initiatives. That leads us to observation nine.

Observation 9: Converge, Diverge, Megamerge... And Its corollary: Powersurge...

There was no way to escape integrated services as the key issue in the establishment of e-learning as a primary delivery channel for leadership development. Howard Block observed, "There are three segments to the e-learning space: content, technology, and services. All three are evolving at a different pace. Content is a big issue right now, but service is emerging as the driver and it subsumes technology. Service changes the model from push to pull in the

industry. As a result, consolidation is inevitable.” John Eielson agrees that, “there will be a few really big winners.” David Dobkin of Caliber Learning Network elaborates:

Over the next five years, e-learning will be seen as a rich but incredibly complex field.

Companies need multi-channel, multi-method approaches to learning. They need help with everything from course design, to technology access, to credit card processing. Winning providers will be those who can help companies deal with all that complexity in a simple manner. That means an industry shake-out is inevitable.

Clearly, that shake-out is underway. As is usually the case in a shake-out, mergers are increasing among e-providers, name changes and market repositioning efforts abound, partnerships and alliances are forming, and overall activity throughout the industry is moving to a frenetic pace. Pearson plc, publisher of the *Financial Times*, has established FT Knowledge, an education and management development provider. They also have acquired Forum Corporation (a US-based consulting firm) and NCS (a US-based educational services company), aligned with Cambridge University to build an MBA program, and now offer on-line application services for MBA programs worldwide, among other moves. Caliber Learning Network has partnered with Wiley Publishing to create a new distance-learning venture. DigitalThink purchased Arista Knowledge Systems (a knowledge management provider), then announced an alliance with EDS which surprisingly operates the world’s largest distance learning practice. The Fuqua School of Business at Duke spun off Duke Corporate Education as an independent company. The new company immediately announced an alliance with Pensare to provide e-learning platforms. Thomson Publishing’s Thomson Learning is on an acquisitions binge of its own, recently taking a stake in WebCT, one of the leading providers of tools that help professors and content developers migrate course materials to the web.

Eduventures, an education industry research and information firm, paints an even clearer picture. They note that education and training entrepreneurs have accessed a record amount of venture capital over the past 18 months, nearly \$4.2 billion through the second quarter of 2000; however, the flow of new capital is slowing as pressure for results builds across the market. As a result, consolidation is taking place. That consolidation

is being driven by what Eduventures terms as the “Big Four,” Kaplan (a Washington Post Company), Knowledge Universe, Pearson plc, and Sylvan Learning Systems. “These four companies are attempting to move beyond their positions as publishers or portals,” says Eduventures, “they are sending a message to markets that they aim to extend their brands, management and capital across the entire spectrum of knowledge economy activities in which individuals will engage in the 21st century.”

Knowledge Universe, a Michael Milken/Larry Ellison venture, has provided seed money to the industry for some time. Sylvan Ventures and Kaplan Ventures are new entities designed to incubate and develop emerging players. Not including Pearson’s acquisition expenditures, the big four have accounted for over 30 percent of the venture capital generated within the e-space during the first two quarters of 2000. Notes Eduventures in their August 7, 2000 Daily Newswire, “The activities of these four firms bear watching in the coming months...these companies have their fingers on the pulse of the education industry...[they] are not looking to simply shore up their market positions, but instead are seeking to rewrite the rules and the traditional models at the intersection of business and education.”

What will all this mean to the industry? That is hard to say. But when one factors in the movement into the e-learning space by consulting firms like Andersen and PwC, and when one observes that at least a few of the top-flight business schools are awakening from their market sleep, it seems that big things should be happening across the field. And that should only serve to help corporations in their quest to integrate e-learning into their development strategies. That leads us to the final observation.

Observation 10: Stay Tuned...

So, what is likely to happen next? Consolidation, focus, and partnerships, say respondents, and, above all else, change. Howard Block warned:

The best technology doesn’t necessarily win. There’s lots of content out there. Service will be the key. Most providers can’t do it right now, they can’t integrate and customize to a corporation’s culture. But they’ll have to learn to do it. The ability of top management teams (in e-companies) is a key differentiator. There



aren't many real good ones out there right now, and far too little talent to import into the industry. The winners will be the best managed companies, or those that link with the best managed companies.

Respondents also agree that cost considerations, scope of reach, speed of communications, and easy access are all critical drivers for e-learning. Yet, Jon Peters, CEO of the Institute for Management Studies' e-affiliate AthenaOnline, warns, "I keep hearing about the need for just-in-time learning and e-platforms can address that need. There is a dark side, however. Leaders could become overly reliant on quick fixes and easy answers...the overuse or abuse of rapid knowledge delivery systems, whether virtual or not, could create a crutch for leaders that could have a negative impact on their development."

Perhaps Gini Tucker, Associate Dean for Executive Education at Penn State's Smeal College of Business, said it best:

While e-learning companies, educators, and education buyers all seem to be focusing on content right now, it is the ability to integrate content into the work environment that impacts business results. As we learned with action learning, knowledge that is not systemically applied fades. In the e-learning environment this means establishing sustainable on-line communities, similar to some non-business communities now present on the Internet, where the benefit derived by participants grows far beyond the initial purpose. The community takes on a life of its own, continually generating new knowledge and learning. Without this self-sustaining greater purpose, e-learning is just another distribution channel.

And there you have it. A series of ten observations derived from a good deal of reading, an inordinate amount of listening, and a little editorializing. Is e-learning for real? You bet. Will it have a major impact on the fields of leadership and organizational development? Absolutely. Will consolidation in the industry around e-learning fundamentally change the competitive structure of the industry? Without question. Will B-schools need to change? Yes, as will any organization or individual operating in the leadership development space. Are there ten easy steps to making that change? Not yet. But through discussion and dialogue, and by keeping an eye on developments in the field, we can work together to build a clearer picture. But first, let me clean my glasses...

Resources

Although the current literature is flooded with articles and discussions of e-learning, four resources are particularly useful for keeping tabs on developments in the field. Three are websites. One is hosted by Eduventures, an education industry research and advisory firm (<http://www.eduventures.com>), another by the Masie Center created by e-learning guru Elliott Masie (<http://www.masie.com>), and the third by educational researcher Brandon Hall (<http://www.brandon-hall.com>). Those sites feature both current news on e-learning as well as analyst reports and other valuable information. The final resource is a new magazine entitled *e-learning*, available by contacting their website (www.elearningmag.com).

Following are many of the organizations mentioned in this article, along with their Web addresses and general descriptions found there:

e-Learning Organizations Mentioned

Organization Name	Description from the Organization's Web Site
AthenaOnline (Institute for Management Studies) http://www.thenewleader.com	"AthenaOnline.com is a premier publisher of multimedia training, education and career development products. We are an Internet 'knowledge network' headquartered in the San Francisco Bay Area, California."
Caliber Learning Network http://www.caliberlearning.com	"Caliber is the world's leading developer and distributor of Internet-based training and business communication solutions to corporations and institutions."
Centra http://www.centra.com	"Web-based software and services for live collaboration, enabling business interaction, collaborative commerce and corporate learning."
click2learn.com http://www.click2learn.com	"A leading provider of full service e-Learning solutions to businesses, government agencies, and educational institutions throughout the world."



e-Learning Organizations Mentioned (continued)

Organization Name	Description from the Organization's Web Site
Corporate University Xchange http://www.corpu.com	<p>"A corporate education research and consulting firm that assists organizations in optimizing their learning resources."</p>
DigitalThink http://www.digitalthink.com	<p>"DigitalThink is the leader in designing, developing and deploying e-learning solutions to Fortune 1000 companies."</p>
Docent http://www.docent.com	<p>"Docent is a provider of eLearning products and services that enable the Web-based exchange of personalized and measurable knowledge within and among large enterprises, education content providers and professional communities."</p>
Eduventures.com http://www.eduventures.com	<p>"Eduventures. com, Inc. is a provider of education technology industry analysis, market data and insight to buyers, suppliers and users of e-learning products and services."</p>
Executive Development Associates http://www.executivedevelopment.com	<p>"Executive Development Associates (EDA) is a leading education and consulting firm specializing in the strategic use of executive/leadership development."</p>
Forum Corporation http://www.forum.com	<p>"A global leader in workplace learning. . . . pioneered new ways to achieve business results through learning. We specialize in creating innovative solutions that help companies build competitive advantage and lasting customer loyalty."</p>
FT Knowledge http://www.ftknowledge.com	<p>"FT Knowledge is one of the world's leading providers of business education and management development. We specialize in providing learning and development that is highly relevant to the needs of the business and those people who work within it."</p>
Institute for Management Studies http://www.ims-online.com	<p>"A leader in executive education and management development for over 25 years. IMS holds one-day workshops on cutting-edge management issues, taught by leading business school professors from the graduate schools at Harvard, University of Pennsylvania, UC Berkeley, Penn State, Stanford, SMU, Georgetown, and others."</p>
Knowledge Universe (KU) http://www.knowledgeu.com	<p>"Knowledge Universe (KU) operates, incubates and invests in leading companies that enable the new economy and that build human capital by helping organizations and individuals to realize their full potential."</p>
Parthenon Group http://www.parthenon.com	<p>"The Parthenon Group . . . provide[s] strategic advisory consulting services to business leaders who demand seasoned counsel and seek true business insights that yield results."</p>
Pensare http://www.pensare.com	<p>"Pensare develops Knowledge Community™ online learning solutions that drive teamwork, creativity and business results through the innovative use of strategic alliances, validated content, leading technology, applied learning tools, human interaction and cultural adaptation."</p>
Provant http://www.provant.com	<p>"We provide integrated solutions that resolve performance-based organizational challenges."</p>
Quisic http://www.quisic.com	<p>"Your free online resource for the most current business thinking on the web. Business education solutions for corporations and academic institutions."</p>
Saba http://www.saba.com	<p>"Saba is a leading provider of e-learning infrastructure, which consists of Internet-based learning management systems, business-to-business learning exchanges, and related services."</p>
SmartForce http://www.smartforce.com	<p>"SmartForce is redefining learning for the Internet age with its first-of-its-kind, fully integrated, Internet-based e-Learning technology."</p>
SMGnet—Strategic Management Group http://www.smgnet.net/homei.htm	<p>"SMGnet, the online learning, development and delivery division of Strategic Management Group, Inc., concentrates on solving business issues by supporting the growth and development of human capital via the Internet."</p>

e-Learning Organizations Mentioned (continued)

Organization Name	Description from the Organization's Web Site
Tacit http://www.tacit.com	"Tacit Knowledge Systems, Inc. is a pioneer and leader in providing automated knowledge discovery and exchange systems that, for the first time, offers organizations automated access to explicit, tacit and even private knowledge."
The Learning Partnership (TLP) http://www.tlp.org	"The Learning Partnership is owned by some of the world's leading business academics. Our mission is to create and share knowledge around the key issues facing business in the new Millennium."
UNext http://www.unext.com	"UNext.com was created to deliver world-class education. We are building a scalable education business that delivers the power of knowledge around the world."

Biographical Sketch

Al Vicere is Executive Education Professor of Strategic Leadership at Penn State's Smeal College of Business and President of Vicere Associates Inc., a consulting firm whose clients span the globe. He is a recipient of the Smeal College's MBA Excellence in Teaching Award, the Institute for Management Studies Distinguished Faculty Award, two Literati Clubs Awards for Excellence in writing and research, and recently was profiled as a "next wave guru" in leadership development by Business Horizons magazine. Author of more than 70 articles, his latest book, Leadership by Design, was published by the Harvard Business School Press.