



Kelly Palmer & David Blake

THE EXPERTISE ECONOMY

How the
Smartest
Companies
use Learning
to Engage,
Compete
and Succeed

Praise for
THE EXPERTISE ECONOMY

“Everyone agrees that learning provides a competitive edge in an out-sourced, automated economy. But what’s the essential next step? In *The Expertise Economy*, Kelly Palmer and David Blake make a persuasive case that companies play a huge role in shaping the future of learning. This excellent book offers practical and evidence-based insights that can help CEOs and other business leaders challenge the status quo.”

—Daniel H. Pink, author, *WHEN* and *DRIVE*

“The opportunity to scale new learning curves at work is an intrinsic career value for an ever-increasing slice of the workforce, and an imperative for organizations who want to stay in the game, much less ahead of it. *The Expertise Economy* offers a framework for leaders to future-proof the skills of their people and organizations.”

—Whitney Johnson, *Thinkers50* Leading Management Thinker,
bestselling author, *Build an A-Team* and *Disrupt Yourself*

“Disruption in any industry is a process, not a one-time event. With so much change on the horizon, Kelly and David highlight the imperative firms have to harness learning to stay in the game”

—Clayton Christensen, Kim B Clark Professor of Business
Administration, Harvard Business School *New York Times*
bestselling author, *The Innovators Dilemma*

“Brilliant, timely and significant, this book blows the lid off the learning theories of the past!”

—Sean Covey, President, FranklinCovey Education

“*The Expertise Economy* makes clear the importance of skills in the corporate world. For most companies, understanding what skills your employees have, what skills they need, and their agility in learning new skills, will bring a competitive edge in the future.”

—Nancy Duarte, CEO Duarte Inc., bestselling author,
Resonate: Present Visual Stories That Transform Audiences

“In *The Expertise Economy*, Kelly Palmer and David Blake make a compelling case for why it’s high time companies make learning a core part of their strategy—and show how best to do so. As the economy undergoes rapid transformation, we should heed their call.”

—Michael Horn, Chief Strategy Officer, The Entangled Group,
Coauthor, *Disrupting Class* and *Blended*

“Timely, clever, and useful insights on how learning enables individuals and organizations to flourish in a rapidly changing world. Anyone or any company seeking to learn how to learn will savor these insights and master these principles.”

—Dave Ulrich, Rensis Likert Professor, Ross School of
Business, Partner RPL Group, bestselling author, and
Thinkers50 Hall of Fame: World-leading Business Thinker

“It’s critical for companies to develop and build a high-quality, global workforce that can meet the challenges posed by the Fourth Industrial Revolution. *The Expertise Economy* is must-read for anyone who cares about the future of their workforce and organization.”

—Nick van Dam PhD, McKinsey & Company Partner,
Chief Learning Officer, Professor, University of
Pennsylvania, Nyenrode, and IE University, Founder,
e-Learning for Kids Foundation

“Learning has always been one of the secret weapons of the world’s highest performing companies. Kelly and David’s book unlocks this secret and is filled with advice on how to make learning a competitive advantage for any company.”

—Josh Bersin, Industry Analyst and Founder, Bersin by Deloitte

“*The Expertise Economy* shows how companies can use learning and skills as key differentiators to stay ahead of the competition and ultimately help close the widening skills gap.”

—Jaime Casap, Education Evangelist, Google

“*The Expertise Economy* is a unicorn among business books. It presents a human and business reason to address the skills gap in a holistic way with suggestions for how universities, companies and individuals can work together to prepare for the future workplace.”

—Jeanne Meister, Partner Future Workplace and Coauthor,
The 2020 Workplace and The Future Workplace Experience

“Technological change is going to make the skills of the workforce all the more critical for corporate success. This insightful and persuasive book shows how technology itself can be used to identify, provide and measure the skills that individuals need to thrive. The technological revolution will transform corporate learning and this book suggests how. This is a smart book about creating a smart workforce.”

—Andrew Scott, Professor of Economics,
London Business School, Coauthor, *The 100-Year Life*

“It’s true globally, and especially here in India, that in these times of great change the agility to learn is the only secure footing. *The Expertise Economy* is the definitive guide to business leaders everywhere on applying the process of continuously unlearning and learning in order to lead in the global market.”

—AN Roa, Global Head, Cognizant Academy

“It always comes down to the question of survival. When we think about work, skills, careers of the future, and the onslaught of technology, we need to ask if we are really equipped to thrive in a world that does not yet exist. But what will it take? *The Expertise Economy* gives leaders the answer to future-proofing the skills of our people and organizations. The book makes for a coveted read!”

—Ester Martinez, CEO & Editor-in-Chief,
People Matters Media

“In *The Expertise Economy*, David Blake and Kelly Palmer brilliantly capture the rapidly emerging reality where learning is no longer episodic but ‘pre-K to gray’ and skilling is perpetual and expertise a critical and evolving workforce currency. CEOs not in sync with this thinking need to quickly adapt to this new reality and can learn a lot from this timely and insightful book.”

—Deborah Quazzo, Managing Partner GSV Accelerate Fund,
Cofounder ASU GSV Summit

THE EXPERTISE ECONOMY

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use learning to engage,
compete, and succeed

KELLY PALMER
and DAVID BLAKE



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*For my son, Cameron, who inspires me every day.
And for my mom, who inspires me still.*

Kelly Palmer
San Francisco, 2018

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ABOUT THE AUTHORS

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DAVID BLAKE believes that learning is too important to stay the way it is and has spent his career innovating in higher education and lifelong learning. David is the Co-founder and Executive Chairman of Degreed. Prior to Degreed, he consulted on the launch of a competency-based university and was a founding-team member at university-admissions startup Zinch (acquired by Chegg NASDAQ: CHGG). David was chosen as one of the top 25 EdTech Entrepreneurs for a lab created by Teach For America and NewSchools Venture Fund and hosted at the Stanford d.School. He is a sought-after expert on the topic of the future of learning and work, speaking at both companies such as Google, Deloitte, and Salesforce and at conferences globally.

INTRODUCTION

In 2010, Sun Microsystems was delisted from the Nasdaq stock exchange after 28 years. Just 10 years earlier, they were a titan of the computer industry and at the top of their game, going head-to-head with then computer giants Hewlett-Packard, IBM, and Microsoft. Sun made computers and software that powered many businesses, including the New York Stock Exchange (NYSE), some of the largest financial institutions, and most of the major airlines. They also created Java, an innovative programming language that is still being used by the majority of software developers worldwide. The crash of 2001 devastated hundreds of internet and computer companies, but neither the analysts nor Sun's close to 40,000 employees could have predicted Sun would completely collapse or that its stock price would plummet and lose 75 percent of its value in just one year. In the end, Oracle agreed to buy Sun for \$7.4 billion.¹ Just two years earlier, Sun had been valued at \$65 billion.

Facebook took over Sun's Silicon Valley campus and kept the Sun logo on the back of its signage as a reminder of what can happen to a successful company if you don't adapt quickly.² But Sun is only one of many companies to suffer obsolescence, and company disruption is only going to be compounded in the years to come. According to Innosight's 2018 Corporate Longevity Forecast,³ at the current churn rate, about half of S&P 500 companies will be replaced over the next 10 years. Companies that don't reinvent themselves, don't think about digital disruption, and don't think about retraining and upskilling their workforce will be part of that churn.

The world of work is going through a large-scale transition—much like the transition we went through from the agricultural economy to the

Industrial Revolution. We are now in the age of digitization, automation, and acceleration—an age where critical skills and expertise will be an imperative for us to succeed in the economy.

A 2018 McKinsey Global Institute report states, “The task confronting every economy, particularly advanced economies, will likely be to retrain and redeploy tens of millions of midcareer, middle-age workers.”⁴

Because historically we’ve only experienced these kinds of workforce transitions over decades, if not centuries, we are in uncharted territory, especially in terms of how quickly things are changing: “There are few precedents in which societies have successfully retrained such large numbers of people.”⁵

The Workforce Is Not Prepared

McKinsey’s study makes it abundantly clear that the workforce is not prepared for the disruption that’s upon us: “Sixty-two percent of executives believe they will need to retrain or replace more than a quarter of their workforce between now and 2023 due to advancing automation and digitization.”⁶ If CEOs and business leaders are relying on a “hire only” strategy to get talent with the skills they need for their future, they will have to think again. Even the best universities are increasingly failing to prepare students with the skills they need to meet companies’ hiring requirements.

Research also shows that both companies and graduating students are feeling the pain: 82 percent of employers say it’s difficult to fill positions, while 83 percent of students have no job lined up after graduation, and 62 percent of students report that the job search is “frustrating” or “very frustrating.”⁷ Even more troubling, leaders sometimes find after hiring new grads that they are wholly unprepared to succeed at their jobs or to navigate the *real* world of work, especially in this challenging and rapidly changing environment. These are people with marketing degrees who struggle to create a marketing plan and cannot use the latest social media tools to get their work done, or MBAs who cannot read a financial statement. And, employers consistently see graduates from all areas of study who can’t communicate well, either in person or through writing.

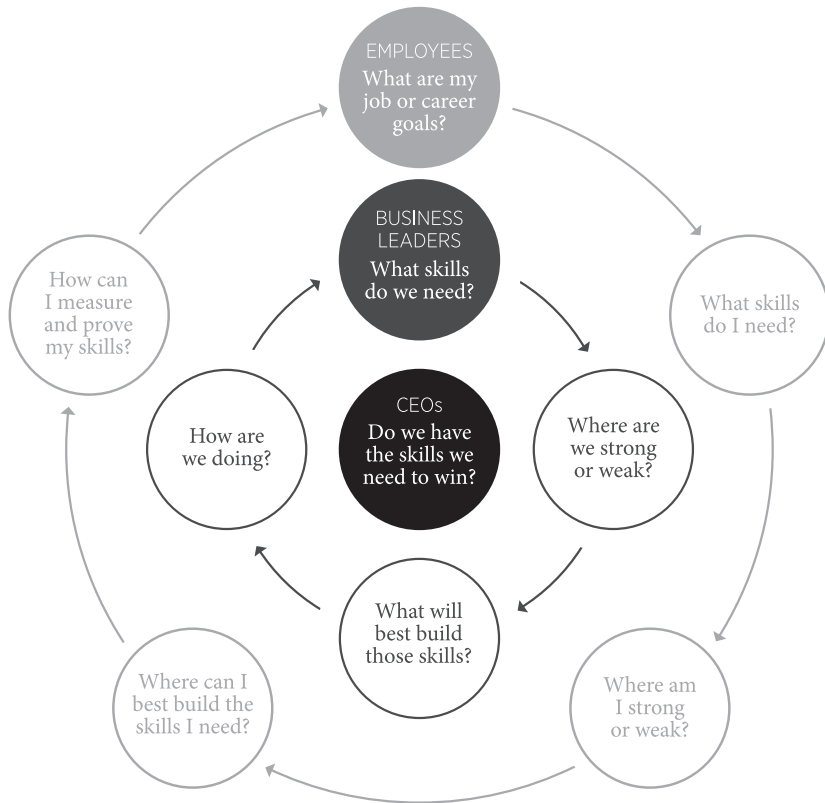
College grads are not the only ones missing critical skills. People who have been in the workforce for decades often lack certain skills required for success in their jobs. Today, the vital skill set for success includes learning agility (the ability to learn new things quickly), collaboration and teamwork, perseverance, curiosity, and the ability to question the world around you. If you aren't ready and willing to learn every day and keep up with a rapidly changing world, you can't and won't stay competitive. Gone are the days when you could graduate with a four-year degree and feel secure that you had learned everything you needed to know to stay relevant for your entire career.

Business Leaders Closing the Skills Gap

While government can be a powerful force when it comes to launching skills initiatives, it's companies and their leaders who need to lead the way. CEOs, like Randall Stephenson of AT&T, are doing more than just asking, "Do we have the skills we need to win in our business?" Instead their focus is on ensuring their employees develop ongoing skills through continuous learning. As Stephenson said to the *New York Times*, "There is a need to retool yourself, and you should not expect to stop." He added that people who dedicate less than an ideal 5-10 hours a week to learning "will obsolete themselves with the technology."⁸ This includes articles and books, podcasts, videos, etc. People are learning a lot more than they think but don't always categorize it as learning, and we discuss this later in the book.

To these companies, it's becoming ever clearer that employees with the right skills can be instrumental in helping their company succeed. But the problem is that many business leaders are not asking the right questions. How many CEOs know if they have the right skills for their company? How many managers and leaders actually know what skills the people on their teams have? And how many employees have a clear view of the skills they have and what skills they will need for the future? The figure below illustrates the types of questions today's leaders should be asking.

Questions Leaders Should Be Asking



The Power of Building Skills for the Future

The most forward-thinking companies are being proactive in adapting to the shift in the workforce. During other major workforce transitions, we've had some time to adapt to the changes, but that's compressed today. Some companies are still pondering how work is changing, but digital disruption has been advancing for several decades now and it's no longer something of the future—it's happening right now.

Expertise has never been so crucial to a person's or company's success as it is today. Companies like Unilever, Bank of America, and

Airbnb are proactively thinking about the skills and expertise of their workforce now. These companies and their CEOs are all in the midst of digital transformation and realize that reskilling and upskilling their workforce is a matter of staying relevant. The financial services company Visa, realizing the urgency and strategic nature of skilling its workforce, moved its learning function out of HR and into their corporate strategy division. This means reskilling the workforce is being seen more strategically than just sending people to compliance training. Other companies are creating digital transformation divisions and including learning and reskilling as part of their strategies. These companies are shifting to adapt to the changes in the workforce instead of sticking with the status quo.

Tim Munden, chief learning officer at Unilever, is creating a strategy for upskilling and reskilling more than 161,000 employees around the globe, *not* as part of a separate learning strategy, but as one that is integrated into the company's overall digital transformation strategy. This is a business strategy, not a learning program. Munden believes that "skills are utterly transformational in the twenty-first century. As organizations become networks—networks of people not just employed by you, but networks of people inside and out of the company—skills are what form the connections of the network. Networks form around what a person can do, and we employ people for what they can do, as well as their purpose in doing it."⁹

Developing your employees' skills at a rate equivalent to the rate of change is the key to a sustainable competitive strategy. We need people who have the latest skills and who build new ones quickly. No one knows for sure what skills are going to be needed for the future, so we need a shift in our thinking about learning and skill building too. This means companies need to create an environment where employees are continuously learning new skills: upskilling and reskilling themselves at the same rate that things are changing. Companies can encourage employees to learn every day—learning should be built into the work that they already have, not something that they do separate from work.

The Expert Revolution

Old methods of corporate learning are not going to be effective strategies for building skills for the future. People developing new skills and building expertise are often self-directed. This means employees are learning everywhere all the time, but companies are not recognizing what people are learning, what skills they are building, and how they are working to prepare for their future careers. Your employees are doing this for survival—they want to stay relevant in the workforce too.

You already have lots of experts in your workforce, and we are not just talking about the data scientist, blockchain guru, or AI engineer. We are talking about the woman in the engineering department who is an expert at drafting complex project plans and keeping people working on those projects on schedule. Or the administrative assistant who is an expert at getting urgent purchase orders through the system quickly. Or the software engineer who is a JavaScript expert, highly regarded by other engineers who frequently seek her advice. Or the sales guy who knows how to tell the most compelling product story and give a killer demo. Or the person who knows PowerPoint inside out—and is the first person everyone goes to when they get stuck creating a presentation.

These experts are some of the 80 percent of employees who are not targeted for management or leadership development, who have had to figure out on their own how to develop their expertise and build their skills and knowledge. Driven by passion or curiosity about a specific skill or special interest, they identified what they didn't know and what was new out there. They closed their own skills gap by consuming learning in whatever form they could get their hands on—video, blog, online course, in-person course, book—and applying what they learned on the job until they mastered it. They may have been fortunate enough to have a mentor or a boss who guided their learning journey, but frequently that's not the case.

No doubt, these self-driven experts who can learn quickly are crucial to your company's success, and you need to nurture their ability to build new skills continuously. But to stay genuinely competitive—to grow your talent base—you need to focus on developing new experts,

on helping everyone on your team close their personal skills gaps and master specialized capabilities. And the way to do that is by encouraging them to “own” their professional development every day. Rather than dictating from above which skills every employee should learn and how they should learn them, the most effective leaders inspire employees to *personalize* what and how they learn. Humans are wonderfully complex, uniquely autonomous, and ultimately unpredictable. We should celebrate and respect that. And yet, we often try to make everyone the same.

Learning is complicated and messy. It’s not enough to offer support to your employees on their learning journey; you also have to create the right environment for employees to take ownership of what and how they learn. The rest of this book will show you how to do just that.

First, we’ll review the latest scientific research on how people really learn. Your commitment to helping employees stay competitive for the sake of your business and their careers requires understanding more about what motivates people and how employees can develop expertise. Then, we’ll offer seven guiding principles for how you can help your employees build the skills that are so critical to the success of your company, now and in the future. Those principles are:

Make learning a competitive advantage. Company culture plays a critical role in helping employees build skills for the future. Companies that build a culture where learning is part of the overall company strategy—and something that people want and love to do—have a clear advantage. CEOs and business leaders who model this behavior have employees who follow their lead. The best talent wants to work for a company that believes that learning is a priority and that investing in their future is a core value.

Embrace personalized learning. Technology is enabling personalized learning, a key factor in helping people integrate learning with work. People want to learn the skills that will help them succeed, so don’t waste their time with what they don’t need. Personalized learning enables every person in your company to get the learning they need to build the skills for the next business problem to be solved. We’ll talk about how AI

and machine learning is helping employees create personalized learning profiles, personalized skill plans, and personalized career pathways.

Combat content overload. We learn from a diversity of sources over the entirety of our lives. We have evolved from a knowledge scarce world to a knowledge abundant world. Excellent learning content is everywhere, and often it's overwhelming to sort through. We'll discuss strategies for using a variety of learning resources—from courses, conferences, certificates, books, podcasts, websites, experiences, journals and articles—to help build expertise. We'll also discuss curated content and machine-curated content and ways to help employees learn what they need, when they need it.

Understand the power of peers. People love to learn from other people, yet we don't always focus on how we can learn from our peers and tap into the knowledge and experience of those who have already mastered a skill. This chapter provides strategies for getting your entire workforce involved in learning from each other and understanding the power of their peers.

Succeed with the right technology. Technology is making new things possible in learning and skill building. In this chapter, we highlight a few education technology companies that are creating new and innovative approaches to workforce learning and putting the learner in the center of the learning ecosystem. We'll also discuss how some of the most forward-thinking companies are creating learning ecosystems that incorporate and integrate a number of best-in-breed technologies to help their companies succeed.

Analyze your employees' skills with data and insights. Learning technologies, search data, and web analytics can produce lots of data about what and how your employees are learning. Using data when creating strategies around reskilling and upskilling your workforce is critical. We'll discuss ways that you can use data to get a better understanding of what skills people have, what they need, and how you can close the gaps. We'll

also talk about some of the critical skills needed in the future workplace, and how you can help employees who have built new skills and expertise find the next opportunity in your company.

Make skills and expertise count. Understanding your employees' Skills Quotient, or SQ, is a great way to understand what skills your employees have and what skills they need so they can figure out what they need to do to develop skills for their careers. SQ can also be a valuable tool for companies looking at their workforce as a labor market, with skills being the currency. Imagine what you could do if you had all that data at your fingertips. We'll provide useful case examples describing how you can apply SQ to internal and external recruiting, reskilling, promotions, mentoring, and skills inventory to name a few.

Today, there are more tools, content, and technologies than ever before to help your employees become the experts you need. Above all, success requires that you adopt a new mindset when it comes to skilling your talent, your most important asset. It demands that you start thinking of your employees as complex, unique individuals who should be in control of their own learning and careers. Finally, it dares you to let go of outdated and traditional ways of closing the skills gaps in your workplace and to embrace the new challenges ahead in the expertise economy.