



THE 5 STAGES OF ORGANIZATIONAL MATURITY

Your Guide to Blending Learning and Talent Management

sumtotal³

GUIDE

The fusion of learning and talent management is not only inevitable, it's critical to staying both nimble and grounded in an uncertain business world. Investing in learning is an accelerant for productive employees.

Not convinced? That's all right, we have a few more pages to bring you around.

First, let's jump right in with an uncomfortable truth: Employees are more confident about their ability to adapt than their executive leaders.

More specifically, executive respondents to a survey said they believed that just 45% of their workforce can [adapt to the new world of work](#). In stark contrast, 78% of employees said they are ready to learn new skills. At the risk of sounding sensational, **this gap spells out an emergency for organizations**. There's no doubt in any business leader's mind that their team will need to adapt in the coming years, whether they oversee 200 employees or 2,000. The question is how.

Employees can only answer that question in part — the rest is up to how leaders move away from siloed operations, create pathways for learning, and develop an optimized ecosystem of learning and talent that supports both their employees and their business goals.

That's where organizational maturity comes in. If you're looking for strong business performance, you'll need a more adaptive HR strategy and a more agile workforce. Where more mature organizations will excel, less mature organizations will get left behind — and with this in mind, here is your guide to moving from silos to a truly optimized people-centric organization.

A QUICK INTRODUCTION TO THE 5 STAGES OF MATURITY

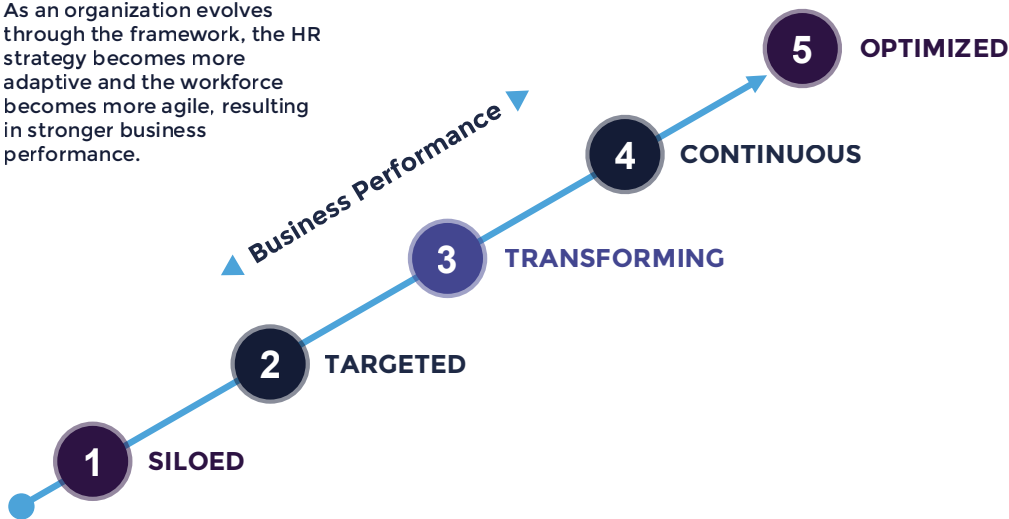
Let's back up: We developed the [SumTotal Organizational Maturity Index](#) (OMI) based on input from our 6,700+ customers and our 35+ years of experience as an HR software vendor. Our research has revealed that “mature organizations” are more resilient, as well as more able to rapidly anticipate and adapt to changes. And we're committed to helping organizations become more mature.

The SumTotal OMI gauges your organization's current maturity level across nine critical indicators of maturity success and five overarching stages of organizational maturity. If you take the diagnostic, you'll receive a unique report with your current maturity results (and suggestions for how to advance to the next stage of organizational maturity).

To give additional context for the OMI tool, this resource covers each of the five stages of organizational maturity in more detail.

THE 5 STAGES OF MATURITY

As an organization evolves through the framework, the HR strategy becomes more adaptive and the workforce becomes more agile, resulting in stronger business performance.



In the **first stage**, learning and talent are completely siloed in process and philosophy, organizational culture is conventionally hierarchical, and HR is reactive instead of proactive.

Once an organization reaches the **second stage**, HR begins to create pathways between talent and learning, typically once executives buy into employee engagement. This is also the stage at which HR and learning teams start to collaborate.

The **third stage** is where true transformation starts to take place as learning and HR abandon stale practices in a push for agility. This is often accompanied by a people-centric philosophy, stronger governance, and modern infrastructure and technology. Together, these efforts should begin to support employee participation and self-direction.

In the **fourth stage**, learning and talent experiences are cohesive, continuous, and personal. Workforce culture is adaptive, while HR operates in closer coordination with other business units. It's at this stage that both HR and learning take an elevated role in the wider organization.

At the **fifth stage**, the organization is self-developing and mature. Learning and talent are fully integrated and empowered to let employees take control of their development and career trajectories. Best yet, HR can tie its efforts to business key performance indicators (KPIs) because of both the adaptability offered by new programs and the visibility offered by new technology.

The nine indicators that inform these stages of maturity are:

1. People-centric culture
2. HR's role and people strategy
3. Organizational alignment and curation strategy
4. Employee experience
5. Technology infrastructure
6. Elective participation
7. Governance
8. Funding
9. Reporting and measurement

Taken together, these indicators affect a company's ability to optimize workforce investments — in other words, its organizational maturity.

HOW IS ORGANIZATIONAL MATURITY TIED TO BUSINESS GOALS?

The case for blending talent management and learning management for teams of all sizes is relatively straightforward: [Research has found](#) that when HR emphasizes employee education and support to increase agility and productivity, organizations are more resilient.

According to the same research, these companies are:

- 3.9x more likely to **meet or exceed financial targets**
- 4.5x more likely to **outperform the competition**
- 3.9x more likely to **satisfy and retain customers**
- 4.5x more likely to **effectively respond to change**
- 6.7x more likely to **engage and retain the workforce**

“For much of the past 10 years, talent management has focused on a limited number of high potentials and the top 250 employees. But the COVID-19 crisis has made talent an enterprise-wide issue. Democratizing talent growth from the roots up is now key to optimizing employees' value to an organization when and where it is most needed.”

— [THE FOSWAY GROUP](#)

BUSINESS OUTCOMES

FINANCIAL AND CUSTOMER SUCCESS

3.9x MORE LIKELY TO
Meet or exceed financial targets

3.9x MORE LIKELY TO
Satisfy and retain customers

4.5x MORE LIKELY TO
Outperform the competition

ORGANIZATIONAL OUTCOMES

CHANGE AGILITY, MEANINGFUL WORK

4.5x MORE LIKELY TO
Effectively respond to change

4.2x MORE LIKELY TO
Positively impact society

WORKFORCE OUTCOMES

ENGAGEMENT, RETENTION, MEANINGFUL WORK

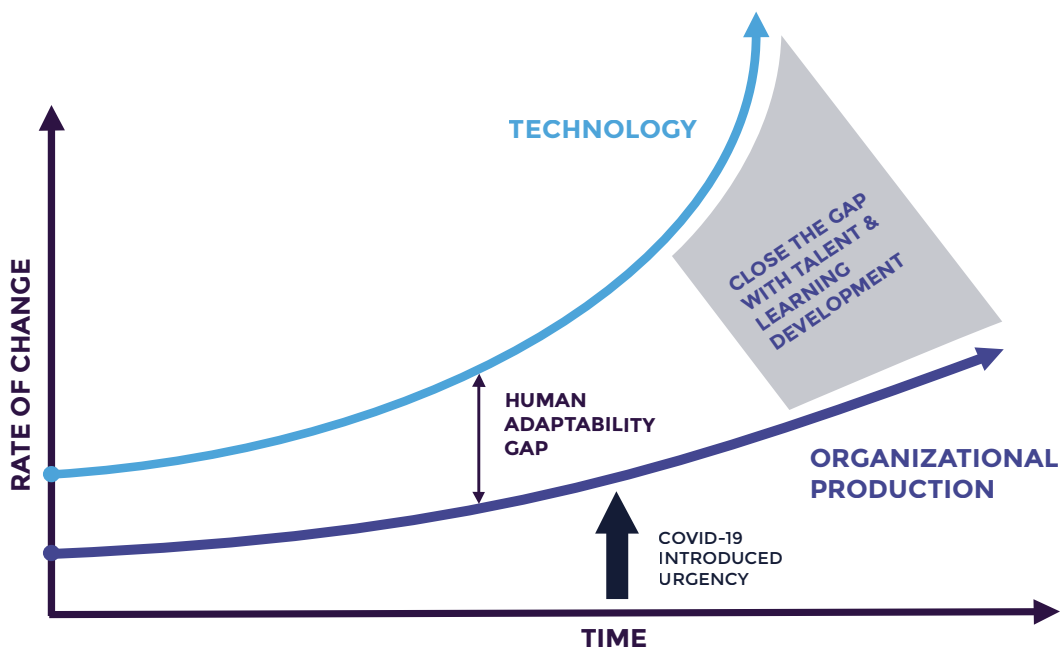
6.7x MORE LIKELY TO
Engage and retain the workforce

5.7x MORE LIKELY TO
Provide meaningful work for all workers

Business Resilience: The Global COVID-19 Pandemic Response Study, Josh Bersin, 2020

The underlying reason for this business impact: Learning is a productivity accelerator.
In fact, it is the [productivity accelerator](#).

LEARNING IS THE PRODUCTIVITY ACCELERATOR



As progress in technology outpaces organizational productivity, the only way to accelerate growth is to close the gap between technology and productivity with effective talent management and adaptive learning development.

In other words, it's time for more than formal Zoom trainings and informal Slack conversations allow for.

“It’s difficult to change, but the war for talent will involve far more than novel recruiting tactics,” [wrote Brent Colescott](#), senior director of global business strategy and transformation at SumTotal. “It will take wholesale learning and HR adaptation. To some enterprises, this will be quite disruptive. To adjust, learning leaders must break down the artificial walls that separate talent and learning.”

That was in 2016. But the five stages of maturity have not changed over the past five years — and the outcomes have only become more urgent.

Simply put, the softer approach taken by many learning and HR teams won’t cut it anymore. It’s time to tie your people strategy to hard business vulnerability and goals.

“The war for talent will involve far more than novel recruiting tactics. It will take wholesale learning and HR adaptation.”

**- BRENT COLESCOTT,
SENIOR DIRECTOR OF
GLOBAL BUSINESS
STRATEGY AND
TRANSFORMATION
AT SUMTOTAL**

THE 5 STAGES OF MATURITY

STAGE 1: SILOED

Not every organization starts off with completely siloed learning, talent, and workforce functions, but many — most — do.

At the ground-level stage of maturity, learning and talent are completely siloed in both process and philosophy. Across the board, organizational culture is conventionally hierarchical, and HR practices are largely separate from the rest of the company. As a result, HR functions as a reactive body instead of a proactive force, and there's little impetus from leadership or business units to facilitate a conversation about engagement, empowerment, and employee growth.

In our [Organizational Maturity Index \(OMI\) tool](#), we identify nine distinct indicators of maturity. While all nine play into every stage of maturity, two stand out in particular: a people-centric culture and employee experience.

In this first stage, a **people-centric culture** is largely absent. Whether they realize it or not, managers see employees as a static, hierarchical scaffold of workers who are hired to perform static jobs. Diversity is lacking, and there are limited channels of communication between employees and leadership. Because talent and learning functions are siloed, managers are unable to optimize based on employee feedback, let alone solve operational inefficiencies.

Consequently, **employee experience** suffers — in terms of both interpersonal relationships and the interoperability of systems that are supposed to help them thrive. As an example, less mature organizations tend to design employee systems around a checklist of features that HR needs, not necessarily what will make a better experience for employees.

STAGE 2: TARGETED

A targeted organization starts to break down some of the silos present in Stage 1. Learning and talent functions begin to coordinate, ideally focusing their efforts on a better organizational culture designed to create improved employee engagement.

A targeted organization strategy begins by **elevating HR's role and people strategy** — another indicator we identify in our OMI diagnostic tool.

With HR pros now serving as strategic enablers, reaching Stage 2 requires buy-in from leadership. Today's HR department must manage all elements of the employee lifecycle and take on workforce planning to identify the skills that will be needed by the organization in the next three, 12, and 24 months. Defining HR strategy should focus on guiding the maturity of individual HR units at the “front line” of employee engagement in the short term, as well as clearly laying out the role of the overall HR department in the long term.

For a concrete example of this, here's how our OMI diagnostic describes HR's role in a more mature organization:

More mature organizations thoroughly analyze the employee lifecycle and address each member of their workforce as a unique individual. They appoint a Chief People Officer or a Chief Human Resources Officer (CHRO) to position the learning and talent functions as key contributors to organizational success. Progressive HR teams have a strong understanding of the organization's overarching business objectives, specific departmental needs, and their employees. They know precisely what problems they are trying to solve, and as a result, their well-articulated strategy tends to be far more agile and successful.

Targeted organizations are taking their first steps toward reaching that level of involvement and buy-in across the entire company.

STAGE 3: TRANSFORMING

At this stage, true transformation begins to take place. Learning, talent, and workforce functions fully merge, and culture becomes both more people-centric and strategic as a result.

One of the key indicators at Stage 3 is **organizational alignment around a curation strategy**. This is the first time the organization is getting truly cross-functional with how it hires, onboards, trains, incentivizes, and engages with employees — as well as the first time that managers and leaders have a formal, documented way to listen to what employees need.

For example, companies going through Stage 3 may shift from static “training programs” to innovative environments that fuel employees to develop themselves. “Offering only one learning style may limit creativity and flexibility, making employees less adaptable to meet the changing needs of your business. Effectively, learners may fail to realize their full potential,” our team wrote in an article on [the importance of offering employees a menu of learning styles for skills optimization](#). “By providing a choice of learning styles and modes, your organization can significantly increase the likelihood your employees will retain what they have learned and later apply those insights to improve their agility, efficiency, and productivity.” In other words, **transforming organizations move from viewing their workforce as a passive audience to equipping employees for steering themselves on their growth journeys.**

Moreover, this approach is not limited to training environments themselves — it's critical to identify and address business challenges across the organization and to build this approach into new initiatives. Rather than focusing on hiring and firing or setting up employees for their own career paths, Stage 3 is about optimizing business growth by staying nimble.

In addition to organizational alignment around a curation strategy, the two other key indicators at this stage are **funding** and **technology**.

- **Funding:** On one hand, organizations must rein in rogue and redundant expenses to maximize their purchasing power — which first requires them to have a way of identifying those expenditures. On the other hand, business leaders have added to learning budgets through the pandemic as they focus on retention and employee development. Maturity in funding is about knowing what, where, and when to spend.
- **Technology:** Once-questioned investments into new platforms and technology are fast-tracked in Stage 3. The hybrid workforce has demonstrated that teams can be productive from anywhere, so organizations will need both the tools to support employees and the data to keep things running smoothly.

STAGE 4: CONTINUOUS

At this stage, HR is a core, strategic decision-maker with a seat at the table. The company becomes an innovative rapid-responder with an engaging, agile, and people-centric culture.

Previous stages laid the groundwork by working through some of the indicators we've already identified: breaking down the silos between talent and learning management, getting funding for new programs, and putting the right technology in place. In this "continuous" stage, **governance becomes an important indicator**.

LEARN THE 7 STEPS TO BUILD A GOVERNANCE MODEL FOR SHARED LEARNING

[View Checklist](#)

HR's ability to instill governance is a clear sign of its maturity level; in fact, **governance has the biggest impact on the other eight indicators of success**. Simply put, governance will help streamline processes, reduce wasted efforts, and optimize speed to innovation. At the same time, shortened business cycles from previous improvements emphasize the need to get it right the first time.

- In early stages of maturity, organizations have a highly centralized structure for talent, learning, and workforce management. Governance guardrails are absent where organizational efforts are not monitored, so there is little coordination between HR's efforts and its interface with other functional groups across the enterprise.
- At the middle stage of maturity, it is common for organizations to establish steering committees of functional stakeholders from across the business that eventually transition into formal governance structures.
- In Stage 4, organizations realize that they must implement more controls to gain a stronger handle on decision-making, forward-looking plans, resources, and cost.

"In March 2020, Microsoft Teams had an average of 32 million daily active users. By October of the same year, that number had spiked to 115 million, a near 4x increase. Microsoft Teams is a great platform for online interactions and collaborative work — and it becomes even more powerful when integrated with the SumTotal LMS, as instructors can schedule training sessions, invite attendees, and automatically create Teams meetings that serve as virtual classrooms. Integration with SumTotal adds the ability to limit the number of attendees in an online class, creates a lobby-style waiting area, and offers the ability to manage presentation rules to give the instructor even more control."

Read more: [Integrating Learning in the Flow of Work](#)

With the right technology, HR role, and governance in place, you can focus on the last two pieces of the puzzle: measurement and driving participation to optimize learning and talent management.

STAGE 5: OPTIMIZED

At the optimized stage, an organization creates a self-developing ecosystem that's both collaborative between business functions and transparent across the board. The benefit isn't limited to operational efficiency, either — a culture with a strong employee value proposition can contribute to an employer being highly sought-after.

(For more on this, [see how Gulf Cooperation Council member companies are driving continuous learning](#), improving employee development, and enabling the extended enterprise.)

There are two key indicators here: **measurement** to determine what's working and what needs to be optimized, and **elective participation** from employees in new initiatives.

In Stage 5, data-driven decisions become more important in every organizational function — and HR is no exception. At this stage, pairing ongoing and new learning, talent, and workforce investments with goal-bound metrics is critical to refine and build from the foundation laid in previous stages.

It's also important to note that optimization is not tied solely to your typical HR metrics. In fact, our [OMI diagnostic tool](#) asserts that more mature organizations recognize business impact along with more typical performance indicators. In addition to operating under a defined measurement philosophy that continually assesses HR functions, optimized organizations create a dedicated practice for measurement that includes sophisticated data visualizations, statistically oriented analysis, and predictive data modeling based on synchronized learning, talent, and workforce management data.

In turn, elective participation is downstream from the employee experience you've created by iterating and measuring. If you provide a great employee experience, your talent will want to participate in learning and development. Elective participation rates should soar in response, and you'll want to keep up those programs as a result. (If your organization isn't seeing rising elective participation, it might be worth looking into why.)

Participation may not be the primary goal of your efforts — especially compared to things like reducing turnover, creating an attractive culture, and training a nimble workforce — but it is a critical indicator. After all, this is all about your employees. (Well, it's also about your bottom line — but who drives that if not your employees?)

HOW TO ADVANCE YOUR ORGANIZATIONAL MATURITY

SumTotal specializes in the development and growth of individuals to support the adaptability, agility, and resilience of your organization.

If this guide highlights anything, it's that the best way to build a future-fit organization is to nurture a learning culture by giving your leaders and learners the tools they need to grow.

But how do you get there? If you're at Stage 1, how do you get started with Stage 2? If you're at Stage 3, how do you move to Stage 4 and ultimately become the optimized organization we see in Stage 5?

For starters, take our [Organization Maturity Index \(OMI\) diagnostic tool](#) — but keep in mind that reading this guide is one thing, while applying it to your own organization is another. The process takes about 20 minutes and involves gauging your organization's current maturity level across nine critical indicators of maturity success and five overarching stages of organizational maturity. At the end of the diagnostic, you will receive a unique report with your current maturity results as well as specific prescriptions for **how to advance to the next stage of organizational maturity**.

DISCOVER YOUR ORGANIZATIONAL MATURITY TAKE THE DIAGNOSTIC

No matter which stage you're starting at, we recommend the following five steps to improving your organizational maturity (and, by extension, your business impact):

1. People-centric culture
2. HR's role and people strategy
3. Organizational alignment and curation strategy
4. Employee experience
5. Technology infrastructure

It's time to adapt to the new world of work while meeting your employees in their readiness to learn new skills. **Are you ready?**

Still have questions? [Let's talk.](#)

ABOUT SUMTOTAL

SumTotal provides a unified, comprehensive Learning and Talent Development suite that delivers measurable impact across the entire employee lifecycle. With SumTotal, organizations can build a culture of learning that is critical to growth, success, and business sustainability. SumTotal's award-winning technology provides talent acquisition, onboarding, learning management, and talent management solutions across some of the most innovative, complex and highly regulated industries, including technology, airlines, financial services, healthcare, manufacturing, and pharmaceuticals.

Skillsoft and SumTotal are partners to thousands of leading global organizations, including many Fortune 500 companies. The company features three award-winning systems that support learning, performance, and success: Skillsoft learning content, the Percipio intelligent learning experience platform, and the SumTotal suite for Talent Development, which offers measurable impact across the entire employee lifecycle.

Learn more at sumtotalsystems.com.



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