

# The Learning Organisation: A qualitative research project to identify best practice in the field

## Summary

Learning organisations have been variously described as organisations which continuously learn or organisations which encourages learning in their people. This report focuses on a number of organisations who are moving towards becoming learning organisations and describes a variety of approaches in action. It also encompasses a review of current literature both from practitioner and academic perspectives.

The key findings from the study were:

- There is no 'standard' or single 'best' approach to becoming a learning organisation. Different organisations have approached the learning organisation in different ways, consistent with the need to fit the approach to the prevailing culture(s).
- Most organisations focused on individual learning as the basis for encouraging organisational learning. Others adopted the view that the organisation must learn collectively. This viewpoint of a learning organisation offers the highest rewards in an increasingly competitive market.
- Some common prerequisites for building a learning organisation emerged:
  1. An increase in vision and communication of the vision to align individual and organisation.
  2. Active support and commitment from the top with bottom-up strategy implementation.
  3. Working on change quickly at all organisational levels.
  4. Ensuring that organisational systems support the desired changes, e.g. reward strategies.
  5. Leadership reinforcement of new behaviours through modelling.
  6. Devolving responsibility for performance outcomes and careers.

- Some best practices were identified which may be adapted to fit particular organisations:
  1. The creation of organisational systems to encourage regeneration of ideas, to eliminate the tendency for the 'not invented here' syndrome.
  2. Employee assisted learning schemes that encourage learning for its own value.
  3. Extra-organisational learning networks to raise awareness of change.
  4. A move away from competition with others towards continuous personal challenge.
  5. Setting up systems and leadership practices to encourage 'unlearning' of current limitations to performance.
- The consequences for organisations include the following:
  1. More creative cultures are needed. This includes the ability to learn from 'failure', provided it is not repetitive.
  2. Moving beyond 'training' and individual learning towards collective learning.
  3. 'All round learning' must be encouraged, e.g. through the use of continuous development schemes.
  4. Employee diversity helps to bridge gaps in the 'predominant learning style' of the organisation.
  5. The formal structure must be supplemented by informal learning structures that allow for cross fertilisation of learning across professional disciplines.

The learning organisation is seen more as a 'philosophy' than a 'process', requiring management of the culture and a long term commitment to continuous change for success. In this sense, it is different from 'instrumental' processes, such as BS 5750 and Total Quality Management (TQM), although in many cases these programmes have laid the ground for the approach towards a learning organisation.

The benefits of becoming a learning organisation are also long term. For example, achieving the same turnover with greater product diversity, using 50 % previous levels of staff. The need for a long term commitment may prevent all but the most far sighted organisations from commencing the journey.

**Author**            **Peter Cook** MBA MIPD MRSC C.Chem FCIPD  
**Human Dynamics – Organisation and Business Development**

## Contents

1.0 Introduction and aims.....	4
1.1 Why the learning organisation now?.....	4
1.2 Research project aims .....	4
1.3 Project overview.....	4
2.0 Background - The learning organisation.....	5
2.1 What is a learning organisation?.....	5
2.2 What is learning? .....	8
2.3 What benefits does the learning organisation provide? .....	9
3.0 Research methodology .....	10
3.1 Information gathering .....	10
3.2 Information analysis .....	10
4.0 Organisations studied .....	11
5.0 Overall research findings .....	12
5.1 No single definition of a learning organisation .....	12
5.2 Practice versus theory .....	12
5.3 Critical success factors .....	13
5.4 Change management .....	14
5.5 Leadership and change .....	16
5.6 Outcomes.....	17
5.7 Best practice ideas.....	18
6.0 Conclusions.....	19
References.....	20
Appendices - Interview transcripts by organisation .....	21

## 1.0 Introduction and aims

### 1.1 Why the learning organisation now?

Against a backdrop of increasing global competition and a lowering of the potential to maintain competitive advantage through technology or economics, there is a growing awareness that the only source of competitive advantage lies in the ability of organisations to learn faster and smarter than their competitors. The concept of the 'learning organisation' is one such response to these changes. In theory, an organisation that learns will be more able to adapt to rapid and continuous change. This would have consequent beneficial effects on the competitive performance of that organisation.

Like many popular theories, there is currently much rhetoric surrounding the learning organisation, but relatively little information concerning what a learning organisation looks like in practice or the contribution such an approach makes to organisations. This report is focused on the generation of a number of case studies of the learning organisation in action, with the intention to discover what value is being created in these organisations and whether any common factors may be distilled from this review.

### 1.2 Research project aims

The aims of the research were as follows:

- To conduct qualitative research on strategies to develop a learning organisation and the practical implementation of these strategies, in terms of operating behaviour and value to the organisations studied.
- To determine critical success factors that create momentum for change and enable transition towards a learning organisation.

### 1.3 Project overview

The project encompasses a review of current literature both from practitioner and academic perspectives, together with interview summaries with key people in the organisations studied.

## 2.0 Background - The learning organisation

### 2.1 What is a learning organisation?

The concept of a learning organisation has been around for almost a decade, yet there is considerable variation in what is meant by the term. The learning organisation can be considered both as an organisation which continuously learns or an organisation which encourages learning in its people. There are vast differences in approach, dependent on which philosophy is adopted. Some might say that the very existence of an organisation does not permit learning, since there are competitive and political factors that mitigate against the conditions required for learning. On the other hand, a number of organisations have surpassed the barriers to implementing a learning culture with consequent outstanding performance.

The number of available definitions of the learning organisation illustrates the degree of confusion surrounding the concept:

*‘Learning organisations are organisations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspirations are set free and where people are continually learning how to learn together.’*

(Senge)

*A learning organisation harnesses the full brainpower, knowledge and experience available to it, in order to evolve continually for the benefit of all its stakeholders*

(Mayo and Lank)

*‘An organisation which facilitates the learning of all its members and continuously transforms itself.’*

(Pedlar, Boydell and Burgoyne)

*‘Organisation learning is a process in which members of an organisation detect errors or anomalies and correct it by restructuring organisational theory of action, embedding the results of their inquiry in organisational maps and images.’*

(Argyris)

*‘Learning organisations experiment more, encourage more tries, permit small failures, encourage internal competition, maintain a rich formal environment, heavily laden with information which spurs diffusion of ideas that work.’*

(Peters)

*‘Is a lot of people learning.’*

(Gaines)

Within these definitions, there exists considerable variation in what constitutes a learning organisation, ranging along a continuum from the philosophical to the pragmatic. It is this variation in definition that gives rise to the difficulty in identification of a learning organisation in practice.

At the philosophical end of the continuum, Peter Senge describes five interconnected 'disciplines' that are necessary for the generation of a learning organisation:

## Personal Mastery

*Learning to expand our personal capacity to create the results we most desire, and creating an organisational environment which encourages all its members to develop themselves towards the goals and purposes they choose.*

Essentially, this is 'beyond personal development' and involves becoming outcome focused and aware of personal needs as they fit the organisation's needs.

## Mental Models

*Reflecting upon, continually clarifying and improving our internal pictures of the world, and seeing how they shape our actions and decisions.*

In other words, this is becoming more aware of the unconscious assumptions that support the organisation's behaviour. Being able to explain and compare our 'maps of the world'.

## Shared Vision

*Building a sense of commitment in a group, by developing shared images of the future we seek to create, and the principles and guiding practices by which we hope to get there.*

This requires the alignment of goals beyond mere compliance, such as can occur when the 'mission statement' is imposed on the organisation, towards the commitment that arises from a vision which is built in a participative manner.

## Team Learning

*Transforming conversational and collective thinking skills, so that groups of people can reliably develop intelligence and ability greater than the sum of the individual member's talents.*

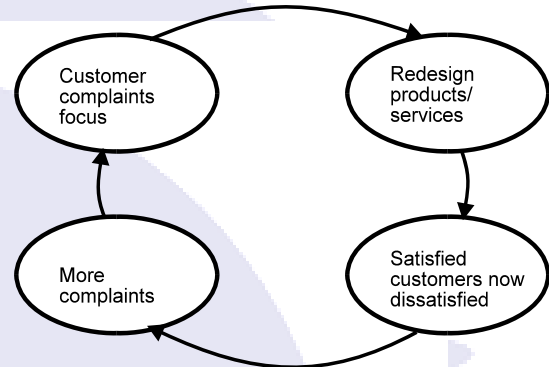
This is 'beyond team building' and involves processes where the collective wisdom of teams can be tapped and used.

## Systems Thinking

*A way of thinking about, and a language for describing and understanding, the forces and interrelationships that shape the behaviour of systems. This discipline helps us see how to change systems more effectively, and to act more in tune with the larger processes of the natural and economic world.*

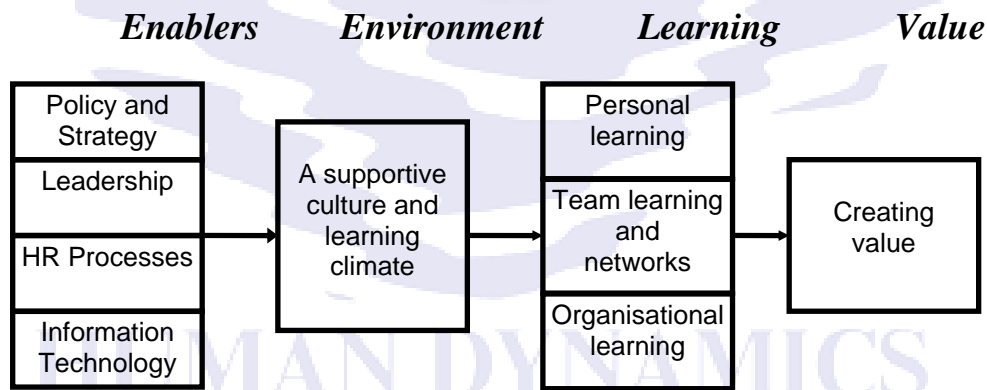
This involves the ability to think across and beyond the boundary of the organisation as a system.

Senge points out that it is the 5th discipline, i.e. systems thinking that makes the important difference compared with piecemeal approaches. This requires a thorough understanding of the cause-effect relationships within and outside a given organisation to ensure that activities genuinely add value to the organisation as a whole. It is relatively easy to find organisational activities that create reduced value for the organisation as a whole. In the example opposite, a customer focused organisation can find itself losing satisfied customers if it responds to minority complaints by continuously changing the nature of its products and services.



When these cycles become embedded into the unconscious practices of the organisation, these can become self-perpetuating systems of failure, or 'repetitive strain injuries' of the (collective) organisational mind. A learning organisation will identify these limiting systems and break the pattern in ways that lead to a successful system. In the above example, a balanced focus on customer satisfactions and dissatisfactions may yield more useful information on which to act.

The approach to learning organisations taken by Mayo and Lank is more pragmatic in as much as they examine practices and link them to an overall model of the learning organisation which is based on the European Quality model:



Enablers and environment represent the 'context' necessary for success whereas learning and value represent the 'results' available from a learning organisation. Mayo and Lank have developed the approach such that it is possible to benchmark the learning organisation using a weighted questionnaire. This implies that it is possible to find a 'success recipe' for becoming a learning organisation.

Mayo and Lank concur with Senge's approach by their insistence that individual learning is not sufficient in order to become a learning organisation. Other outcomes such as achieving team learning, organisation learning and placing a value on learning are also considered necessary. There are linkages in this approach to the

recent work of Charles Handy, which stresses the importance of investment in learning and applying a portfolio of 'intelligences'.

## 2.2 What is learning?

Learning, education and training are often used as equivalent substitutes for one another in many organisations. In the context of the learning organisation, there are important distinctions between these terms.

Education and training are *processes* that **may** lead to learning.

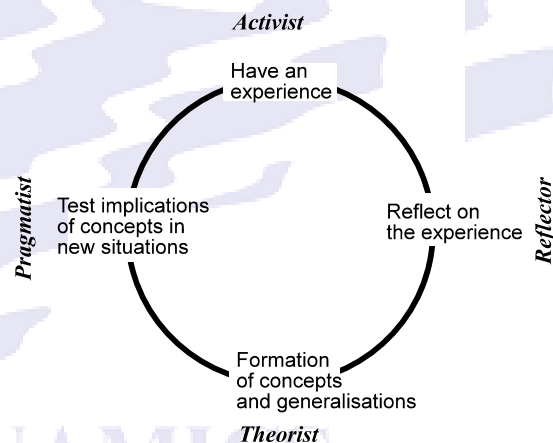
Learning is the *outcome* or *result* of a learning process.

It is important to note that learning may not necessarily involve some formal education or training activity, but can often result from the process of undertaking work itself. Thus, the learning organisation does not necessarily require an enhanced investment in education and training (although this is likely), but will definitely require effort to ensure that learning is captured as a value added resource in the organisation. To do this, it is important to review the ways in which individuals and organisations learn.

At an **individual** level, it has been proposed that learning occurs by passing through a series of stages in a 'learning cycle':

To give an example of the approach in action:

*Immediate experience (Activist) of an unsatisfactory sales visit, leads to observation and review of what happened (Reflector). This is followed by generalising and theorising (Theorist) about the possible implications for future interactions, which are subsequently tested out (Pragmatist) in new situations.*



In this example, all stages of the learning cycle are attended to. Kolb pointed out that some people have learning cycles that emphasise some learning abilities over others. Thus a salesperson with a strong activist tendency may rush between sales visits, never stopping to reflect on why none of them have delivered sales. There is a consequent loss of learning from such an unbalanced approach, with serious consequences for the performance of the salesperson if s/he continues to operate in this way.

If some individuals have preferred learning styles and 'blind spots', it is also reasonable to propose some organisational stereotypes that have preferred ways of learning (with consequent 'blind spots'). To give two extreme examples:

1. An organisation involved in manufacturing activities with a strong preference for activist and pragmatist styles. The typical response to problems and crises will often involve taking more action (activist). If the action is the source of the problem, this will lead to a larger problem rather than the resolution of the problem. In this type of organisation, there is advantage in balancing action with some reflection and conceptualisation as to why the problem has occurred.

2. An academic organisation with a strong preference for reflector and theorist styles. This organisation will be less prone to using action as a means of learning new things, preferring to reflect on the current situation and generate a theory to explain the change. Whilst this may be acceptable in steady state conditions, it may become an unhelpful trait when a more rapid response is required.

Thus organisational learning is affected by the predominant culture(s) within the organisation. In times of significant external change, the organisation's 'blind', deaf and 'numb' spots may lead it to make assumptions that are no longer valid in the wider environment. At best, this can result in poor performance, at worst insolvency.

Learning organisations question operating norms and assumptions that they produce to ensure that these are valid for what lies ahead. This is described by Argyris as *double loop learning* (model shown on front cover), since it is not only practices that are being modified, but the (unconscious) norms that support these practices.

### 2.3 What benefits does the learning organisation provide?

A review of the literature on the subject indicates the potential of the learning organisation to deliver significant benefits:

- 3M's learning culture has put it in the top five of the Fortune 500's most admired companies.
- In BT, the changed approach to planning, reviewing and learning has allowed savings in terms of time, sales and other costs which amount to several million pounds from an investment of about £200, 000.
- Lars Kolind, president of the Danish hearing aid company Oticon Holdings increased the value of his company ten fold in four years by developing a self driven organisation.
- Ricardo Semler has transformed Semco - it is one of Latin America's fastest growing companies, acknowledged to be the best in Brazil to work for, and with a waiting list of thousands of applicants hoping to join it.
- Oral-B have halved lead times twice over and achieved repeated unit cost reductions.

## 3.0 Research methodology

The methods used to gather and analyse information were as follows:

### 3.1 Information gathering

Qualitative research using semi-structured interviews with managers actively involved with the learning organisation in eight organisations, covering the private and public sectors. Interviews were tape recorded to enable transcripts to be made and to facilitate discussion on specific points arising from the questionnaire outline. The following topic areas were examined:

1. Organisational vision creating the desire to move towards a learning organisation.
2. Generic strategies for developing a learning culture, at organisational, group and individual levels.
3. Evaluation of change process:
  - Separation of critical success factors from other facilitating influences.
  - Identification of barriers to implementation, whether foreseen or otherwise, with strategies for resolution.
4. The outcomes of the transition to a learning organisation:
  - Behaviour - what is happening on the ground as a result of the process?
  - Beliefs/values - to what extent has the culture changed?
  - Contribution - how has this served the organisation?

The interview questions were piloted and then organised into generic questions, to accommodate the differing organisational environments.

### 3.2 Information analysis

Information was analysed in two ways:

1. Examination of similarities and differences with practitioner and academic literature on the subject.
2. The identification of common factors from those which are specific to particular organisations.

## 4.0 Organisations studied

### Case study 1 - Commsco

A large organisation involved in the supply of communications services and equipment.

### Case study 2 - Furnitureco

The UK manufacturing arm of a large US company specialising in the manufacture of office furniture. Total UK employees between 101 and 250.

### Case study 3 - Councilco

A London Borough Council with responsibility for providing a range of services to more than 200, 000 people.

### Case study 4 - Techco 1

A leading international organisation providing advanced technology systems, products and services to the automotive and aerospace markets.

### Case study 5 - Financeco

A large financial and insurance services organisation.

### Case study 6 - Carco

A large car manufacturing company.

### Case study 7 - Techco 2

A large diversified organisation involved in the development, manufacture and sale of high technology products and systems in the avionics, military and medical sectors.

### Case study 8 - Motorco

A large vehicle manufacturing company.

## 5.0 Overall research findings

### 5.1 No single definition of a learning organisation

A key theme to emerge from the organisations studied is that there was no single view of what a learning organisation is. Rather than slavishly following a particular doctrine, they adopted a philosophy which fitted their particular needs. This may reflect the fact that there is no agreed definition of a learning organisation amongst academics. It is encouraging to note that these organisations are adopting a strategy that fits their needs, rather than adopting someone else's favourite model.

Broadly speaking, the organisations studied could be broken down into two categories:

- Organisations who approached the learning organisation from the point of view of enhancing individual learning opportunities.
- Organisations who went beyond individual learning into processes designed to enable the organisation to learn collectively.

The second approach seems to present a far greater level of difficulty, with a higher potential reward although both approaches are exceptional compared with the majority of UK organisations.

### 5.2 Practice versus theory

An examination of the findings against the backdrop of Peter Senge's work shows that many of the organisations studied place their efforts in the areas of Personal Mastery, Team Learning and Shared Vision. Some examples of these in action include:

#### Personal Mastery

- Techco 1's approach to self development of roles, with the onus on the individual for developing themselves (ref. page 35).
- Officeco's use of self set objectives (ref. page 28).
- Councilco's use of a 6 monthly development review (ref. page 29).
- Financeco's concept of 'competition with the self' as a means of continuous challenge (ref. page 39). This is similar to Commsco's focus on raising individual standards continuously (ref. page 27).
- Techco 2's use of a consortium MBA programme (ref. page 46).

- Carco's employee assisted learning scheme (ref. page 42).
- Getting employees to take personal responsibility for learning as practised at Officeco (p. 28). Motorco (p. 50) and Councilco (p.32).

### **Team Learning**

- Carco's 'creative swiping' scheme for spreading best practice (ref. page 42).
- Councilco's use of strategy development as a vehicle for team learning (ref. page 27).
- Techco 2's use of action learning sets (ref. page 47).
- Officeco's use of cross functional teams (ref. page 28).

### **Shared Vision**

- Commsco's approach to culture management and change (ref. page 25).
- Making the vision explicit and consuming, as practised at Carco (ref. page 41).

There is less mention of Mental Model and Systems Thinking type approaches. One hypothesis to account for this is that these disciplines work as a hierarchy in practice and it is necessary to get the 'basics' in place, i.e. personal, team learning and a shared vision, before moving on to the 'threshold' elements which tend to be more integrating in nature. To achieve World Class performance, the challenge for organisations is to address these threshold elements.

## **5.3 Critical success factors**

This study has not identified an elegant 'recipe for success' that would enable an organisation to transform itself towards a learning organisation. It is not therefore possible to prescribe a set of necessary and sufficient conditions from this study. This finding concurs with the need for organisations to fit a given philosophy within the prevailing organisation culture to ensure that it 'sticks'.

Nevertheless, a number of frequently mentioned factors were identified that were regarded as important prerequisites to begin the journey towards a learning organisation:

- An increase in vision and communication of the vision to align individual and organisation.
- Active support and commitment from the top with bottom-up strategy implementation.

- Working on change quickly at all organisational levels.
- Ensuring that organisational systems support the desired changes, e.g. reward strategies.
- Leadership reinforcement of new behaviours through modelling.
- Devolving responsibility for performance outcomes and careers.

Some factors seemed to be more organisationally specific, for example:

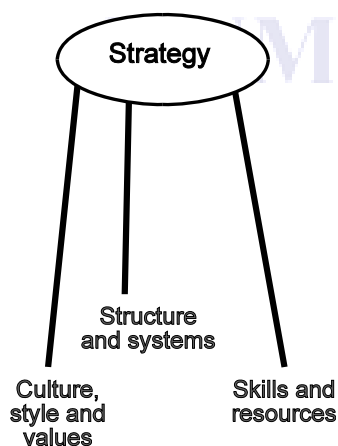
- Structural changes requiring more flexible roles.
- Using training as a reward strategy.
- Dual career ladders to manage different career aspirations.
- Having a constancy of vision and purpose enabling a longer term view.

## 5.4 Change management

*‘Companies need a particular mindset for managing change: one that emphasises process over specific contents, recognises organisational change as a unit-by-unit learning process rather than a series of programs, and acknowledges the payoffs that result from persistence over a long period of time as opposed to quick fixes’*

(Michael Beer)

Several of the organisations mentioned the need to work on all elements of the organisation at once. In particular, the structure and systems, culture, style and values and skills and resources of the organisation need to be aligned to provide the necessary synergy. A metaphor for this is that of a three legged stool, where all three ‘legs’ need to remain in balance to achieve the strategy:



Whilst it is possible to give a number of **prescriptions** as to how the components of the learning organisation may be designed, the research confirms that there is no single recipe for success in a given organisation. What is particularly important is that the chosen strategies are ones that **fit** the particular organisation.

However, it is possible to produce a generic list of factors that may be adapted in particular contexts, to assist in providing momentum towards a learning organisation:

## Culture, style and values

- Risk taking encouraged
- Idea advocates
- Failure seen as a learning opportunity providing it is not repetitive
- High levels of trust
- Weakly held values
- Freedom to 'bootleg' ideas or 'creative swiping'
- Managerial style more akin to a 'counsellor' - a move away from control
- Informal communications networks encouraged

## Structure and systems

- Minimum hierarchy (4 - 7)
- Organisation based on networks
- Careers based on life stage/goals
- Separately funded structures
- Create venture groups
- Worker directors and bottom-up involvement in strategic plans
- A move towards locally set pay, or even self set pay
- Project grant schemes

## Skills and resources

- More leadership, less management
- Loose job descriptions
- Rotate staff out of role and beyond the organisation boundary
- Personal development plans
- Self set goals
- Continuous learning policy
- Encourage learning activities for their intrinsic value
- Introduce learning activities beyond the job/career scope

The example of 3M illustrates some of these factors in action:

**Keep divisions small** - when a division gets too large, it is split up.

**Tolerate failure** - encourage plenty of experimentation and risk taking. Divisions must derive 25% of sales from products introduced in the last 5 years.

**Motivate champions** - When a 3M employee comes up with a product idea, s/he recruits an action team to develop it. Salaries and promotions are tied to the product's progress.

**Stay close to the customer** - Researchers, marketers, managers and customers are involved with brainstorming product ideas.

**Share the wealth** - Technology, wherever it has been developed, belongs to everyone.

**Don't kill a project** - If an idea cannot find a home in one of 3M's divisions, an employee can devote 15% of his/her time to prove it is workable. Grants are available to assist individuals.

## 5.5 Leadership and change

The leadership role in a learning organisation has been defined as follows:

- Visionary
- Risk taker
- Empowerer
- Learner
- Coach
- Collaborator

There is an underlying change from a focus on command and control towards a creative and enabling role. The research indicates a transition towards these roles in many of the organisations studied. Many managers experience a high degree of uncertainty in this type of leadership role due to the lack of a clear power base. This needs to be accounted for when selecting leaders for a learning organisation.

A learning organisation relies more on leadership than management, in order to create or change basic assumptions and values in the group. Some examples of typical mindsets that limit organisational learning are given below:

*'We have never done it before'*

*'We have never known anyone else that has done it before'*

*'Everyone else who has tried this has failed'*

*'We cannot admit our mistakes'*

*'We don't have the know-how'*

When organisational assumptions become 'accepted wisdom', they can become unchallengeable beliefs which are woven into the cultural fabric of the organisation. In these cases, part of the leadership role involves creating the conditions where 'unlearning' can occur without significant loss of face for the organisation. The processes chosen to achieve culture change vary dependent on the depth of the approach. Some of the organisations studied focused on changes in visible **behaviour** whereas others felt that the underlying **beliefs** were also important. There is considerable difference in the leadership approach to change, depending on which viewpoint is taken. In brief, the two positions may be summarised as follows:

*‘Behaviour is what counts - we cannot measure whether people believe in what they do and it does not matter as long as the results are acceptable’.*

In this situation, modelling of expected behaviours by leaders supported by a strong communications strategy would be typical instruments of change.

*‘When people’s beliefs are aligned with the organisation, the resulting performances are greater than when there is difference’.*

In this case, a deeper level of change is called for, involving the surfacing of assumptions and beliefs, in order that alignment and changes may be made.

## 5.6 Outcomes

*The first step is to measure whatever can be measured easily. This is OK as far as it goes. The second step is to disregard that which can’t easily be measured or to give it an arbitrary quantitative value. This is artificial and misleading. The third step is to presume that what can’t be measured easily really isn’t important. This is blindness. The fourth step is to say that what can’t easily be measured really doesn’t exist. This is suicide.*  
(The McNamara fallacy)

In the ‘decade of measurement’, it is interesting to note the degree to which the organisations studied have put faith and trust into the development of a learning culture. Most of the outcomes mentioned were essentially ‘soft’, for example:

- ‘The organisation now talks a similar language’.
- ‘Personal responsibility’.
- ‘An excitement about opportunities’.

Where harder measures of performance have been used, these have included:

- Customer feedback.
- Use of comparison tables.
- Use of a corporate scorecard or key performance indicators.

By its very nature, the learning organisation is a long term investment where some of the outcomes may not be easily translated into ‘numbers’. In a UK business climate that encourages short termism, this may prevent all but the most far sighted organisations from commencing the journey.

## 5.7 Best practice ideas

The following table is a distillation of best practice ideas. The key to the effective implementation of ideas is to adapt them to fit the prevailing culture. This requires that the basic principle of the idea be extracted, customised and improved for transfer to other organisations. To this end, a number of questions are included in the table to stimulate this process:

Idea description	Key questions
Adjust organisational measurement and reward systems to match the needs of a learning culture.	Does the organisation reward <b>results</b> or the <b>process</b> ? Is learning in its own right sufficient, or is the application of learning more important? What rewards are available other than financial ones? Can the reward package be flexed to meet individual motivation strategies?
Managers as learning coaches.	How will managers let go of power based on position in the organisation? What's in it for them to become more facilitative?
Accountability to all stakeholders as a means of valuing learning.	How can company reports reflect learning activities in ways that appeal to stakeholders having a 'bottom-line' mentality?
A move away from jobs towards loose roles that individuals can develop themselves.	Do <b>all</b> individuals value more choice in their jobs? How can elements of stability be built -in? In what types of role would this most easily work? How can the organisation co-ordinate continuously developing roles without inventing a bureaucratic system? How can personal responsibility be modelled widely so that individuals make wise choices?
A career system that requires the individual to identify their work motivation strategy to maximise the fit between individual and job.	What facilitating actions can be used to assist individuals in raising their awareness of what they want? How can the organisation win from this process as well?
Using 'guidance' to facilitate individual understanding of own motivations and career goals.	How will guidance approaches address the needs of individuals who discover that they lack goals?
Use of benchmarking to continuously unlearn self set performance limitations.	What assumptions does the organisation make about itself? How can the organisation recognise its own self limiting beliefs? How can the potential to learn new things be made sufficiently potent to overcome the need to let go of the past?

Idea description	Key questions
Reframing competition to be more inwardly focused (competition with yourself). Encouraging tension rather than competition.	Is competition a human condition which can only be suppressed but never removed? What people types are best suited to internal competition?
Breaking out of the conventional wisdom that top down change is the rule - using bottom - up and sideways - in components to create momentum.	Which part of the organisation is ready for change and would serve as a visible 'flagship' to gain support for further change? How can the bottom-up component be mobilised as a group to create a 'critical mass' for change?
Creating organisational systems to encourage regeneration of ideas. Reframing the 'not invented here' syndrome.	Could the system be expanded to encourage modification/development of ideas?

## 6.0 Conclusions

There appears to be no single definition of a learning organisation that satisfies the variation in practices within the organisations studied. Whilst some organisations have a strong focus on individual approaches to learning, others are making inroads into the challenge of organisation learning. At the present time, there are few organisations who can be said to be operating a learning organisation as described by Peter Senge. However, this is consistent with the notion that it is 'impossible to arrive'

As a consequence of the above differences, it has not been possible to prescribe a set of necessary and sufficient conditions in order to commence the journey towards a learning organisation. Different organisations have approached the learning organisation in different ways, consistent with the need to fit the approach to the prevailing culture. However, a number of common factors which encourage the development of a learning organisation have emerged and a wide variety of best practices have been identified which could be moulded and applied to enhance best practice in other organisations.

The benefits of becoming a learning organisation are mostly long term. For example:

- Improved customer perceptions.
- Improved survival and growth in difficult business climates.

Against a UK business climate that looks for rapid results, the organisations studied are exceptional in the sense that they have committed significant resources to a philosophy which is hard to evaluate in the short term.

## References

*'The 5th Discipline', Peter Senge (1990) Random Century.*

*'The 5th Discipline Handbook', Peter Senge, Art Kleiner, Charlotte Roberts, Bryan Smith, Richard Ross (1994) Nicholas Brealey Publishing.*

*'Corporate tides', Robert Fritz (1994) Butterworth Heinmann Ltd.*

*'The Power of Learning - A guide to competitive advantage', Andrew Mayo and Elizabeth Lank, (1994), Institute of Personnel Management.*

*'Creating a Learning Organisation', Bob Garratt (1990) Institute of Directors.*

*'Imaginization - the art of creative management', Gareth Morgan (1993) Sage.*

*'Maverick', Ricardo Semler, (1993) Arrow Books*

*'The Age of Unreason', Charles Handy (1989) Arrow Books.*

*'The Empty Raincoat', Charles Handy (1994) Random House.*

*'The Celestine Prophecy - an adventure' James Redfield (1994) Bantam Books.*

*'The Tom Peters seminar' Tom Peters (1994) Vintage Books*

*'Systems, management and change - a graphic guide', Ruth Carter, John Martin, Bill Mayblin, Michael Munday (1984) Paul Chapman Publishing.*

*'Introducing Neuro - Linguistic Programming', Joseph O' Connor and John Seymour (1990) Mandala*

*'The Language of Change', Paul Watzlawick (1993) Norton*

*'Managing Innovation' Jane Henry and David Walker (1991) Sage*

## Appendices - Interview transcripts by organisation

### Case study 1 - Commsco

Commsco is a large organisation involved in the supply of communications services and equipment.

#### Definition of learning organisation approach

Commsco does not use an 'off the shelf' definition of the learning organisation. One of the company's core values is a commitment to continuous improvement, which engenders an approach that is similar to the concept of a learning organisation. A key question that the organisation is addressing is that of 'How can we enable individuals to learn from their own self development?'. A key assumption in Commsco's approach is that individual learning supports organisational learning.

#### Vision and background

Commsco aims to be the world's best communications company. To do this, it requires to maximise the potential of each individual. It laid the foundations of the learning organisation approach from a thorough commitment to total quality in the 1980's with the vision originating from the Chairman.

In terms of the organisation's historical culture, this has been a hindrance to progress only in as much as it makes it more difficult to change due to a stable background. The pressures of the future communications environment have been mobilised as a key driver for culture change.

#### Strategies and tactics

As an organisation, Commsco has adopted an holistic approach to development and training activities. This integrates business objectives, individual objectives, performance management system, personal development plans and training provision. Underpinning this is the use of a common competency language and a centralised approach to Personnel systems.

At a group level, the TQM philosophy has been increasingly focused on team working. Commsco has recently also used Business Process Re-engineering (BPR) to optimise group working.

In terms of Peter Senge's approach to learning organisation, Commsco operates particularly in the areas of Personal Mastery and Shared Vision. To achieve shared vision, they have actively sought to create a new culture by using in-house communications programmes on a massive scale.

The **critical factors** required for success were listed as:

- Top - down commitment
- Structural changes
- A higher focus on people management

Some barriers to implementing the strategies occurred. For example, since Commsco is highly diversified, each division wanted to make changes differently to suit the individual sub-cultures. To ensure that benefits of integration could be realised, a strongly centralist approach was adopted and considerable effort was expended to implement changes.

### Outcomes

1. Specific evidence of culture change has included:

- The majority of people speaking a similar 'language'.
- A raised awareness of external pressures and the organisation's mission.
- People know what behaviours are expected of them.
- Much greater focus on raising of standards.
- Much greater emphasis on people management

2. Commsco is moving towards organisational learning through Business Process Re-engineering (BPR), using a 'corporate scorecard' which identifies key performance indicators.

3. In terms of dealing with unexpected outcomes arising from risk taking, Commsco adjusts behaviours in the light of new circumstances, e.g. customer focus, but does not revisit the core values. A particular example of learning from risk taking was an acquisition and alliance strategy of the 1980's - although this was largely unsuccessful, it has meant that the organisation has learnt how to do it well in the future, exemplified by more recent alliances in the US and mainland Europe. At present, Commsco is debating whether people are to be rewarded for 'outcomes' (ends) or 'behaviour' (means). An ideal situation would combine the merits of both.

4. In terms of challenging the 'status quo', it is very important for people to be committed to the Commsco culture. Executives must therefore be fully aligned to remain within the organisation. Individuals who do not wish to learn are not considered acceptable since it will be hard to perform at ever increasing standards.

5. The culture has been made more explicit as a result of the strategy. All staff have attended awareness events to explain aspects of the Commsco culture. Commsco is reviewing the required culture for the future so that it may improve its management of culture change in driving the organisation forward to achieve its mission..

6. In terms of organisation success accruing from the strategy, Commsco has improved the quality of the talent that it has and it is clear about where it is going.

7. Internal competition is focused on raising standards continuously, rather than competition between individuals. The reward structure reflects this, being individually based for all except the sales force.

## Evaluation

When asked what improvements could be made if Commsco could revisit any of their strategies, two points for difference were noted:

- Increase the speed of change to concentrate momentum
- To focus on all 4 elements of the change at once, i.e. structure, working styles and processes, culture, leadership.

HUMAN DYNAMICS

## Case study 2 - Officeco

The company is the UK arm of a large US multinational, which specialises in office furniture. The UK company has between 101 and 250 employees.

### Definition of learning organisation approach

Officeco do not adopt a 'prescribed' approach to the development of a learning organisation. Key facets of the Officeco approach are innovation, participation and ownership.

### Vision and background

The harsh reality of survival has been a major driver rather than a 'visionary' approach as such. Officeco has achieved the same turnover using 50 % previous levels of staff and is producing more units than previously. They are therefore approaching Charles Handy's 'formula':

$$\frac{1}{2} \times 2 \times 3 = P$$

*i.e. half as many people in the business in five years time, paid twice as well and producing three times as much, which equals Productivity and Profit.*

This has been achieved in Officeco by working smarter to maximise contribution in the face of margin retreat in the office furniture sector. The change in approach was developed collectively, using participative management, monthly business reviews, a suggestions scheme and a bonus.

The historical background of Officeco has been a comfortable culture. It was necessary to change this climate to achieve the required behaviours. Having a visible threat (the external market situation) was a key enabler in doing this.

### Strategies and tactics

At the organisation level, the participative management approaches have been important to gain employee involvement and ownership.

A key to developing a learning approach involved making more information available, hence there has been a strong focus on communications and learning resources provision through an open learning library.

At a group level, cross functional teams have been used to shorten the time to get new products to market.

At an individual level personal responsibility has been encouraged by introducing self set objectives and a two way appraisal scheme. Individual learning approaches include computer based training, open learning, video packages. In some cases

there are several versions of material to suit people with different learning styles/needs.

The induction process is extensive, involving a meeting with the company secretary, a six week learning review, options for factory assignments, installation assignments and structured departmental visits.

These strategies have been pursued independently of the US company, since it is much larger and has an approach that suits its culture.

The **critical factors** required for success were listed as:

- Reinforcement by managers
- Recruitment of people who want to learn using selection methods based on competencies
- Raising awareness through access to information

In terms of barriers to implementing strategy, it took time and knowledge to develop managers as 'coaches'. The amount to be taken in required learning to be served up in bite size chunks over an extended period of time. This resulted in the use of succinct training programmes and an open learning programme.

## Outcomes

1. Specific evidence of transition has included:

- Twice the work being done by 50% employees.
- Working smarter - a constant search for ways in which things can be done better.

2. Method of capturing and disseminating learning include:

- Key performance indicators as inputs to the business review.
- Control charts in production.
- Examination of sales orders won and lost.
- Workshops on competitor strategies and tactics

3. In terms of dealing with unexpected outcomes arising from risk taking, managers have a responsibility as coaches to encourage learning from mistakes:

*'We hope that we don't penalise people for this'*

4. The culture that exists now can be summed up as:

*'I see what is expected of me and I can do that enthusiastically'.*

People behave as if they believe that they have real responsibility now. In moving to this culture, it is likely that this has in part been assisted by the fact that jobs are perceived as being less secure than they used to be.

5. It is considered acceptable not to learn in the organisation. However, there is gentle encouragement to learn and it is practically difficult to work in a team without learning.

6. Competition is not encouraged on the basis that it does not contribute to learning in Officeco.

### **Evaluation**

When asked what improvements could be made if Officeco could revisit any of their strategies, two points for difference were noted:

- To consult more people internally and externally.
- To develop collaborative relationships with internal customers in order to become more aware of their needs.

HUMAN DYNAMICS

## Case study 3 - Councilco

A London Borough Council with responsibility for providing services to more than 200, 000 people.

### Definition of learning organisation approach

Councilco are currently working on a corporate definition of a learning organisation. It is likely to focus on creating a culture of creativity and the sharing of ideas and experiences as well as systems for individual learning. In operational terms, it is concerned with getting people motivated, moving with change and coping better with reorganisations.

### Vision and background

The concept of Councilco as a learning organisation has been evolving for some time. The Chief Executive and the Management Development Unit have been key players in this but there are many change agents across the organisation, most importantly departmental trainers and quality officers, who have been essential to the process. The managers in the council department responsible for a variety of services, were also influential in this process as much change has stemmed from the impact of Compulsory Competitive Tendering (CCT).

A key factor that has helped develop the approach has been an open labour relations situation compared with other private sector organisations.

### Strategies and tactics

At an organisational level, Councilco has a learning and development strategy. This loosely specifies intentions for customisation by the devolved structure. This is supplemented by policies on quality standards, Investors in People, Chartermark, BS5750 etc. These policies have been put into action using self directed teams.

At group level, all units are in the process of working out their own departmental strategies and service plans. This reflects the fact that there are many sub-cultures in a council. For example, the engineering function has a training forum, which co-ordinates training needs, which are funded directly from income budgets.

At individual level, Councilco has an Employee Development Scheme (EDS), which is a 6 monthly appraisal/objectives setting process, including the setting of development goals. 'Quality time' is a brainstorming process that is used for continuous improvement on focused topics. Councilco also runs open access seminars on subjects of general relevance and interest. Mentoring is also used to develop talent.

At a **strategic** level, the **critical factors** required for success in implementing the learning organisation approach were listed as:

- Devolution - this has focused responsibilities for services.
- The employee development programme has been a major help.
- The drive to quality standards
- Raising awareness of opportunities

By September 1995, Councilco hope to have gained the Investors in People accreditation in all departments. This will require all individuals to be working towards objectives which have individual and organisational relevance and will provide significant leverage towards a learning organisation.

At the **operational** level, there has been resistance within some of the sub-cultures, mainly due to professional barriers. This was handled by acknowledging the positive intention of the resistance. Paradoxically, this moved things forward. Since there are many sub-cultures within the council, progress towards a learning culture moves at different rates.

## Outcomes

1. Specific evidence of transition has included:

- Individuals work towards objectives which have both individual and organisational relevance in over 50% of the organisation.
- People are now more in control of how/when they do things and the resources to achieve their goals.
- Managers must rely on teams to set their own income targets.
- Training is now much more focused on relevance.
- Hierarchical barriers are now blurred.

2. Organisational learning is evident from co-operative team working practices. The approach to team working has been modelled by the CEO. Chief Officers take part in a self managed learning programme, using learning sets in cross functional teams. The urban regeneration project has required a bringing together of professional groups and has generated a good deal of 'double loop learning', i.e. reviewing the implicit assumptions underpinning the project.

3. Learning is disseminated widely since the council holds open meetings where progress and setbacks are discussed with the public.. A good deal of sharing of learning is happening with Compulsory Competitive Tendering (CCT).

4. Risk taking is encouraged since most risks work out positively.

*'However, with freedom comes responsibility - risks must be calculated'.*

In terms of challenging the 'status quo', the approach varies dependant on the culture:

*'We do not deal with challenges below the water line too well at present'.*

5. Culture change is observable to the extent that people are more outcome focused than job description focused now. Shifts in beliefs have not been tracked.

6. Success can be measured in the following terms:

- Councilco recently won an award for the cleanest London Borough.
- Customer feedback is generally positive.
- It is amongst the top 10 of local governments.

7. It is acceptable not to learn, but this does not include not reaching objectives.

8. In operational terms, individuals who develop themselves can be held back in a learning organisation due to a reduction in the numbers of opportunities for upwards progression as the management structure flattens. Setting challenging goals on a continuous basis helps to focus employees' newly gained knowledge.

## **Evaluation**

In terms of doing things differently to improve the approach to a learning organisation, Councilco are working on a focused definition of what a learning organisation is so that they may chart progress towards it.

HUMAN DYNAMICS

## Case study 4 - Techco 1

A leading international organisation providing advanced technology systems, products and services to the automotive and aerospace markets.

### Definition of learning organisation approach

Techco 1 do not use an 'off the shelf' definition of the learning organisation. They are increasingly dependent on the contribution of people as a whole and believe that it is necessary to harness the expertise and talent of people both as individuals and within teams.

### Vision and background

The vision driving the approach may be summed up as:

- Techco 1 is a lean organisation
- It must respond quickly as project and customer response times are shorter.
- As Techco 1 operates at the leading edge of what is technically achievable, there is a need for collaborative problem solving processes for complex issues.

In terms of the organisation's historical culture, changes in the direction of the organisation have been the main hindrance. Externally, there have been a number of factors that have provided momentum for change to ensure that Techco 1 remain competitive. This has been achieved through attention to:

- Costs
- Product and manufacturing quality
- Responsiveness
- Product technology

### Strategies and tactics

Techco 1 have a number of development committees at an organisational level, whose role is to match individual and organisational goals. It also performs a management audit which leads to succession planning.

Techco 1 encourages multidisciplinary problem solving within work groups.

At an individual level, Techco 1 had one of the first Continuing Education and Training schemes. This is specifically set up to address education and training **not** related to the current role, on the basis that development activity for the current role should be provided as a matter of course. The scheme offers awards that can be

used to undertake a specific education or training activity. In recent years, the size of the award has been reduced so that the fund may be made more widely available. It is available to all and an emphasis is placed on making education opportunities available to as many people as possible.

The Techco 1 culture allows individuals to develop their roles, with the benefit of increased motivation. This presents the challenge for managers to integrate individual career aspirations with organisation needs. The performance management system provides a supporting structure for this. It is based on accountabilities, which link business needs and personal development plans

In terms of Peter Senge's approach to learning organisation, Techco 1 operate particularly in the areas of Personal Mastery and Team Learning.

The **critical factors** required for success were listed as:

- A culture that enables self development of jobs
- Team based working arrangements
- Dual career ladders for technical and managerial roles
- Using training as a reward strategy
- Working on change at all levels

*'It's no good having an empowered workforce without managers adapting to loss of control at the same time.'*

## Outcomes

1. Specific evidence of transition has included:

- More responsibility - people 'run with the problem' now.
- An absence of people putting 'hands up' for advice from the hierarchy.

2. An emerging need is that of evaluating training and learning generally.

3. Techco 1 have focused on an individual approach to learning. Although they have done a lot of work with groups, there are reservations about the value of blanket exposure to team development through large scale indoctrination. A preferred approach is to expose teams to new experiences as a way of widening their awareness.

4. Techco 1 encourage calculated risk taking, since this is what results from a well designed empowerment programme. A more challenging issue is getting some managers to 'let go' of the need for control.

5. Techco 1 focus on outputs as a measure of change. The underlying beliefs and values may change as a result of more visible changes, but there has been no attempt to measure these.

6. In terms of organisation success accruing from the strategy, it is possible to see continuous improvement in output measures over the last five years against a difficult economic environment. These results have been partly related to the strategies to promote individual learning.

7. It is considered acceptable not to learn in the culture, since there is space for all types of people within the organisation:

*‘ We still have some specialists in the organisation whose interests in more general learning is very limited - we need short fat people and tall thin people’.*

8. Internal competition which helps people is good, but competition which destroys co-operation is unhelpful. This is an area which requires more effort.

9. Other outcomes which have occurred include:

The exposure of some new talent that we would not otherwise have found, especially in relation to equal opportunities within the engineering function.

A flatter structure.

## **Evaluation**

When asked what improvements could be made if Techco 1 could revisit any of their strategies, the following points were made:

*‘We would not have changed the overall approach’.*

*‘We could take steps to ensure that we did not deviate too much from the vision along the way. This could have put us a couple of years ahead. To do this, we require constancy of purpose and clear vision’.*

*‘We need to learn more from external resources and other people’.*

## Case study 5 - Financeco

Financeco is a large financial and insurance services organisation. The interview focused on one division of Financeco which is adopting a Learning Organisation approach.

### Definition of learning organisation approach

Financeco do not consider that any of the available definitions summarise what a learning organisation is, since it is a philosophy that is dynamic and constantly changing rather than a set of techniques. Some of the ideas that embody a learning organisation may be summed up as follows:

*'The organisation that is driving towards a state of affairs such that it understands the need to harness the intellectual power of all individuals. It encourages people to work together in teams and groups to produce whatever is required and it encourages and promotes individual development and self learning activities'.*

Another way to define the learning organisation is by contrast:

*'Compare the internal workings of a mechanical clock with an amoeba. The amoeba has the qualities of adaptability, flexibility, growth and total interdependence: it is a dynamic organism. These are some of the qualities of a learning organisation. The concept of the clock is static because it needs an external manager to wind it up when it runs down'.*

Whilst the concept learning organisation is a philosophy rather than a set of techniques, it is possible to have certain underpinning structures to help it work.

### Vision and background

Financeco is pursuing the learning organisation approach in one business unit of 400 people.

The main drivers for the pursuit of the learning organisation approach are the need for ever increasing competitive edge. This is driven by the pragmatic business reason of survival in a fast changing financial services market where the time taken to copy financial products may be as low as 30 days, so survival depends more on customer service more than product innovation.

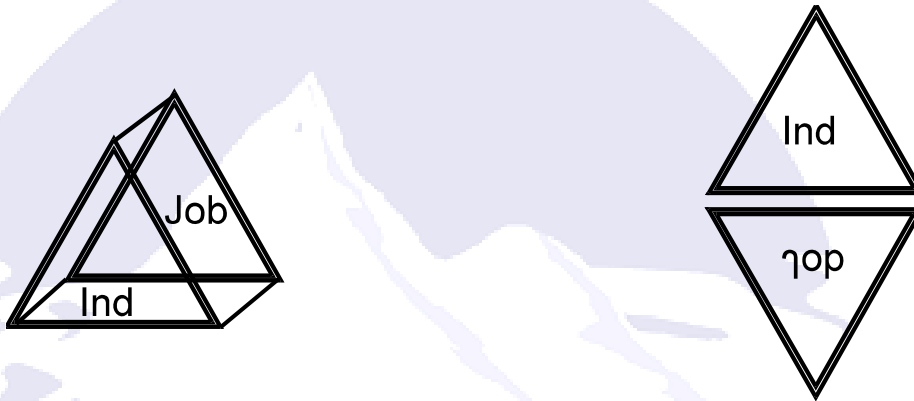
Factors that hinder the approach are a traditionalist culture, with a strong focus on measurement. This can be summed up by the phrase:

*'If you can't measure it you can't manage it'.*

This approach is typical of many UK companies. History is a significant anchor that maintains the system as it was and many people look to the past to make decisions about the future. This is not always appropriate in a more fluid changing market.

## Strategies and tactics

At the level of business unit, the main role of managers is that of closing the gap between individual and the job needs. Visually this may be seen as an overlap of individual motivations, abilities and personality with the job challenge:



**Good fit**

**versus**

**Poor fit**

In cases of imperfect fit, it becomes possible to manage mismatches by understanding different expectations. The result of this strategy is commitment rather than compliance which leads to much higher performances.

At group level, the main focus is in developing leaders rather than training managers. Action learning sets are used to promote team learning and there has been a focus on coaching skills for leaders.

Individually, people have a role in identifying their needs.

In terms of Peter Senge's approach to learning organisation, Financeco operate particularly in the areas of Personal Mastery and Team Learning.

The **critical factors** required for success were listed as:

- Changing the culture

*'It's like turning a big ship in the ocean'.*

- Top management support.
- The reward system needs to support change.
- Finding development opportunities to prepare individuals for the future.
- Developing leadership skills, especially those of coaching and counselling.

Factors that have hindered progress include:

- The historical culture
- The 'I'm only' syndrome - individual and national messages from the past.
- Lack of money available for training.
- Inability to let go of control by some senior managers.

## Outcomes

1. Specific evidence of transition has included:

- Helping without waiting to be asked - having a more intuitive approach to supporting staff.
- Personal pride.
- The ability to share feelings and aspirations in an unselfish manner.
- A move from management to leadership.
- A vibrancy with the processes of enabling learning.

2. Processes used to capture and disseminate learning include a best practice project that brings ideas into the organisation.

3. There is more work to be done with encouraging risk taking, since 30% of staff do not feel comfortable with speaking out. Within the pilot division, there has been a bottom-up push to encourage more creative behaviours.

4. It is considered acceptable not to want to become a self developer. However, there may be consequences if the job requires growth that cannot be achieved without the individual learning. An ongoing review process is used with the door always remaining open to late developers.

5. The main outlet for internal competition is 'competition with the self', i.e. self challenge to reach greater goals year on year.

## Evaluation

When asked what improvements could be made if Financeco could change their approach in the pilot group, the following points were made:

- To work more on a top-down basis and test the commitment of the senior management team.
- To change the reward system to reflect desired behaviours.



HUMAN DYNAMICS

## Case study 6 - Carco

This is a large car manufacturing company.

### Definition of learning organisation approach

Carco use a pragmatic approach to the learning organisation that does not line up with any particular 'guru'.

### Vision and background

The main drivers for the pursuit of the learning organisation approach are:

- Business benefits
- Competitive advantage
- Survival

The organisation has no mission, only a vision. Instead of critical success factors, it has 14 strategic initiatives, one of which is the 'success through people' strategy. A key driving belief is that Carco are willing to do whatever it takes to achieve the strategy, in order to gain the benefits of extraordinary customer satisfaction.

The vision was developed within the top team with the involvement of the CEO. A key difference that makes a difference is that the board are mostly Carco career professionals and the CEO has been with the organisation from the start of the process in 1986/7. The fact that they have had consistency and constancy at the top of the organisation has allowed them to take a longer term view than typical in other organisations in the UK.

The learning organisation within Carco is set up to meet the following needs:

- To encourage people to get back on the learning ladder.
- To generate corporate learning by spreading best practice inside and outside the business through benchmarking.
- To align the extended enterprise through the dealer/distributor network, including franchised operations.
- To become the world-wide best in class learning organisation

It has a council of mostly academics who provide help with the strategic direction.

In terms of managing the culture change, there are two components:

- Providing for individual security issues.

- Modelling new processes using low profile symbols.

Consistency is vital.

*'You can't say quality is important and then discipline people on quantity'.*

Culture change is difficult. The main problem is the 'we've heard it all before' syndrome.

### **Strategies and tactics**

Learning across business units is via electronic networking and using best practice information. Carco have a scheme based on the notion of 'creative swiping', which rewards innovation through copying ideas - both the originator of an idea and the 'thief' are rewarded for demonstrating the adaptation and application of ideas in different settings.

At group level, the creative swiping scheme is also used.

Individually, Carco are trying to create good feelings about learning against a backdrop of what happened to most people when they were at school. The result is marginal changes in attitude by making marginal changes in how people feel about themselves. This generates the conditions where self learning is possible.

Carco's employee assisted learning scheme allocates £100 per employee per year on a development opportunity that is non job related. In doing this, Carco have taken giant leaps of faith in developing people, since the strategy has not been evaluated in bottom line terms. The assumptions are that learning translates into better performance and the strategy therefore creates a self fulfilling prophecy of growth. There is a continuous soft evaluation through attitude surveys, which have been improving continuously.

A lot of time has been invested in personal development, to create space where people can grow. This has been delivered through open learning centres and formal courses. In all cases, there is no need to demonstrate a business need. The attitude of personal responsibility is modelled down to the last detail, e.g. when people arrive to do a particular course, it is assumed that they have both the authority and motivation.

Carco are moving away from suggestions schemes and building it into the mainstream work process.

All the above has been pursued within the business as a whole rather than as a pilot process in a single part.

The **critical factors** required for success were listed as:

- Constancy of vision.
- Modelling the process.
- Constancy of purpose.
- Line manager ownership.

The main barrier has been that of time to get attitude shifts to create momentum.

### **Outcomes**

1. Specific evidence of transition at all levels has included:

- Open-ness.
- Involvement.
- Contribution.
- Productivity.
- Quality consciousness and taking action from this.
- Leadership.
- Enhanced listening.
- Tolerance.
- Room to confront the 'party line'.

2. Processes used to capture and disseminate learning include conducting learning reviews on projects, the use of metaphors to widen understanding and the ideas network. This holds information on ideas, the 'factholder's' name and whether a report exists.

3. Carco's creative swiping scheme encourages organisational learning. However, this is not considered sufficient - although the scheme is recognised by all leaders, the vision is for it to become more Darwinian in nature.

4. Risk taking is encouraged in the sense that Carco has only results not mistakes. However, continued mistakes are not OK:

***'We must not model non quality processes'.***

The overall approach was described as:

*'We need a framework to correct mistakes with minimum disturbance'.*

*'We need to ensure that we develop ways to avoid mistakes in the future'.*

*'We must find out what we can learn in general from mistakes'.*

*'In cases of repetitive mistakes, it is important to identify who is genuinely responsible and take appropriate action'.*

5. Behaviour is what counts as a measure of culture change. The attitude surveys provide supporting evidence of positive values and beliefs.

6. It is considered acceptable not to learn in the culture:

*'You may have a discussion with a line manager and agree that no development is currently required. You are aware that you can review it'.*

Learning organisations are about having more choice - there are few standards in this area.

7. A difference was made between internal tension as described by Pascale and competition. Whereas internal tension is good, competition is generally bad.

*'We realise that we will never arrive - we must challenge ourselves'.*

8. A further outcome is that Carco now have 'added value conversations' - this is described as follows:

*'If someone phones for information which the other person does not have, they refer them to someone who does. A general enquiry comes in - I pass them on. Eventually, my telephone never rings'.*

The organisation needs to develop ways of dealing with the consequences of this.

## Evaluation

When asked what improvements could be made if Carco could revisit any of their strategies, the following points were made:

*The presumption is that if Carco had got something wrong, it would know and could do something about it.*

*In general , it is not therefore possible to say what would have been different in the past.*

*We are in a process of continuous improvement with marginal corrections using feedback.*



HUMAN DYNAMICS

## Case study 7 - Techco 2

A large diversified organisation involved in the development, manufacture and sale of high technology products and systems in the avionics, military and medical sectors.

### Definition of learning organisation approach

A learning organisation is an organisation that has a high level of commitment to the development of its employees in the future. It recognises that its competitive edge is fundamentally based on the workforce - they are an important element and need to acquire new skills, more knowledge and greater competence.

### Vision and background

Techco 2 has a long history and has many traditional cultural roots. Today the organisation is diversified into business units, each of which has a high degree of autonomy. As a consequence, much training and development activity is conducted in an empowered 'hands off' manner. The central function provides a drive to enable high performers to progress their careers within Techco 2. In managing a diversified organisation the vision is to ensure that people realise that they work for Techco 2 rather than a small business unit. The Chairman and Chief Executive has had a key role in driving the vision forward, in terms of developing people internally. This has been a key driver for progress.

### Strategies and tactics

At the organisational level, Techco 2 produce a corporate career development portfolio on a yearly basis which encourages managers to identify their future development needs. Development centres are used in the UK and US to identify and then to develop high potential people. Techco 2 is also involved with a USA consortium MBA at Henley Management College with a number of other organisations in different sectors. This provides participants with a very wide awareness of business strategy across different cultures. There is visible commitment to career development and succession planning at the very top of the organisation.

At business unit level, Techco 2 have a high commitment to training and development tailored to business needs. Open Learning is used to supplement this and these activities are supported by an appraisal system which identifies training and development needs and a succession planning system.

There is a bottom-up push for training and development which generates commitment.

Due to the divisionalised nature of the organisation, the strategy has progressed at different rates in different groups.

## Outcomes

### 1. Specific evidence of transition has included:

- An excitement about opportunities from 'grown men and women', exemplified by typical statements such as:

*'I'm really thinking about my career now'*

*'I have been rejuvenated'*

- There has been very little cynicism.
2. Action learning groups are used to capture and disseminate learning across diverse businesses. The use of cell manufacturing also provides opportunity for sharing learning, through the use of review processes within cells.
  3. Further work is beginning to reduce fear of taking risks. This arises from the traditionalist culture and has consequences for challenging the status quo.
  4. There is apparently very little change in beliefs and values as a measure of cultural change. This may be due to stability arising from staff retention and having a constancy of purpose through the change, driven by the Chairman and CEO.
  5. In terms of organisation success accruing from the strategy, Techco 2 have had impressive financial results through difficult times. In a diversified business, this is attributed to the commitment and ability of people amongst other things.
  6. Techco 2 could not yet be described as a learning organisation, but is actively moving towards this.
  7. Competition is encouraged to the extent that it is directed at self improvement. People who take an interest in their own development are encouraged, which creates a momentum for others.
  8. Techco 2 are now better placed to fill places for key staff internally as a result of the career development strategy.

## Evaluation

When asked what improvements could be made if Techco 2 could revisit any of their strategies, the following points were made:

- We would have taken a similar overall approach.
- However, we would have taken one step, then built on the success by trying to get more momentum in other business units earlier on.

*'Getting all of our businesses to buy in with a similar commitment is a challenge'.*



HUMAN DYNAMICS

## Case study 8 - Motorco

Motorco is a large vehicle manufacturing company. The interview focused specifically on an open learning approach to individual learning, as part of an approach to the learning organisation.

### Definition of learning organisation approach

Motorco have adopted a pragmatic approach to encouraging a learning organisation, driven by economic realities. This has involved giving each person a chance to develop themselves within their broad job role.

### Vision and background

The background to adopting a learning organisation approach has been the need to gain greater employee flexibility and performance.

### Strategies and tactics

A careers guidance programme has been a major factor in developing individual learning. In essence, it involves a flexible learning approach for all employees supplemented by a confidential guidance service to maximise the most appropriate choice of learning activities to suit individual needs. Unlike some schemes, all the learning is work related.

The guidance process is also available for middle and senior management, with courses being offered at National Vocational Qualification (NVQ) levels 4 and 5, using a variety of methods, e.g. work based learning, distance learning, open learning, accreditation of prior learning (APL) etc. Motorco have developed good relations with local educational providers, which has enhanced the types of development opportunities available at all levels in the organisation.

The **critical factors** required for success in implementing the careers guidance approach were listed as:

- Senior management commitment
- Representation from all the Trade Unions convenors on the steering group to gain credibility

The main barriers to implementing the strategies were connected with initially negative attitudes towards computer based learning and the prevailing culture of the organisation was not aligned with self development at all levels.

## Outcomes

1. Specific evidence of transition has included:

- People in Motorco are now inclined to say 'What happens to Motorco affects me'.
- A greater involvement of employees arising from greater commitment.
- In particular, foreign language skills have been of practical use in facilitating team working across national boundaries, e.g. with European operating companies.

2. In terms of challenging the 'status quo', managers have become far more receptive to suggestions from the shop floor as a result of this bottom-up approach. This has been helped by the instigation of a recognition and suggestion scheme.

3. The culture has changed in the sense that employees now see Motorco as 'their company'. This has been acted out in terms of a more moderate approach to negotiations within the organisation.

4. Since the scheme is voluntary, retainment on courses is high as employees feel that training received is appropriate and relevant to them.

HUMAN DYNAMICS