



Designing the Smart Organization

How Breakthrough Corporate Learning Initiatives Drive Strategic Change and Innovation

by Roland Deiser
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Take-Aways

- Learning is essential for corporate success, but traditional models are too narrow.
- Learning is not just intellectual. It is also emotional, social and ethical.
- For learning to matter, you must act on it in a specific context.
- Learning must be organization-wide. It should lead to strategy, enable it and build on it.
- Traditional learning focused on the individual. Today, the structure of your organization should support broader learning.
- Learning must go beyond your firm. Help your supply chain and value network learn.
- Learning is a significant factor in “strategy generation, strategy formulation and strategy execution.”
- Learning can be “topical, analytical, emotional, social, political, ethical or actional.”
- Learners can achieve “people excellence, organizational excellence and strategic excellence” as a result of their training.
- Learning occurs on five levels: “standardized, customized, organizational change, strategic business initiatives and engine for industry transformation.”

Rating (10 is best)

Overall	Applicability	Innovation	Style
8	8	8	8

Relevance

What You Will Learn

In this Abstract, you will learn: 1) Why learning is essential to organizational success; 2) How learning must change; and 3) How different learning tactics have energized 10 major organizations.

Recommendation

Roland Deiser, founder of the European Corporate Learning Forum, makes informed, interesting points about all aspects of learning in this intriguing, useful book. Some of his charges against “traditional” learning may seem like straw man attacks that he sets up just to knock them down, but his objectives are clear. For instance, he criticizes classroom learning as distinct from the real world – and removed from ethical consideration and action – in order to say that it should be the opposite. Likewise, some of his distinctions among levels of learning (such as “political” or “social” learning) impel analysis, as he says, but may not matter as much in practice. Such caveats aside, much of what Deiser offers is exciting. He starts with a multistage theoretical overview of learning, especially learning in the corporate environment, then moves on to discuss 10 cases studies. Each of these differs wildly from the next, demonstrating evocative possibilities and challenges in corporate learning. Readers are sure to find inspiration and possible models in these case studies. *getAbstract* recommends Deiser’s book to CEOs, trainers, HR personnel and other executives who want to foster learning.

Abstract

“The competitive success, if not the mere survival, of most of today’s organizations is in large part dependent on their ability to learn, to innovate and to change on an ongoing, sometimes radical basis.”

“Real learning happens only when it becomes action, and it is through acting that we demonstrate knowledge.”

The Paradigm Shift in Learning

To succeed or even survive your organization must be able to learn quickly and change fundamentally. The overall context of business operations is undergoing “disruptive change.” Some of this change is political – for example, the world is still dealing with the aftermath of Sept. 11, 2001 – and some is economic, but most of it is technological. As more of the global economy becomes information-driven, “knowledge-based” organizations are on the rise. This requires new business models. Companies must now emphasize “core competencies,” as each organization’s “periphery” becomes more important. You must educate that outer edge of your corporate community and encourage it to feed its new perceptions back to the organization’s core.

Most assumptions about what learning is, how it occurs and what constituency it should focus on are outmoded. People once saw learning as an intellectual, rational, classroom-based process. That needs to shift. The truest learning is “context-dependent,” knowledge gained through dealing with new experiences and perspectives, and weaving a “social fabric.” Boundaries are essential – not as limits, but as markers that show you where to focus your learning.

“Dimensions of Learning”

Learning material in these different dimensions helps you embed the acquired knowledge in context and practice:

- **“Topical learning”** – Learn about a specific subject.
- **“Analytical learning”** – Gain understanding via new connections and perspectives.

“Most of today’s learning activities in large organizations happen in more or less sophisticated settings that focus on the qualification of the workforce and the development of leadership bench strength.”

“Redesigning structures, mechanisms, incentive systems and policies are among the most powerful tools of learning interventions.”

“At its core, the process of generating strategy is about listening, asking, thinking and inventing.”

“Customized programs attempt to connect the learning content to the specific context of the corporation.”

- **“Emotional learning”** – Reflect on your emotions, experiences and standards.
- **“Social learning”** – Focus on human connections.
- **“Political learning”** – Study the structures that shape organizations or communities.
- **“Ethical learning”** – Consider ethical standards and the consequences of actions.
- **“Actional learning”** – Acquire knowledge through action. This capstone of the other forms of learning is a “meta-dimension” that cuts across all the other categories.

Apply these modes of learning to assess “people excellence” by ascertaining that your workforce has the necessary skills and knowledge. Then, evaluate “organizational excellence” by investigating “your business, reward and communication structures” to make sure they support learning. The most complicated domain is “strategic excellence,” which works to build leadership and develop insight. Address these areas with “the five-level model of learning interventions”:

1. **“Standardized learning”** – Use traditional schooling to teach general knowledge and basic skills, such as languages.
2. **“Customized learning”** – Modify learning programs to meet your specific situation.
3. **“Organizational change”** – Use this learning-driven level to focus, in context, on the “tools, interventions and policies” needed to spur corporate transitions.
4. **“Strategic business initiatives”** – Apply learning (such as methods for developing strategies) throughout an entire unit of the firm.
5. **“Engine for industry transformation”** – Provide learning throughout an entire industry network, including other organizations. This takes acute political skill.

Often companies leave the challenge of executing advanced learning up to the HR department, which – alone – usually can’t accomplish the goal of changing how people perceive learning. Learning is not just some program before, after or outside of work. To demonstrate how intrinsic learning is, create a cycle where “learning drives business and business drives learning.” To make your business into an “innovation engine,” you need to become a “learning-driven” company.

Transforming your firm this way lets strategy and learning converge. Traditionally, learning had a specific, narrow relationship to strategy. Those responsible for strategy created it, and those responsible for learning showed people how to carry it out. One served the other, though they were distinct. That time has passed, along with the time for secret or top-down strategies. Hierarchies are flattening. Now all managers must be involved in strategy. In different ways, learning is essential during each of the three stages of creating a strategy: “generation,” which means developing alternative visions; “formation,” which calls for making specific choices about your path; and “execution,” which means implementing your new vision.

Finding a Model: Successful Corporate Learning Initiatives

Successful learning initiatives vary from organization to organization. However, these 10 corporate learning experiences offer exciting programming examples:

1. **UniCredit** – One of Europe’s major banks, UniCredit is a relatively new organization that formed in 1998 when nine Italian banks combined. Since then, it has added more banks from Poland, Bulgaria, Slovakia, the Czech Republic, Germany and Turkey. UniCredit tried to unify these diverse banks under a single business model. Its leaders set a goal of making sure “the most appropriate advisor” served each customer. This solidified the need for trained leaders, so UniCredit built the UniManagement Center in Torino to create a vital learning culture. The building is designed to foster discussion and learning. Its workshops train thousands of employees annually.

“The shift of the learning paradigm requires a fundamental rethinking of the value chain of learning, the institutional framework in which learning happens today.”

“The space of corporate learning...is in transition.”

“Learning is about thinking, being challenged, participating, and sharing ideas – and a physical space should not only allow but actively enable this.”

“How does one teach the unteachable, and how can you learn what cannot be taught?”

2. **Siemens** – In 2005, Siemens started The Siemens Leadership Excellence (SLE) training program to address a widespread problem: Corporate leaders often have no source of ongoing learning, although they must think with agility and serve as models for their subordinates. CEO Klaus Kleinfeld charged Marion Horstmann with developing the program. An experienced consultant, she repeatedly made challenging choices, inviting the firm’s 12 most “demanding and critical leaders” to her opening workshop hoping to win them over first. She had Kleinfeld give them an issue of the *Financial Times* with a story about an attempt to take over Siemens. The paper and the story were faked, but they sparked serious reflection about Siemens’ circumstances, history, identity and culture, including how it functions, communicates and exercises leadership. The session created widespread momentum. All Siemens’ executives now have taken part. New programs are underway.
3. **ABB Stotz-Kontakt** – Too often firms cut funding for corporate learning when they run into trouble. This unit of ABB did just the opposite. New leader Ferenc Remenyi used learning to turn the company around. Despite layoffs and restructuring, he set out to change factory workers’ perceptions. He asked them to take responsibility for their workplace by cleaning it up. He remodeled the facilities to help shift their mindsets. Corporate training workshops helped managers address problem areas and identify “pathfinders” who could communicate to the workers about the need for change. Remenyi’s process – starting small, leading the workforce to become a team, making processes transparent and demonstrating commitment – turned ABB around.
4. **EnBW** – EnBW, a European utility company, was created by mergers that blended firms with very different cultures. To resolve its internal splits, it founded a learning academy led by Dagmar Woyed-Köhler, who believes, “culture is the wellspring from which all other issues emerge.” The academy held workshops to unify the culture, starting by identifying, articulating and sharing 10 pivotal company values. Workshop participants highlighted areas where EnBW lived up to its values, where it needed work and what differences its values made to its survival. They integrated the values into the company’s fabric with methods ranging from formal (adding value reviews to meetings) to fun (using fortune-cookie style “value cookies”).
5. **BASF** – This chemical company faced a challenge common to high-tech firms: It fell into the habit of basing all its actions on research, technical expertise and product development, not on customer needs. That works in a stable environment, but not in a shifting market. BASF launched its “Perspectives campaign” to rethink its strategy. BASF’s leaders found new markets and reconsidered their positioning. They deliberately shifted BASF to focus on helping clients succeed. Differentiating their consumer relationships helped BASF serve each market segment better. This learning exercise also identified distinct actions (enabling, implementing and networking) that support change.
6. **U.S. Army** – The military is a hierarchical organization. Orders come from the top, and information flows back up the ladder before being disseminated to the troops – obviously a sore point to them. For example, some soldiers completed their entire peace-keeping missions in Somalia before the Army issued its “White Paper” on that country. The solution is a community of practice enabled by contemporary information technology. Friends Tony Burgess and Nate Allen, who commanded different Army units, often got involved in informal conversations about leadership. They established a “virtual front porch” called CompanyCommand where others could share experiences. Its forums give service members a place to exchange

“Attracting, developing, and retaining professional talent is a critical success for every corporation.”

“Customer focus is on nearly every short list of strategic initiatives of larger corporations.”

“All the Six Sigma process improvements in the world cannot repair the damage from a grumpy employee who doesn’t treat a customer with respect or demonstrate a commitment to service excellence.”

stories, ask questions and get help. Once it took off, the military officially supported CompanyCommand. Its virtual meetings led to in-person sessions where the participants could obtain information, instead of waiting for decisions from the top.

7. **PricewaterhouseCoopers** – PricewaterhouseCoopers’ Ulysses program fosters “a new breed” of long-term, global leaders. It is named for the epic hero Ulysses who fought in the Trojan War and then wandered the world for 10 years before coming home transformed by his adventures. The program engenders that sort of personal change, by trying to generate individual “Aha! moments” through an extended transformational experience. The firm carefully selects 20 to 25 people for the Ulysses program each year. The participants tackle an eight-week service project “in a trying environment.” So far, locations have ranged from Belize to Namibia. Participants work with nongovernmental organizations (NGOs) to help – and learn from – local communities. Upon their return, they share their stories and use what they’ve learned to transform their values, organization and customer relationships.
8. **European Aeronautics Defense and Space Corporation (EADS)** – This company’s projects take years, even decades, to mature, and its technical experts must work together over such extended periods. EADS faced a dilemma: Its experts, people with rare intellectual abilities, were aging and about to retire. EADS needed to develop an “expert pipeline.” EADS’ leaders examined their practices and also found that they tended to promote technical experts into management, where they had no expertise. The organization established a managerial career track and a separate “expert ladder,” which recognized three levels of expertise, acknowledged the experts’ accomplishments, and rewarded them for attaining and maintaining their level of knowledge. This gave the experts new career paths, promoted retention and organizational function, and enabled effective transfers of knowledge to new experts.
9. **Novartis** – Novartis, a global leader in pharmaceuticals, confronted two related challenges in China. First, business depended on “*guanxi* – personalized networks of influence and social relationships.” Second, Novartis wanted to hire Chinese managers, but few were ready, and those they hired often left quickly, using Novartis as a springboard to higher positions. The Novartis China Learning Center was the solution. It created a “mini-MBA” program to fill Novartis’ needs for managers. The firm worked with Beijing University, which knows both Western business and Chinese markets. Managers in the program pledge to work for Novartis for two years after it ends. The program built retention and raised Novartis’ profile in China.
10. **Deutsche Post DHL** – DHL makes millions of deliveries daily in dozens of countries. It embarked on a learning initiative to improve customer service and unify after a merger. Building on a “Six Sigma approach,” DHL’s leaders systematically reviewed its processes. They identified and evaluated improvement methods, implemented them and evaluated the results. The challenge was getting thousands of workers to change their daily behavior. DHL developed standardized two- to three-hour workshops to guide employees and to serve as templates for managers to use to lead other meetings. Workers received step-by-step guidelines on customer service. This *First Choice* program sped service and helped DHL coalesce internally.

About the Author

Roland Deiser is founder and executive chairman of the European Corporate Learning Forum. He is a senior fellow at the University of Southern California’s Annenberg School.