



THE POWER OF LEARNING

Lifelong executive learning for value creation

By Professor Peter Lorange (December, 2007)

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Executive learning is vital for corporate success. It can significantly contribute to value creation and help senior management to effectively implement a new strategic direction. But true lifelong learning requires the CEO and senior management to stimulate a learning culture and disseminate this culture broadly within the firm. And smart companies to utilize different external and internal resources according to their specific needs. In his latest book to be published by Cambridge University Press in early Spring 2008 “Thought Leadership Meets Business: How Business Schools Can Become More Successful,” IMD President Peter Lorange outlines various executive learning routes.

Corporate learning strategies

More and more companies are developing explicit learning strategies that attempt to codify what type of executive learning can and should take place. The corporate learning strategy should take into account the company’s specific needs – what is right for one company may not be right for the next. It cannot be wholly delegated to business schools, nor can it be wholly subcontracted to, for example, consulting firms. Fully delegating this task internally will typically not work either. The CEO must be involved.

Chief learning officer

Some corporations rely on their HR function to carry many of the institutional learning initiatives. However, the role of chief learning officer (CLO) is increasingly being created as a specific, separate function, mandated to develop a portfolio of tailored executive programs that meet the specific learning needs of the company. The CLO is also often responsible for a firm’s “corporate university” (see below). Highly networked with learning communities outside their own company, including business schools, leading consultants, and/or other corporations, CLOs are perhaps most effective when they see themselves as catalysts for learning rather than keeping “control” of the learning process. An effective approach might be to have a “rotating CLO role”, drawing on experience from line functions, to promote fresh ideas and prevent stagnation.

Corporate universities

Many companies have established in-house learning institutions commonly known as “corporate universities”. These can be particularly effective for instilling a common corporate culture or delivering programs dealing with company-specific, and often sensitive, strategic issues.

However, it would be erroneous to think that creating a corporate university will take care of all lifelong executive learning tasks. At their worst, corporate universities can lead to “inbreeding,” stagnation and a less open view on learning. For example, they may even end up safeguarding the positions of particular executives who run them. There may also be more pressure to “fill seats” than to deliver the cutting-edge executive learning initiatives actually needed. This is particularly the case when the corporate university has invested in its own facilities – which in any case may not be as cutting-edge as those of leading business schools. In addition, unless the company is a large and diverse multinational, it may be difficult to create a sufficiently diverse group of participants in an auditorium.

Consulting firms and independent faculty

Some corporate universities attempt to prevent stagnation by contracting faculty from business schools and consulting firms. This can clearly lead to quality improvements, but still has potential limitations. For example, consulting firms tend to apply their “standard” solutions and focus on “follow-on business.” Outside faculty and consultants from different institutions might not be strongly coordinated and, therefore, not able to deliver an integrated, research-based program. Thus, program quality will typically not match that delivered by business schools, where thought leadership, program design and program delivery are usually better integrated based on the latest research.

There is another issue here too. “Cherry picking” individual professors to deliver ad hoc sessions may be cheaper for the company than tailored in-company programs run by business schools (see below). But benefiting from these professors’ insights and research without compensating the business school for its investment in this research can, broadly speaking, lead to less research-intensive knowledge-development in the longer term. Indeed, it may ultimately result in the stagnation of new knowledge generation.

Tailored in-company programs

When rapid strategic change or a more unified company culture is called for, a CEO may engage with a top business school to develop a tailored, in-company program. These can accommodate a large number of executives in a relatively short period of time, thereby speeding the pace of strategic change and implementation – especially when the program involves specific assignments consistent with what needs to be done to implement the new strategy. Such programs can be even more effective when the CEO and/or senior management participate in their delivery. The company must never, however, delegate full responsibility for learning to the business school. The business school plays a partnership role – but the firm must be the key driver.

Open-enrollment executive programs

When an individual executive has specific development needs, an open-enrollment program at a top business school may be the answer. And by accepting to pay a premium for quality programs (both open enrollment and in-company) based on fresh research, companies help support research at business schools – and in the long run, benefit from renewed thought leadership.

On-the-job learning

Learning on the job will always be key, particularly in encouraging networking that stimulates sharing best practices geographically and across functions. Creating a learning organization thus involves breaking down silos and encouraging broader, eclectic interaction. The advent of the internet dramatically increases the potential for such learning by allowing easier exchange between people in different locations. And, the issue of balance is key – between learning in open enrollment settings and through in-company programs; between individual and group learning; between on-the-job lifelong learning and in business school settings.

Dr. Peter Lorange is the President of IMD. He teaches on the High Performance Boards (HPB) and the Orchestrating Winning Performance (OWP) programs.

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