

IMD Faculty

Shlomo Ben-Hur
Professor of organizational behavior and corporate learning

Guest Contributors

Shawn Fedun
Program manager and consultant

Andrew Rutsch
PhD candidate at University of St Gallen and consultant to Capgemini University

Gordon Shenton
Professor emeritus at EM Lyon business school, and associate director of EFMD

Research & Development

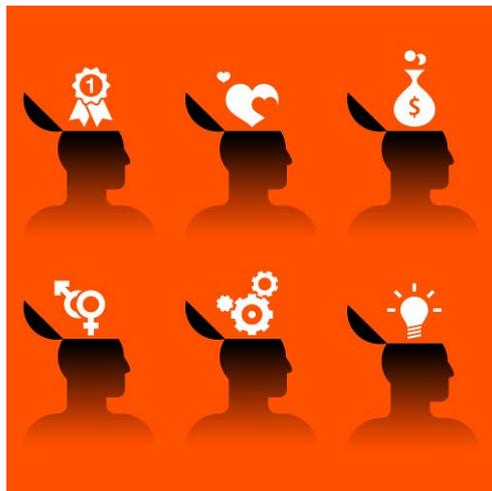
Philippe Margery
Susan Broomfield

At an IMD Discovery Event in June 2011, Shlomo Ben-Hur and guest contributors shared their research on corporate learning and how to build an effective learning organization based on their work with various companies.

Participants took part in research, shared their practices, and walked away with action plans for their own improvement.

Discovery Events are exclusively available to members of IMD's Corporate Learning Network. To find out more, go to www.imd.org/cln.

Corporate Learning



Corporate learning is the capacity of an organization to acquire, apply and share knowledge for the purpose of exploring new solutions and exploiting them to improve efficiency and competitive advantage. While “learning” is a label some companies use to refer to their training department, corporate learning embraces a much wider notion as it pertains to a company-wide learning culture in which both the organization and its employees constantly learn and adapt.

According to Peter Drucker, our extraordinary capacity to adapt, learn and apply what we learn has turned out to be a true competitive advantage for mankind over all other species, leading to our current predominance on earth. More recently, studies such as one led by Accenture have found that:

Companies focused on high-performance learning return better revenue and profit growth compared with their competitors and industry peers that are less learning-focused.

However, the learning landscape in many organizations is rather fragmented. Despite organizations’ statements about the importance of learning, practices often lag behind their intentions:

- Hierarchies and central control often inhibit learning through exaggeratedly top-down approaches.
- Many companies place more emphasis on finding scapegoats to blame for failures than on trying to learn from mistakes.
- People continue to hoard important information rather than share it because knowledge is still seen as a source of power.
- Few organizations adopt a targeted approach to learning as required by a multi-generational diverse workforce.

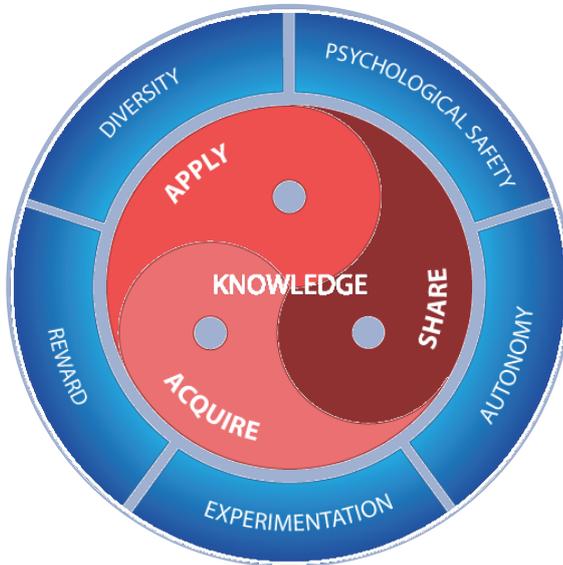
So reality suggests that learning is not yet a business priority for most companies even though research shows that learning and adapting – and doing so fast – are increasingly crucial elements of competitive advantage.

Organizational learning

The cycle that companies engage in while learning and adapting to the market is composed of three fundamental stages:

1. *Acquiring knowledge* by detecting and deciphering even the weakest signals from the market, gathering the critical information needed, and synthesizing the data into useful organizational wisdom.
2. *Applying knowledge* by first ensuring the new knowledge works for the situation and then modifying organizational behaviors to reflect new insights.
3. *Sharing knowledge* to complete the learning cycle and prepare for the next cycle in the learning process. A strong culture of sharing usually results in a greater proliferation of ideas.

In each of these three stages, speed is a key component because a company's competitive advantage is increasingly about its ability to learn and adapt *faster* than its competitors.



Corporate learning culture: Cycle and enablers

© Shlomo Ben-Hur, 2011

The success of this cycle heavily depends on the company culture in which it is embedded. Organizations that score highly on key cultural variables demonstrate greater profitability, sales growth and market-to-book ratios than those with lower scores.

The five *organizational culture enablers* that are associated with learning and help facilitate an effective learning cycle are:

1. *Diversity*, including the appreciation and acceptance of heterogeneity and the ability of an organization to capitalize on these varied views and differences.
2. *Psychological safety* is about a culture that tolerates failure as part of the learning process. It is about asking questions, taking risks and encouraging creative thinking and behavior, as explained by one participant from an international IT company: "We are very open to testing things; if it works, great! If not, we drop it. In a training environment, people really open up about failures. We have no formal mechanism to capture this. We are just very

innovative and experimental and like to try things out."

3. *Autonomy* is an individual or team's freedom to initiate and explore new ideas. It involves a shift from behavioral control to market-based employee control and may be encouraged through networks and the elimination of organizational boundaries. One participant said, "Autonomy came from a void – we ran out and did what we thought was best." Another participant noted that "regulation prevents a great deal of autonomy and room for maneuver."
4. *Experimentation* involves conducting controlled tests or investigations to "fail early in order to succeed sooner." As one participant from a multinational communications company explained, "In our organization we are allowed to experiment but we also have to deliver results. It's not about experimenting for its own sake, but to solve problems, so it's about action-oriented experiments."
5. *Reward* means recognizing teams and individuals that introduce new ideas and launch new processes. A higher reward encourages greater effort and should be more often than not based on non-financial elements. As a participating executive from a manufacturing company mentioned: "Although rewards for learning are not widespread across our company, there are some pockets of excellence across the business and we are training our manufacturing staff to talk about what they have learned and to share that knowledge. They are made to feel proud about their accomplishment without big bonuses."

Another participant explained, "We don't have specific formal experimentation mechanisms in place; the closest is awards for doing something unexpected in terms of innovation and taking something to a place that was not expected. But it's not systematic as this would take away spontaneity."

Obstacles to organizational learning

While many companies implement the fundamentals mentioned above and try to

A company's competitive advantage is increasingly about its ability to learn and adapt *faster* than its competitors...Tolerating failure is part of the learning process.

We are very open to testing things; if it works, great, if not, we drop it. In a training environment, people really open up about failures. We have no formal mechanism to capture this. We are just very innovative and experimental and like to try things out.

Participant

install some of the enablers at least in some parts of their business, Professor Ben-Hur's research indicates that these efforts are not enough to create a learning organization and that a whole range of challenges exist in the positioning and the functioning of the learning function itself. Some of these are:

- The learning function may simply be a new label for the old training department, with the learning being linked more to employee skill building and less to organizational performance issues.
- There may be little or no alignment between the learning function's mission and the corporate strategy.
- The chief learning officer (CLO) may not have the authority to achieve his/her mission either due to being too far from the decision making table or due to being associated with support functions that are not being identified as core parts of the business.
- The remit of the learning function may be restricted to top management with the majority of the organization remaining subject to disjointed efforts of different players.
- A devalued learning function and an absence of brand recognition due to inadequate operational effectiveness as well as an unclear and fragmented structure.
- The dependency of the learning function on the tenure and views of the CEO.

Building a learning organization

An efficient and effective learning organization (LO) must be a strategic partner of the business, and the authority and vision should come from the top.

The learning portfolio must be coherent, clearly structured and aligned with the corporate strategy. The following five building blocks should be taken into account when setting up the LO: strategic positioning, scope, portfolio, design and governance.



The strategically aligned corporate learning function

© Shlomo Ben-Hur and Gordon Shenton, 2011

1. *Strategic positioning* is mainly concerned with the core purpose, mission and strategic objectives of the LO, all of which should be aligned with the *corporate* strategy, mission and strategic objectives. The work required to come up with two or three lines of mission statement can take an inordinate amount of time but if done – and done well – it is something that can be used for communication around the company. The whole question of mission statements can be a big challenge; indeed half the participants said their LO does not have one.
2. *Scope* refers to the target audience (e.g. all employees, just top management) and type of interventions on which the LO should focus (e.g. executive development, change management, professional development). The range of activities should be consistent with the LO's mission. The LO should be properly mandated and everyone should be clear about what is in and out of scope.
3. *Portfolio* refers to the LO's offerings, which should be structured, coherent and of high quality: Programs need to be categorized and clear; duplications within the LO and with other internal providers are to be avoided; objectives must be met to ensure high quality. The portfolio should also be aligned with the scope and the LO's strategic positioning, and should take

In our organization we are allowed to experiment but we also have to deliver results. It's not about experimenting for its own sake, but in order to solve problems, so it's about action-oriented experiments.

Participant

An efficient and effective learning organization must be a strategic partner of the business, and the authority and vision should come from the top.

Companies focused on high-performance learning return better revenue and profit growth compared with their competitors and industry peers that are less learning-focused.

Accenture

into account a multigenerational workforce since different generations think, behave, learn and work in different ways.

4. *Design* involves the appropriate positioning of the LO within the company's organization chart, and defining its internal structure, business model and operating model. To do this effectively, the LO should be regarded as a partner in creating competitive advantage.
5. *Governance* refers to the strategic oversight required to ensure continued alignment between the company's strategy and the LO's mission, and financial oversight to secure adequate resources and funding.

Conclusion

In today's world, the corporate learning function needs to play a key role in the strategic positioning of any business and in ensuring its competitive advantage. Key to this is becoming a vital partner of the business, building an effective relationship with HR, constantly reflecting on the learning function's purpose, and ensuring it evolves with the business – or even ahead of it. Branding, marketing and communication are all elements of a modern corporate learning function.

In times of rapid change, the occasions to shape the corporate learning function are abundant. It is up to learning professionals to grab the opportunity and unleash the potential.

Capgemini University: Reflecting on a 20-year journey in corporate learning

A recent case study produced by IMD offered participants insights on the creation, building and strategic positioning of a corporate university. The Capgemini University was set up by the organization's founder, Serge Kampf, in 1988. Kampf's intention was to improve the cohesion between the different regions and businesses. The University was to become the "home, heart and hub" of the Group to: diffuse the Group culture (the home), be a symbol of the importance the Group places on knowledge and competence building (the heart), and play a role in developing people-based networks (the hub).

Over the years, the University shifted from delivering products to delivering solutions. Adapting early on to emerging business needs, the University became a strategic partner of the business, influencing direction and strategy, and helping people adapt to changing environments. During the financial crisis of the 1990s when other large organizations were closing their corporate universities, Capgemini University was busy training managers, as well as linking and training key communities in the Group to share best practices and build networks across organizational boundaries. It had become a trusted partner in helping execute the Group's strategy of becoming global and bringing its entities, cultures and people closer together.

Discussions at the Discovery Event were enriched by the presence of Steven Smith, Director of Capgemini University, who shared his insights about the journey he and his function have gone through. He explained how the University's role was achieved through "Resolve and commitment straight from the top, a shared vision between the University and the company and, most importantly, a true commitment to learning and a vision from the owner."