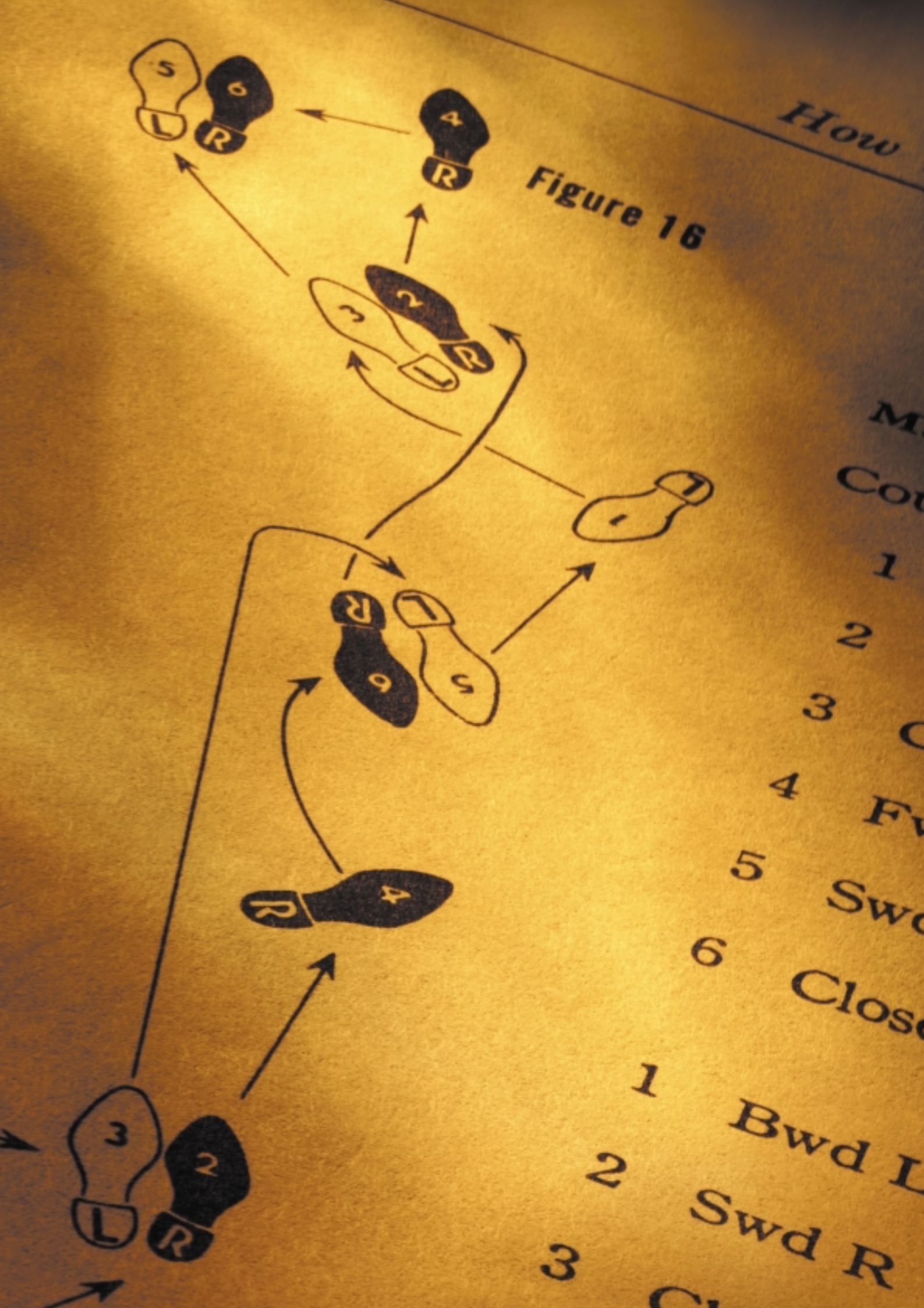
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Old dogs, new tricks

By Jane Linder

Learning is an essential part of any company's effort to change and innovate. But to be successful, learning must be extended to strategy and management issues—and involve the direct participation of senior executives. It's a price too many CEOs are unwilling to pay.

When today's executives ask how they can ratchet up their companies' capacity for innovation and change, the answer that frequently comes back is, "Focus on learning." But many corporate leaders are resisting the notion that they have anything to learn, let alone that learning can have any real impact on strategy and management. Indeed, at too many companies learning is still relegated to lower-level employees and to the training department, where the emphasis is on acquiring or honing non-strategic skills.

This attitude is understandable. Along with its clear benefits, genuinely *engaged* learning exacts a steep price from the executives who embrace it. It demands they change the way they manage—and that means changing themselves. But the company that uses engaged learning to enhance its ability to change, innovate and grow will have a clear edge over competitors that don't.

What is engaged learning? The term applies to a range of approaches and techniques, including business simulation, action learning, storytelling, war games, role playing and more (see page 45). What they have in common is a conscious attempt to help people internalize new knowledge by participating with other learners, focusing on specific goals and wrestling with data and other information to come up with breakthrough insights.

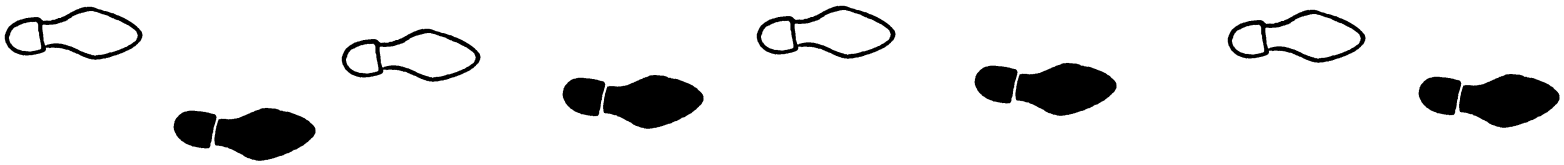
Memorable

The Chinese have a proverb: "I hear and I forget. I see and I remember. I do and I understand." Modern educators have been able to quantify this ancient wisdom. For example, education researcher Robert Glaser, founder of the Learning Research and Development Center at the University of Pittsburgh, concludes from a number of studies that learners retain only 10 percent of what they read and 20 percent of what they hear—but they can retain 80 percent of what they experience personally and 90 percent of what they both do and put into their own words.

How does this work in the real world of business? The CEO of a global high-tech firm was pleased with his plans to take the company through the year 2000, but he didn't have an answer to the question, What next? He asked his director of executive development to help the company find an answer.

Working with the senior leadership group, the director identified a team of up-and-comers in the company. These team members committed themselves to a yearlong project, which required 25 percent of their time over and above their regular jobs. They learned about scenario planning, did their own research into the key drivers of change in their industry and eventually came up with an entirely new perspective on the company's opportunities for the future.

To pull the leadership into their learning, the team abandoned the usual sales presentation approach and created engaging skits and serious workshops in which their superiors



had to roll up their sleeves. Together, team members and executives came up with an innovative, box-breaking answer to the CEO's question.

What did this company do right? Its senior executives got directly involved in the dirty work of learning. And they showed they were serious about it by using engaging approaches—learning together from vivid, memorable experiences. They embarked on a process that had the potential to change them forever.

Engaged learning trounces passive approaches by any yardstick you choose. (If you're skeptical, just consider your own experience: How vivid is your memory of the last presentation you *made yourself*, compared with your recollection of the last one you *listened to*?) Many organizations already use engaged learning techniques like role playing and case studies for a wide variety of training purposes, such as teaching supervisory skills and helping employees understand basic financial concepts. However, the real promise of engaged learning lies in improving an organization's agility as it adapts to change in the market environment.

To accomplish this, executives must extend engaged learning to strategic issues and embed it in everyday management practice. Of the 51 companies Accenture interviewed on the subject, only six had gone this far. For example, a global manufacturing company's executive team has brought war gaming into every executive planning meeting. Another company has a standing team assigned to role-play key competitors, rather than simply describe them, in decision-making meetings throughout the company.

Others reported concrete results from engaged learning that ranged from turning an underperforming plant's losses into consistent profits to securing the future with a multibillion-dollar position in a new technology. Engaged learning helped these companies quickly cut through the tangle of organizational inertia to reach and implement unconventional solutions to difficult problems. Needless to say, these companies have reputations for staying one step ahead of the competition.

But our research suggests that they are also the exceptions: Less than a quarter of the companies we talked to about engaged learning were applying it directly to strategic issues. Why aren't more organizations using it? Occasionally, training directors mentioned time and expense as inhibiting factors. Much more frequently, however, we heard about deeper concerns emanating from the top. Engaged learning exacts a toll: Executives must share leadership, face harsh truths and take learning personally. It's a price many are unwilling to pay.

Surprised and threatened

Inevitably, companies find that engaged learning invites all the participants to become accountable for change. When managers commit their hearts and minds to real learning, they naturally want to follow their insights through to action. But in many companies, senior executives are unwilling to make room on the pedestal.

One organization asked a group of high-potential managers to develop a long-term strategy that would help the company break out of its traditional thinking and "escape the pull of gravity." After two years of work, supported by engaged learning, the team presented a radical new vision to the CEO and his staff. Surprised and somewhat threatened, the CEO and president concluded that although the effort was worthwhile, setting strategy should not be a democratic process. They thanked the team and sent them back to their day jobs.

Some executives do share leadership, however, and find the results highly rewarding. In 1994 Texas Instruments CEO Jerry Junkins set as a priority defining a new vision and strategic plan for the company. He held his top leadership team accountable for both—but went a step further. Once the initial draft of the vision was produced, more than 200 additional TI executives—the corporation's rising stars—were invited to participate in further shaping and refining it.

Management could just as easily have herded this second tier of managers into a large room and asked for comments. Instead, the leadership team orchestrated a series of five-day events and revealed the draft vision only after two full days of explaining the process that produced it and exploring competitive dynamics within the industry. At that point the participants were fully engaged in the issues and were prepared to offer thoughtful criticism and recommendations—which were readily incorporated into the final product.

Subsequent events at TI make this case for engaged learning even more compelling. In mid-1996 Junkins died suddenly and was succeeded as CEO by Tom Engibous, who was promoted from within the senior leadership team. Time for a fresh sheet of paper and strategizing from scratch? In fact, the original planning exercise continued, virtually without missing a beat. As George Consolver, head of TI's strategic process, explains: "Two or three hundred of us had worked on this. We didn't just want to go forward with it—we wanted to pick up the pace."

Together, members of the larger group undertook a stark assessment of the

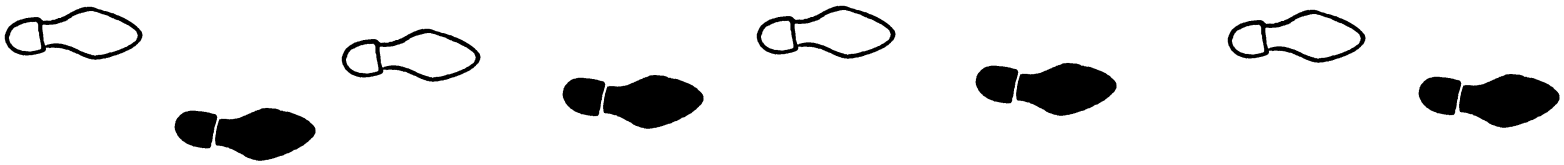
corporation's portfolio of businesses and decided to divest a business unit that "had been there forever." It was an excellent financial performer, but it was in a consolidating industry. The group realized that trying to keep up with the biggest players wouldn't be the best use of company resources. "The guys from that unit had done the process with us, and even *they* said they should be divested," recalls Consolver.

What would have happened if the leaders hadn't invited their colleagues into the process? Or if the new CEO had reversed course, refused to share leadership and disengaged from the learning process? Consolver believes

Learning by doing

What various engaged learning techniques have in common is the attempt to help people internalize new knowledge through actively participating in their learning.

Engaged learning technique	What is it?
Storytelling	Presentation with a twist—traditional presentation repackaged into emotionally compelling drama, rich with context, characters and plot. Involves even a passive audience in the message.
Outdoor adventure exercise	Rope climbing, para-combat games like paintball, obstacle courses, construction projects and other physical, team-oriented activities. Develops teamwork and highlights the impact of a team member's interpersonal style on the effectiveness of the group.
Dialogue	Facilitates give-and-take discussion. Incorporates different points of view in problem solving, gives stakeholders a voice in decisions, and creates consensus and buy-in for initiatives.
Case study discussion	Facilitates discussion of a documented business situation or problem in which the participants put themselves in the shoes of the case protagonist. Teaches how to address realistic, complex business problems.
Role playing	Participants assume defined roles in an orchestrated drama and play out a scene. Simple role playing gives individuals a chance to practice new skills. More complex role playing can be used to test organizational initiatives like launching an important new product.
Modeling and mapping	Structuring the analysis of a business situation with tools like flowcharts, modeling software, analytical frameworks or graphics. Develops systematic analysis that provides accurate comparisons to outside or baseline data and generates new perspectives on the situation.
Business simulation	Simulated business environment provides a context for taking management decisions and explicitly assessing the outcomes. May involve several rounds of moves and countermoves, allowing strategies to play out over time. Gives participants an appreciation for the interrelationships among business decisions and provides a safe environment for experimenting with different strategies.
Competitive war game	Simulates competition in the market through team role playing. A new-product war game assesses customers' response to new products before launch. A kill-your-company war game identifies where a firm is vulnerable to competitive attack.
Scenario planning	Identifies the implications for a company under several different scenarios about how the competitive landscape might evolve. Takes the long view. Requires disciplined research into market conditions and competitive positions, but avoids the trap of having to predict a single future. Does not have simulation's advantage of measurable outcomes and competitive role playing, but allows for much more radical environmental shifts.



that "we would have missed the opportunity by moving too slowly—the window would have closed while we wrestled with our internal tensions." Ironically, while engaging the organization appeared to slow down the strategic process, it ended up having exactly the opposite effect.

For many executives—especially those who have been successful with a directive, controlling style—sharing leadership would require a level of personal change that is simply beyond their capabilities. Unfortunately for them, they'll face companies like TI in their respective markets.

Frank critique

Engaged learning also means that management must take a hard, cold look in the mirror—and often confront provocative information that has the potential to shatter comfortable, but dangerous, assumptions.

One organizational development vice president at a consumer-goods company puts it this way: "The tragedy is that our executives understand what has to be done. But they don't do it. They unconsciously distract themselves to avoid facing it." Although the process is painful in the short run, it sets the stage for an organization to deal honestly and openly with important issues that will drag it down if left unattended.

In spite of the benefits, some executives are unwilling to endure a frank critique. For example, when a new CEO took over several years ago at a global imaging firm, he announced that the company was going to grow through increased emphasis on marketing, and he asked for a plan to improve delivery lead times and inventory turns. The project leader suggested grounding the strategy in an honest, critical review of future sales projections. Request denied. The reason? The new CEO already had decided the firm would grow, so it would be impolitic to launch an inquiry that might provide a different answer.

The process of facing up to bad news can sometimes be as simple as reviewing information the company already has—but has not pulled together. Consider the case of one midsized consumer-products company. The first time it measured total cycle time, the company was shocked to find that it took more than two years to manufacture and deliver each unit of its core product—from the first raw-material purchase order to delivery of the finished item. Actively collecting the information for the first time and then seeing the ugly truth energized management to change.

Some companies have invited their trading partners to participate in engaged learning activities to shake executives out of long-held positions and challenge standard solutions. One Massachusetts-based high-tech start-up took the unusual step of inviting prospective customers to join its war games. The result? The customers' unvarnished reactions helped the management team focus on real product needs. One product was accelerated on the development calendar, but another was killed. Despite the pain of this open-forum decision, its obvious logic helped the team adjust quickly.

The US Army centered a deliberate attempt to change its leadership style around honest self-reflection through engaged learning. It has made a technique it calls "after action review" a linchpin of its transformation. At the end of training exercises, everyone from privates on up convenes for a self-critical assessment in a no-holds-barred session that doesn't stand on rank. And the questions are incisive: Did you meet your objective? What caused your failure to meet it? How will you correct this problem?

The Army claims it took years to institutionalize this countercultural, open-learning experience. But it also credits the process for making the institution more nimble, inventive and successful on the battlefield.

Facing the truth can be unpleasant. Some executives simply look the other way. But organizations that prize effectiveness manage to find the courage to shine a discomforting spotlight on past decisions and current commitments—which, ultimately, pays off in performance.

Facing the facts

Many executives resist sharing leadership and avoid facing unpleasant facts. But the biggest roadblock to real learning is the personal price executives must pay to participate.

Engaged learning means executives must devote their own time and attention—and be willing to change their own behavior in the bargain.

An expert in executive teamwork we interviewed told us about one leader's brush with insight. The executive agreed to bring his team to a three-day workshop to address a business problem that had been plaguing the company for some time. The team arrived, but the executive didn't turn up at the appointed hour, despite the facilitator's insistence that starting with the group was critical to the experience. The executive made his appearance the next morning, but he slipped away again before lunch—for good.

The executive later admitted that he had immediately noticed his people talking openly and honestly about their feelings—for the first time ever—

as they grappled with the business problem. He worried that if he stayed, he also would fall under the spell of the workshop. He said that such openness on his part—and, by implication, vulnerability—"would have been disastrous for my career, so I had to leave."

Most engaged learning activities don't demand this level of personal intimacy, but they can be frank, emotional experiences—that's why they're vivid and memorable. Executives get the benefits, and accept the risks, of trying radical new ideas and practices on for size in public. They're not just on stage, they're on the spot. The potential for looking foolish or not in control is, for some, too high a personal price to pay.

Many leaders do step up to the opportunity for personal change, in spite of the costs. For example, the CEO of a major US multiline insurance company realized that employees didn't have a clear understanding of the company's corporate strategy. He asked the executive development director to design a way to communicate it to the staff of 50,000.

A savvy veteran, the director realized that to get true communication, the employees must be allowed to sort things out for themselves, not just sit through a prepackaged presentation. But this also meant that the company's executives—accustomed to providing all the answers—would have to adopt a new style of management to make room for the employees to participate.

The director designed an engaged learning process in which pairs of senior executives were assigned to have dialogues with large groups of employees in a "non-telling fashion." Instead of telling employees what to think, these executives used discussions to help employees reach their own conclusions. In the past, for example, executives would deliver a PowerPoint presentation laying out the company's key strategies to a darkened room of silent employees.

With the new approach, executives review strategic diagrams, then facilitate discussion. "What did you see here that was new?" they ask. "What are your concerns?" And they try to get people in the room talking to one another, not just to the person at the podium.

The initiative had the full backing of senior management. "Give these people a little room to help you," one executive told his colleagues, "and it will have a profound effect on your personal development." The results? The director summarizes: "When people really understand the strategy, it affects 60,000 little things that change every day. Plus we've moved our employee satisfaction rating up to the top quartile—seven or eight percentage points on average."

Resistance among senior executives to fully embracing engaged learning is still formidable—and understandable. After all, it could mean subjecting yourself to threatening, personally invasive change. But to get the benefit of engaged learning—the agility that makes an organization successful amid shape-changing markets—leaders must be willing to change themselves first. ■

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