5 | Adapt and Rejuvenate: Agile, Learning Organizations

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Identify key traits for successful change leaders.
2. Define empowerment and its role in the change process.
3. Describe how agile organizations approach change and compare this approach to that of traditional organizations.
4. Identify the characteristics and levels of learning organizations.
5. Identify the five principles of learning organizations.
6. Identify learning disabilities faced by organizations.
7. Describe the relationship between learning and change in organizations.
8. Describe the process of becoming a learning organization.
9. Identify leadership as a critical success factor in learning organizations.

"The future belongs to those who see possibilities before they become obvious."

—John Sculley, Former CEO of Pepsi and Apple Computer

Chapter 5 Outline

5.1 Introduction: The Road Ahead

We began this text by defining different types of change and showing how organizational change can be diagnosed, planned, and implemented. In the chapters that followed, strategies and methods for sustaining change were presented. Here, we examine how organizations can adapt to continuous change by emphasizing innovation, creativity, agility, and learning.

Leading people, in particular, is a crucial part of an organization's success in adapting to continuous change. While leaders must facilitate and manage change by articulating clear strategies and creating flexible structures within the organization, they must also create the types of cultures that sustain not only the "hard" dimensions of change (like strategies, structures, and systems), but also the "soft" dimensions that involve motivating and developing people to higher performance levels. While transformational change happens rapidly and sometimes dramatically, organizations must also continue to make equally dramatic adjustments to survive and succeed (Tan, 2011). At the same time, developing cultures that attract high quality talent involves learning and paying attention to innovation and creativity. Motorola's recent restructuring exemplifies this type of innovation and creativity. The company successfully split from a unified corporate parent into Motorola Solutions that housed its businesses manufacturing wireless devices, selling mainly to

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enterprises and governments, and Motorola Mobility, which sells cell phones and set-top boxes to consumers (Cryan & Cole, 2010). Organizations that plan, implement, and strive to sustain change must, as we have shown in this book, continually adapt to unforeseen global competition, casino-like economic shifts, new technologies, and the rapid increase of available data. Other challenges may be indirect and less dramatic, such as learning how best to incorporate recent graduates into the workforce, who may arrive lacking some skills because educational systems can't keep pace with changes in the workplace (Marquardt, 2002). Looking ahead, it's nearly impossible to predict the types of adaptations individuals, leaders, and entire organizations will need to make in order to stay competitive.

In Chapter 4, we discussed strategies and practices that organizations use to sustain implemented changes and embed best practices for the future. To be more successful, many large corporations still choose to restructure, sell off businesses and groups, and fire and hire new executives who don't meet quarterly or annual performance targets. But some of the leading corporations, as discussed previously, make proactive decisions that are genuinely inspired by a desire for improvement rather than a reaction to an external threat that compels reorganization. In order to meet the demands of a constantly evolving global marketplace, leaders must work with all stakeholders—including global constituencies—as they too continually learn and adapt. Although the threat of change can be daunting to executives and employees alike, these challenges also present exciting opportunities for innovation and growth.

The Leadership Challenge

Different leadership styles and strategies relevant to guiding change have been discussed throughout the text. In these discussions, we have found that one of the principle challenges boards of directors, trustees, and owners face is finding and developing leaders who can guide their organizations through uncertainty. Effective change leaders must fill new roles, many of which have yet to be defined. Over the past decade, business leaders and psychologists have attempted to identify the qualities successful change leaders share. In a study of their constituents conducted by the Center for Creative Leadership, 76 percent of respondents believed the definition of leadership had already changed, and 91 percent believed leaders faced increasingly complex challenges. They ranked key traits for leaders who would be successful in these new conditions. Forty-nine percent believed in the importance of collaboration. They also highlighted change leadership, the ability to build effective teams, and the ability to influence employees without exerting authority as important qualities. More traditional traits such as decisiveness, composure, and finding ways to get results were ranked low on this list (Martin, 2007).

IBM's Global Business Services group interviewed more than 1,500 CEOs to analyze the traits they valued in leaders managing complex environments. Overall, they cited creativity as the most important skill for a CEO. Digging deeper, they identified seven approaches exemplified by creative CEOs (see Table 5.1). In other words, these new CEOs adapt to change and steer their organizations rather than clinging to "tried and true" methods of management.

Table 5.1: Creative solutions of creative CEOs	
	Creative Solutions
1.	a willingness to change business models to meet goals
2.	encouragement of risk-taking
3.	openness to out-of-the-box solutions
4.	comfort with ambiguity and experimentation
5.	valuing innovation
6.	decisiveness
7.	inventiveness with new business models

Source: ChiefExecutive.net. (2011). IBM Global CEO study: Fewer than half can handle increased complexity. CEO Briefing Newsletter. Retrieved from http://chiefexecutive.net/ibm-global-ceo-study-fewer-than-half-can-handle-increased-complexity

Another innovative change leader is Vineet Nayar, vice chairman and CEO of HCL Technologies Ltd. (HCLT), a $3.5 billion global information technology services company based in India. Nayar joined HCLT in 1985 and became president in 2005. He led a complete turnaround of the company over the following five years—expanding from 30,000 to 75,000 employees, tripling revenues, and doubling market share (HLC Technologies, 2001). Along with Apple, Google, Lenovo and Cognizant, HCLT was one of five global technology firms to hit revenues above $2 billion with a compound annual growth rate over 30 percent. In his book, *Employees First, Customers Second: Turning Conventional Management Upside Down* (Nayar, 2010), Nayar explains his leadership approach that involves converting an organizational structure and company into a transparent, accountable, and value-driven culture. Under Nayar's leadership, HCLT has been recognized as one of the best employers, most innovative, and most democratic workplaces.

Encouraging employees to take risks fosters creativity and is a vital part of what makes an agile organization able to learn and to grow.

But why redefine leadership away from authority and "doing whatever it takes to get results"? Given the variety of changes an organization may encounter and the complexity involved, individual leaders can no longer serve as ultimate authorities or experts. As noted in Chapter 4, emotionally intelligent leaders and followers have a competitive edge with regard to change, as compared to more rigid, closed thinking, and closed feeling professionals. Because effective leaders rely on employees and teams for information and insight to understand and resolve complex situations, collaboration and communication take priority over authority. Today's leaders create environments where employees can share information and propose alternate solutions to the problems at hand.

When Scott Cook, cofounder of the software company Intuit, which creates personal and small-business finance products, such as TurboTax and QuickBooks, wanted to revitalize his organization, he imagined a design-driven model like Apple. However, he quickly

realized that he was no Steve Jobs, a visionary CEO with the power to inspire and com-pel his employees. Instead, he turned his company upside down, letting the vision come from designers close to the front lines. He worked with one of Intuit's design directors to create the Design for Delight (D4D) forums, which encourage employees to engage problems in new ways. Intuit eventually developed a D4D customer- and design-centered process. It begins with a "painstorm" to understand real consumer issues and to identify how Intuit can help. These frontline conversations happen directly with customers. The team has a "sol-jam" to generate as many solutions as possible and then moves to prototype to test the solutions. Finally, the team has the "code-jam" to quickly get a product to user testing. The entire process from painstorm to testing takes four weeks and these employee-led innovations have created some of Intuit's most popular products, including their highly rated smartphone apps (Martin, 2011).

Scott Cook, cofounder of Intuit, revitalized his organization by turning his company upside down, letting the vision come from designers close to the front lines rather than from top management.

In fact, while leaders place greater emphasis on relationship building and creating open work environments, the idea of leadership has shifted so that it is no longer regarded as a quality desired only in management. Leadership responsibilities have been pushed down in organizational hierarchies (Martin, 2007) in order to enable faster identification of potential challenges and compress response times. Another way of describing this shift in expectations is **empowerment**. As we discussed in Chapter 4, employees are empowered by being given more autonomy in making decisions, which is paired with increased responsibility. At Intuit, the initial D4D facilitators were recruited with the following responsibilities:

> Actively participate in a one-day brainstorm/workshop
> Commit to the execution of initiatives generated through the … workshop.
> Become a more visible Design for Delight leader across Intuit
> Be a D4D coach/facilitator that the larger company can draw upon. …"
> (Martin, 2011)

These designers were at least one step removed from directorships, meaning they were closer to the bottom of the organizational hierarchy than to the top, yet they were given the task of changing the company's culture and finding ways of being more immediately responsive to their clients' needs.

OD Consultants as Empowerment Sources

As organizations move from old to new business models, leaders often employ, as we have discussed throughout this text, organizational development (or OD) consultants. These are experienced external consultants with expertise in assessing and recommending

modifications for change, and then working with managers to implement such changes. Today many OD consultants view their roles as "educators" or "facilitators" (Rothwell, Stavros, Sullivan, & Sullivan, 2010) rather than as external experts who present solutions, a change that mirrors evolving leadership roles and organizational cultures.

As discussed in Chapter 1, an OD consultant has several goals:

- To deeply understand how the various parts of an organization fit together to comprise a whole system.
- To communicate that systemic understanding to their clients so that the potential, organization-wide ripple effects of individual and departmental changes become clear prior to implementation.
- To facilitate the empowerment of employees so that they constantly aim for improvement and look for creative solutions to problems.
- To consider multiple ideas without judgment and to encourage others to do the same.
- To step aside as needed. (Rothwell, Stavros, Sullivan & Sullivan, 2010, 637)

Relevant to the discussion here, an OD consultant, many of whom also serve as **executive coaches**, that is, professionals hired by organizations to advise on complex decisions and individual and/or team skill building aimed at developing personal and professional performance (Executive Coach Academy, n.d.). These professionals also model the leadership behaviors needed in a flexible and responsive organization. They help establish cultural norms and practices that are receptive to innovation and change and then let the players fulfill their redefined roles, trusting their abilities and the updated processes. In this way, organizations can "learn by doing." They are given an opportunity to step back, reflect, and then implement initial changes with the guidance of a facilitator who eventually exits the process (Rothwell, Stavros, Sullivan & Sullivan, 2010). As the organization moves forward, its leaders facilitate the same type of reflective process in whatever new change scenarios arise. An increasing number of Fortune 500 companies are using executive coaches with OD expertise not only to help leaders and employees develop new skills, but also to "… improve all aspects of the business from productivity, workflow, well-being, and increase their overall bottom line" (Executive Coach and Executive Coaching, 2011).

For example, an organization that plans on changing from a hierarchical to a team-based model may hire an OD consultant to help facilitate this shift. Prior to recommending changes, the consultant would need to understand the organization, its leadership, the vision-mission-values and rationale for desiring the change, the corporate structure, and how various roles fit together. The consultant would also need to understand how individuals view their positions, and how they contribute to the whole. Once the consultant understands the existing system and the desired outcomes, the shift has to be communicated to employees so that they understand the reason behind the changes and buy in. This process, as discussed earlier in the text, is how OD consultants learn an organization in order to coach leaders and managers on how to model new methods of leadership, that is, by involving employees in the process rather than decreeing change from the C-suite, or the executive team (CEO, COO, CFO, and CIO).

As changes are implemented, the consultant asks employees for feedback and suggestions and makes modifications. Those involved in the change are most likely to understand what works and what doesn't, so this reinforces the shift toward employee empowerment. The

OD consultant creates situations where employees can contribute thoughts that affect outcomes in positive ways. Employees, in turn, take ownership of a process that otherwise would have been imposed upon them. The entire shift, then, becomes an experiential learning experience for everyone in the company, from the employees up to the CEO, and all that's left is for the OD consultant to step aside and let the revised company run itself.

Developing Employees for Change

Tan (2011) identified five emerging trends that impact organizations: globalization, diversity, flexibility, flattened structures, and networks. Globalization and diversity go hand in hand; organizations now span continents, leading to new challenges of managing in terms of creating a consistent culture across the organization, communicating effectively, and understanding local cultures. Organizations attempt to increase flexibility for their workforces and individual employees through experimentation with flexible schedules, new forms of compensation packages, and revised reporting structures. Instead of highly structured, top-down management hierarchies, decision-making power is passed to the employee-level, flattening layers of management. Rather than communicating vertically across an organizational chart, employees are encouraged to network laterally and to work in teams across divisions. Moreover, surveys, discussions, and feedback sessions are held with teams and employees to also obtain information on their performance needs and suggestions that would enhance organizational planned changes.

Cisco, as part of its revitalization, changed from a centralized to decentralized model because "Creative ideas come from too many locations … for a conventional pyramid to work anymore" (Useem, 2009). Technology allowed Cisco to implement a company-wide communication solution. Cisco created a "Ciscopedia," similar to Wikipedia, for use internally, and the 500 senior managers collaborate laterally to make decisions about products. This leads to faster facilitation and more localized decision-making and deployment (Useem, 2009).

To some, this may sound utopian. How can a large organization stay productive and competitive in these conditions? And how can a hierarchical organization, designed for stability, reinvent itself? The key is to develop human capacity within the organization. Rather than creating a culture in which employees simply execute assigned tasks, they are asked to contribute ideas and are recognized for their successes. They take on increasingly creative roles and solve problems, so they become invested in the organization's overall success, staying focused on the big picture and finding ways to contribute meaningfully to the organization's growth. Moving forward, not only must leaders and employees change, but organizations must also transform.

5.2 Developing Agile Organizations

Two traditional methods of managing a large-scale enterprise—delegation and specialization—work well in stable environments. Everyone knows and understands their roles, and work flows in a predictable manner. However, when this type of organization faces a threat, whether from an internal or external source, it often struggles to respond effectively and rapidly (Reeves, Morieux & Deimler, 2010). Instead of making an

adjustment or trying an alternate process, employees turn to managers for decisions, who in turn look to senior management. Rapid responses get lost in a maze of hierarchy.

In a traditional organization, once a threat has been identified, a proposed solution moves up the chain of command, laterally across divisions, and then down again once a decision is finally made and ready to be executed. This process is time-consuming, and as in a game of telephone, the initial proposal may evolve, perhaps in less productive or efficient ways, in each subsequent telling as each person reinterprets the suggestion according to areas of expertise and sometimes adding personal stakes. The individual or team who identified the problem and proposed a solution doesn't have the decision-making power to execute it and instead must find a supporter in management. This causes a second problem in addition to slow response time. Many organizations that emphasize hierarchy also have low tolerance for failure, and organizational cultures favor consensus and obedience (Reeves, Morieux & Deimler, 2010), so employees have little incentive to suggest bold solutions or to innovate. They stick to tried-and-true methods that are sure to be approved by management rather than attempting to convince multiple levels of hierarchy to take a risk. These organizations lack flexibility in both process and culture and therefore struggle to respond to change in quick and meaningful ways.

When Bob Iger, took over at Disney, the company was stagnant. Iger restructured the company and empowered divisions to make decisions quickly and locally, bringing about a new era of growth and innovation.

When Bob Iger became the CEO of Disney in 2005, he inherited a company that had stagnated. It was centralized and hierarchical due in part to an ingrained culture in which division leaders were afraid to make decisions without the leader's approval. The company simply could not respond to new technologies or to new opportunities because they lacked the flexibility and freedom to take small, independent risks that could lead to new products. Iger restructured the company and empowered divisions to make decisions quickly and locally. The meetings that he led changed from directives to conversations, setting the tone for the rest of the corporation to engage, ask questions, and to listen. Under Iger, Disney experienced some spectacular failures, such as the ESPN phone that was meant for sports fans but never took off. It also became much more aggressive about acquisitions and about launching entire new product lines. Within two years, Disney began to post record earnings (Grover, 2007). It was recently announced that Iger will also have the title of chairman in March 2012 through June 2016, at which time he will retire from Disney at the age of 65 (Smith, 2011).

Agile Organizations

Agile organizations—similar to the built-to-change firms discussed in the Chapter 4—can quickly adapt and respond to new situations, whether these are opportunities or threats,

because change is already central to their culture and practice. These organizations value experimentation, communication, decentralized decision making, and modularity. For example, modular organizational structures allow divisions to come together and disband as needed. A temporary and new organizational structure may form to create and launch a new product. This may include product development, testing, marketing, sales, and customer service. Once the product is released, the structure can dissolve and each component can join other projects, so the engineering team that worked on one product may join another while the sales team continues to add new products to its overall portfolio. In addition to offering flexibility, modular structures facilitate the transfer skills and knowledge across the organization. Each team learns unique lessons, and when disbanded, individual members can apply their experiences to new situations. This type of flexibility relies on a relatively flat hierarchy so that groups don't compete with each other or report to each other; rather, they meet on equal footing and exchange ideas.

Agile Businesses Don't Predict, They Respond

Agile organizations differ from others because they don't attempt to predict what will happen through in-depth research and analysis and plan for possible outcomes. Instead, they watch the market and try to increase their response time to situations that require action. For example, the clothing industry has a six-month production cycle, with organizations attempting to predict consumer habits two seasons in the future. Mistakes are costly, as is the research that goes into prediction (Spark, 2011).

One clothing manufacturer, Zara, addressed these challenges by shortening its production timeline. Instead of attempting to research, analyze, design, and manufacture its clothing over the typical six-month cycle, the company skips the research and analysis stages and focuses on manufacturing popular, in-season products as quickly as possible and in 15-day cycles. The company simply observes what people are wearing and produces similar styles. This was a radical shift in the business model, minimizing risk and focusing on responding to demand.

For an agile organization, the challenge is two-fold: (1) it must communicate effectively and (2) employees must be empowered to make decisions. Tony Hale, the general manager of a real-time Web monitoring company, says that monitoring can only do so much. Companies must be able to respond in real time, or the information does not help (Spark, 2011). With a 15-day product development cycle, Zara employees do not have the time to navigate multiple layers of hierarchy to reach and then implement decisions. Instead, they must take in new information, make any necessary decisions, and dive into implementation. They will quickly receive feedback on their products and can make adjustments in time for the next 15-day product cycle.

As a part of a flattened structure, agile organizations rely on leaders to shape the context for decision making rather than giving top-down directives, so the emphasis is on guiding principles rather than strict procedures (Reeves, Morieux, & Deimler, 2010). When employees understand a company's values and vision, they can make decisions that align with these overarching goals. For example, Apple's mission is to bring "the best personal computing experience to students, educators, creative professionals and consumers around the world through its innovative hardware, software and Internet offerings" (Reeves, Morieux, & Deimler). When proposing new products, Apple employees will avoid

large-scale business solutions. Microsoft's mission, on the other hand, is "to enable people and businesses throughout the world to realize their full potential," (Reeves, Morieux, & Deimler) so their products and services target a different market with specific needs.

As discussed in the previous chapter, simple and brief statements about values, vision, and mission can provide enough guidance for both large- and small-scale decision making. Leaders, in turn, encourage the flow of information and power through decentralization. If an individual or team detects a new opportunity or threat, it can respond without having to explain the problem and justify the proposed solution to several levels of management (Reeves, Morieux, & Deimler, 2010). With clear and simple guiding principles, all levels of an organization can understand and appropriately align decisions. Even simple edits to a mission statement can show large-scale changes in approach.

Facebook's mission, for example, has changed radically since the company launched in 2004. The first statement, when Facebook was only open to Harvard students, stated, "The Facebook is an online directory that connects people through social networks at colleges." In 2005, it opened up to high school students and made the following subtle change, "The Facebook is an online directory that connects people through social networks at schools." Changing "colleges" to "schools" widened the scope of the product, although the focus was still on networks and connections. By 2008, the mission had expanded further to encompass family, friends, and colleagues: "Facebook is a social utility that connects you with the people around you." By 2009, Facebook moved beyond a mere social network. It became a vehicle for sharing within the site and externally through their OpenConnect product: "Facebook gives people the power to share and make the world more open and connected" (Reagan, 2009). Table 5.2 shows the evolution of Facebook's mission statement. This marked a radical departure from Facebook's initial goal of connecting peers and opened a wide array of product opportunities, from advertising to music sharing to gaming.

Mark Zuckerberg wasn't afraid to adapt and change the mission of Facebook as the organization quickly evolved in the first years of its existence.

Table 5.2: The evolution of Facebook	
2004:	"The Facebook is an online directory that connects people through social networks at colleges."
2005:	"The Facebook is an online directory that connects people through social networks at schools."
2008:	"Facebook is a social utility that connects you with the people around you."
2009:	"Facebook gives people the power to share and make the world more open and connected

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Agile Organizational Capabilities

The success of agile organizations depends on the people involved and their personal levels of comfort with change. Leaders must be able to adapt to new situations, and one of the predictors of success in managers and executives is **learning agility**, or the "willingness and ability to learn from experience and subsequently apply that learning to perform successfully under new and first-time conditions" (Lombardo & Eichinger, 2000, p. 325). Another phrase for this is **leadership versatility** (Kaplan & Kaiser, 2006). In addition to a willingness to change, successful leaders expand their repertoire of strategies so that they have multiple ways to approach each situation.

Identifying learning agility as a trait in potential leaders can be challenging because past performance does not necessarily predict future potential. According to Lombardo and Eichinger (2000), "potential involves learning new skills to perform in novel, and, very often, first-time situations." This means that until a manager or executive faces a new situation, assessment is impossible. Often it takes several trials to understand how well a leader learns from experience and adapts to new situations.

Learning agility involves practical skills rather than simple intelligence. A leader who can adapt often will show common sense, strong interpersonal skills, and "street smarts" (Sternberg, Wagner, William, & Horvath, 1995). Effective leaders also need to balance humility with confidence so that they can acknowledge and learn from mistakes yet continue to grow (McCall, Lombardo, & Morrison, 1988). Learning requires emotional investment, so the challenges that transform leaders tend to have high stakes and involve risk. Leaders need to be resilient so they can keep pushing forward.

Netflix CEO, Reed Hastings, once touted for being a visionary leader who brought record growth to his startup company, has recently faced harsh criticism. Licensing costs for streaming content has spiked, leading to a near 60 percent increase in Netflix's monthly rates. Rather than explaining the rationale behind the rate hike of $10 to $15.98 a month, Netflix more or less dismissed it with a comment saying that for most of their consumers this was the price of a latte. Customers began to switch to other services and criticized Netflix's arrogance and lack of concern for its customers. Hastings responded several months later in an apology that was sent to all customers and posted to the Netflix blog saying, "I messed up. I owe everyone an explanation. It is clear from the feedback over the past two months that many members felt we lacked respect and humility in the way we announced the separation of DVD and streaming, and the price changes. That was certainly not our intent, and I offer my sincere apology. I'll try to explain how this happened" (Hastings, 2011). He then outlined the reasons for the change and his solution of splitting Netflix into two companies, one that focuses on streaming video, the other on DVD rental by mail. This was met with a second round of outrage from consumers who craved a simple, seamless experience. Netflix stock, consumer base, and consumer and stockholder confidence plummeted with this risk (Shankland, 2011), but it may be the only way to save a company faced with rising licensing costs and a still-evolving market. For now, Hastings has learned the important lesson of communicating directly with customers, to acknowledge mistakes, and to continue building toward a positive future with all of the organization's constituents. Making hard business decisions does not mean that leaders have to treat customers and employees disrespectfully.

Finally, agile organizations encourage experimentation. Companies that attempt to vary their products and processes can respond to change more quickly, in part because they've established a culture of innovation. Instead of fearing failure and sticking to the status quo, they test alternatives and then scale them (Reeves, Morieux, & Deimler, 2010). These experiments add to the cumulative knowledge of an organization, so when new situations arise, an agile organization can pull from deep and varied experience. Two large-scale agile organizations have consistently outperformed their competitors. The first is Reckitt Benckiser (RB), the company that owns 17 "powerbrands" including Lysol, Woolite, and Air Wick (Mac Iver, 2010) in addition to other, smaller brands. CEO Bart Becht described his four keys to creating a highly successful adaptive (or agile) organization:

1. Ruthless focus
2. Leveling the playing field
3. Encouraging organizational learning
4. Embracing conflict (Mac Iver, 2010)

Ricardo Semler, CEO of Semco Group, has taken more extreme measures in reinventing the company his father founded. Semco is "a democratic organization where employees at all levels are engaged in all aspects of the business. From deciding their own jobs and salaries, to deciding what work to do, to deciding to open or close plants, to actively participating in board meetings. All information is made available to all employees and they are implicitly trusted to deal with it appropriately" (Mac Iver, 2010).

When Semler first began to chronicle this approach, no one believed he could succeed or create a sustainable corporation in the long term. Employees had flexible schedules, so they could work anytime. What would stop them from arriving late and leaving early? How could work be completed in this type of environment? Wieners describes what happened at Semco:

> The more freedom [Semler] gave his staff to set their own schedules, the more versatile, productive and loyal they became, and the better Semco performed. Nor did he stop with flextime. He did away with dedicated receptionists, org charts, even the central office—it now resembles an airlines' VIP lounge, with people working in different areas each day. He encouraged employees to suggest what they should be paid, to evaluate their bosses, to learn each other's jobs, and to tolerate dissent—even when divisive. He set up a profit-sharing system and insisted that the company's financials be published internally, so that everyone could see how the company was doing. (Wieners, 2004, p. 1)

Semler opted for complete transparency within his organization and gave his employees both personal and professional freedom. In return he received more loyalty and higher productivity on a company-wide level.

While Becht focuses on building flexible structures within his organization, giving each brand independence and institutionalizing experimentation and discussion, Semler emphasizes personal connections and investment. In both cases, the company culture reinforces the values of an agile organization: experimentation, communication, empowerment, and learning.

Managing Change
The Agile Organization

We all know the story of Borders Books & Music being unable to respond in time to keep up with the Kindle and the Nook. One of the fundamental aspects of business—and one that relies heavily on the expertise of change managers—is being agile and able to quickly adapt to consumer demands. Getting any company to turn on a dime is difficult, but it's a necessity in the modern world. Technology has, as with other aspects of society, sped up the pace of business.

Whether you're a brand-name snack and soft drink manufacturer responding to the focus on obesity and healthy eating, a restaurateur responding to customer demand for quicker service by doing away with paper tickets, or a doctor responding to technological advances and providing better service by using a tablet during appointments to research and electronically submit prescriptions—agility is a business imperative for competitive advantage.

As it takes the right ingredients to make any business work, it takes the right combination of leadership and strategy, culture, and level of initiative on the part of employees to achieve agility. All companies must grow, but agility is the ability to do it quickly while not compromising the core of the business.

1. What is a modular organizational structure? What are its benefits?
2. What are some principles to keep in mind when striving to maintain an agile company?
3. What kind of personal qualities does a leader need to have to run an agile company?

(See page 221 for possible answers)

5.3 Learning Organizations

While agile organizations move quickly and deliberately to succeed, learning organizations take a "big picture," reflective approach. Agile organizations can and must adopt learning organization characteristics and practices to become great. MIT professor Peter Senge published a seminal work on organizational development in 1990, called *The Fifth Discipline*. He introduced the concept of a **learning organization**, reframing organizational growth and development in the language of education. This concept remains as one of the most influential and relevant cornerstones of organizational change to date. He described learning organizations as places "where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together" (Senge, 1990, p. 26). In other words, a learning organization adapts and evolves at individual and holistic levels.

While this definition has sometimes been criticized for being too abstract and idealistic, many feel it offers a principled framework by which to exact ongoing, sustainable, and effective change. Senge states that "… real learning gets to the heart of what it is to be human. We become able to re-create ourselves. This applies to both individuals and organizations. Thus, for a 'learning organization,' it is not enough to survive. 'Survival learning,' or what is more often termed 'adaptive learning,' is important—indeed it is

necessary. But for a learning organization, 'adaptive learning' must be joined by 'generative learning,' learning that enhances our capacity to create" (Senge, 1990, p. 14).

Senge stated that, "Learning in an organization means the continuous testing of experience, and the transformation of that experience into knowledge—accessible to the whole organization, and relevant to its core purpose" (Senge, 1990, p. 48). This aligns closely with the adaptive organizations described above. Both Becht and Semler emphasize the importance of transferring knowledge across their organizations, whether by moving people, configuring teams as needed, or encouraging employees to try other positions.

The authors offer a helpful checklist that all leaders and followers can use to overcome old habits and resistance to change:

1. Are you willing to examine and challenge your sacred cows?
2. What kinds of structures have you designed for this testing?
3. When people raise potentially negative information, do you shoot the messenger'?
4. Does your organization show capabilities it didn't have before?
5. Do you feel as if what you know is qualitatively different, "value-added" from the data you took in?
6. Is the knowledge accessible to all of the organization's members? (Senge, Ross, Smith, Roberts, & Kleiner, 1994, p. 49)

Sandra Kerka writes that learning organizations assume "learning is valuable, continuous, and most effective when shared and that every experience is an opportunity to learn." Some conceptions of learning organizations include:

- Provide continuous learning opportunities.
- Use learning to reach their goals.
- Link individual performance with organizational performance.
- Foster inquiry and dialogue, making it safe for people to share openly and take risks.
- Embrace creative tension as a source of energy and renewal.
- Assure that the learning organizations are continuously aware of and interact with their environment. (Kerka, 1995)

David Garvin at Harvard defined a learning organization as "an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights" (Garvin, 1993, p. 80). This definition implies that change occurs in the way work gets done. Garvin's definition fits with current change in organizations that focuses on innovation, knowledge management, and IT.

Garvin (2000) points to L.L. Bean as a learning organization because of its skill in acquiring knowledge, which in turn leads to behavioral changes within the organization. Instead of following the traditional model of conducting market research through surveys to discover potential product needs and areas of improvement, L.L. Bean turned to customers who rigorously used their products and recruited them as testers. Field tests lasted for three months, and testers received a product from L.L. Bean and another from a competitor so that they could compare the two over an extended period of time.

Instead of following the traditional model of conducting market research through surveys to discover potential product needs and areas of improvement, L.L. Bean turned to customers, who rigorously used their products, and recruited them as testers.

Although L.L. Bean only required feedback at three points (beginning, middle, and end), it encouraged additional touch points over the course of the testing cycle. In the case of the Cresta Hiker, a failing product line, L.L. Bean sent designers, marketers, and suppliers along with the testers for an intensive and immersive learning experience. Designers could apply feedback from a live field test to new prototypes, which could then be retested. Marketers and suppliers also had firsthand experience with the product. After a redesign and subsequent relaunch, the Cresta Hiker ended up with an 85 percent increase in sales. L.L. Bean fit Garvin's initial definition of a learning organization because it created learning opportunities, devoted time and resources to both acquiring and transferring knowledge, and then modified its behavior based on what was learned. This process resulted in a product reboot and complete turnaround in sales, a proactive response to a struggling line.

The assumption here is that organizations that can effectively create and sustain change in the face of rapid change are those that not only adapt to markets, but that also generate innovations through people. Senge notes that to sustain generative change, organizations must "discover how to tap people's commitment and capacity to learn at *all* levels" (1990, p. 22).

Learning versus Training

When discussing individual learning within an organization, it is important to distinguish between learning and training (see Table 5.3). Many organizations seek to support their staff through training, whether through slideshows, videos, or seminars. The purpose of training is to transfer a discrete set of skills or knowledge in a top-down method. Learning, on the other hand, is driven by the individual. Walter Kiechel (1990) sees learning and training in these terms:

> … [a company] has to grasp the difference between training and learning, which is approximately the difference between putting the information out there for the folks to pick up, and encouraging them to puzzle, wonder, and figure things out on their own. (Kiechel, 1990)

Senge recognized that individuals are born learners; however, organizational structures impede their creativity and capacity to communicate, create, and innovate. Individuals also lack the necessary tools to help them navigate organizational barriers. Organizations

and their members require radical mindset changes in order for communication that leads to productive breakthroughs to occur. Senge noted:

> When you ask people about what it is like being part of a great team, what is most striking is the meaningfulness of the experience. People talk about being part of something larger than themselves, of being connected, of being generative. It becomes quite clear that, for many, their experiences as part of truly great teams stand out as singular periods of life lived to the tallest. Some spend the rest of their lives looking for ways to recapture that spirit. (Senge, 1990, p. 13)

Table 5.3: Contrasts between training and learning	
Training	**Learning**
From the outside in, done by others	From the inside out, learner motivated
Assumes relative stability	Assumes continuous change
Focuses on knowledge, skills, ability, and job performance	Focuses on values, attitudes, innovation, and outcomes
Appropriate for developing basic competencies	Helps organizations and individuals learn how to learn and create novel solutions
Emphasizes improvement	Emphasizes breakthrough (metanoia)
Not necessarily linked to organization's mission and strategies	Directly aligned with organization's vision and requirements for success
Structured learning experiences with short-term focus	Formal and informal, long-term future oriented, learner initiated

Source: Marquardt, M. J. (2002). Building the learning organization: Mastering the 5 elements for corporate learning, *(2nd ed.). Palo Alto, CA: Davies-Black Publishing.*

Levels of Learning Organizations

We have described the dual nature of a learning organization—the learning that happens at individual and collective, company-wide levels—and how these should complement and motivate each other. Marquardt (2002) describes three, interrelated levels that exist in a learning organization:

1. Individual learning—the skills and knowledge an employee gains through study and/or observation
2. Group or team learning—the collective skills and knowledge that a group obtains
3. Organizational learning—the overall productive capacity an organization gains through an intentional and continual pursuit of improvement

Each level informs and affects the others, so individual learning contributes to both group and organizational learning. The collective knowledge of an organization in turn can

serve as a resource for an individual. In order to leverage all levels of learning within an organization, the structure needs to be flexible enough to facilitate both collaboration and communication, whether that's through a flat structure or modularity.

Organizations can also take multiple approaches to learning:

1. Adaptive learning, or using past experience to influence future actions
2. Anticipatory learning, or envisioning possible futures to identify and pursue new opportunities
3. Action learning, or reflecting on the present in order to guide development across learning levels (Marquardt 2002)

By examining and reflecting on the past and present and looking toward the future, leaders essentially employ a 360-view to examine all aspects of an organization and plan for multiple possible outcomes. They balance immediate action with long-term goals, so the organization continually progresses.

Right now, oil companies like Shell face a great deal of uncertainty given limited fuel resources. They have profitability goals, both at the quarterly and annual levels; however, they know they must start building for a future that does not rely on oil. Long-term goals include transforming Shell from an oil company to an energy company; however, no one can predict which energy source will replace oil, or if we'll draw on multiple sources, so Shell must explore a wide range of possibilities. Currently, Shell is exploring renewable energy, biofuels, wind and hydrogen power, and carbon capture and storage. Its immediate, short-term actions are straightforward: "keeping on top of the fast pace of change in the sector. That means maintaining a solid research, development and demonstration capability for new technologies, keeping the business cost competitive and being prepared to engage with government and society as the energy landscape changes" (Hoffman, 2010). Although the company doesn't know what the future will hold, it's keeping its options open through research, organizational flexibility, and conversations with policymakers.

Learning Cultures and Visions

Jacacci describes learning culture as "collaborative creativity in all contexts, relationships and experiences" as cited in Marquardt (2002, p. 23). A learning culture is interdependent, so employees alternate between the roles of student and teacher. They learn independently, but they also teach their colleagues in collaborative situations, and, in turn, continue to learn themselves. This type of exchange requires a great deal of trust and honesty. To improve, everyone must be willing to acknowledge faults and failures and try to move beyond them, learning from experiences rather than dwelling on them. The organization itself should support feedback, reflection, and action. Leaders set the tone by modeling desired interactions, so they also seek feedback and demonstrate learning and growth. They facilitate collaboration, experimentation, and reflection to maintain an active learning cycle; and they ensure that the organization stays focused by communicating and modeling a shared vision, making it part of the organizational culture.

A strong vision can motivate employees, engaging their emotions and intellect, which as Senge describes, is instrumental in learning. Vision statements also provide a call to

action while still providing parameters for employees to follow. Explicitly stating orga-nizational values can serve as an additional guide for employees (Marquardt, 2002) by establishing goals and methods. Google's corporate value statement may be the most famous: "Don't Be Evil." This simple principle guides managers and developers alike in their product development. The grocery store chain Whole Foods manages to unite employees and customers in a common experience through its strong values, which, much like Google's slogan, has become a large part of its brand. Whole Foods lists seven values on its Web site:

1. Selling the highest quality natural and organic products available
2. Satisfying and delighting our customers
3. Supporting team member happiness and excellence
4. Creating wealth through profits & growth
5. Caring about our communities & our environment
6. Creating ongoing win-win partnerships with our suppliers
7. Promoting the health of our stakeholders through healthy eating education (Wholefoodsmarket.com)

The company emphasizes teamwork, qual-ity, caring, and the environment. These prin-ciples also clearly provide parameters for employees. New product lines will never include junk food. High-preservative foods with artificial flavors and coloring also will not be stocked. Employees are expected to work in teams and to support each other in a positive culture, which is both a goal and a method for stores.

Whole Foods manages to unite employees and customers in a common experience through its strong values, which has become a large part of its brand.

Learning organizations aspire to con-stantly evolve and improve, so they have high expectations and high standards. In order to meet these goals, a learning orga-nization must also reflect on its own learn-ing process and find ways to improve, whether by finding new ways to collaborate across the company or by creating new learn-ing opportunities for individuals (Marquardt, 2002). Learning cultures are simultaneously rigorous and positive. New challenges are viewed as creative opportunities that at best can lead to growth and at worst can offer lessons to apply to the next challenge.

Managing Change
The "Post-Mortem"

You are a project manager. You managed a project that, in the end, went as wrong as it possibly could have. Despite your efforts, the output had to be re-done, deadlines were missed, and budgets were overshot. In some organizations, this would be a fatal failure and you'd be lucky to scrape by with your job, a scolding, and some wounded pride. But in a learning organization, failure is an opportunity.

You, your team, your internal client, and your boss decide to meet for a post-mortem on the project, or an "after-action review." Rather than point fingers and damage working relationships, after-action reviews take a step-by-step look at the project and where it went wrong. By examining the flawed path of the project, mistakes become lessons that can be applied to future projects. Doing this requires openness, honesty, self-awareness, and an ability to acknowledge responsibility in such a situation. If all parties come to the table from the same place, all can leave armed with the knowledge of how to do it better. This is a prime example of a learning opportunity in a company that values learning.

Learning organizations take a reflective, big-picture look at themselves. Learning allows an organization to adapt and evolve—critical skills for a successful business. Most organizations and hierarchies impede the natural abilities needed for a learning environment: communication, creativity, innovation, and collaboration, among others. Learning can occur in both directions at an organization—at the individual level from experiences at the organization, and at the organizational level whereby the individual contributes knowledge learned to the organization.

1. What is the difference between learning and training?
2. What are three types of approaches to learning?
3. How are learning organizations and agile organizations related?
4. What are some examples of learning opportunities in an organization?

(See page 222 for possible answers)

Primary Principles and Disciplines

Senge's five principles, or what he refers to as the basic disciplines or "component technologies," of the learning organization are the foundation of the learning organization transformational change approach. These principles include:

- Systems thinking
- Personal mastery
- Mental models
- Shared vision
- Team learning

Organizations that build learning communities and principles into their cultures and systems differentiate themselves from bureaucracies by experiencing innovations and continuous improvements. This transformation is accomplished through mastering the above disciplines. Individuals, as agents, act to change their organization's systems and structures through these disciplines. Effective change occurs when there is "a mind-shift from seeing parts to seeing wholes, from seeing people as helpless reactors to seeing

them as active participants in shaping their reality, from reacting to the present to creating the future" (Senge, 1990, p. 69). Each discipline is discussed in turn.

Systems Thinking

Systems theory and thinking is the ability to comprehend the whole and to examine the interrelationship among the parts to identify and solve problems accurately. Systems theory is, for Peter Senge, the incentive and the means to integrate the disciplines. It integrates and is the glue that holds the four other disciplines together. Systems thinking is the cornerstone of the five disciplines. Without systems thinking, there is no learning organization or motivation for understanding or using the other disciplines. For example, vision—outside the context of systems thinking—is a utopian idea with no understanding of the interrelated forces that must be dealt with to realize it. Systems thinking requires the disciplines of building, shared vision, mental models, team learning, and personal mastery to mobilize the vision. Systems thinking moves the "me" to a "we" mentality and makes the learning organization a reality.

Senge argued that the basic tools of systems theory are straightforward and build more sophisticated models. A major problem with management theory is the simplistic frameworks used to understand and work with complex systems. People tend to focus on the parts rather than understanding the whole and fail to see the organization as a dynamic set of interrelated processes. Seeing the whole before trying to solve one of the parts is the first step toward identifying the right problem. Morieux (2011) provides an example in which the hotel portion of an international travel and tourism group faced falling occupancy rates, falling prices, and unhappy customers. Hotel and sales managers immediately blamed the young receptionists who came to them with little experience and who often left after a few weeks. Clearly they lacked customer service skills and motivation and had little interest in developing either. Simple problems had conveniently simple solutions. They would give these receptionists additional customer service training and add incentives to their compensation structure based on occupancy rates. However, this solution failed. Receptionists continued to leave, customers continued to complain, and occupancy rates continued to fail expectations. Managers finally took a step back to try to understand the entire system and identify the actual failure points. After a month of observation, sales managers realized the receptionists' failure resulted from a lack of teamwork from support staff, including housekeeping, room service, and maintenance.

Housekeeping would clean a room and neglect to tell maintenance about broken appliances. Customers would turn to receptionists with their complaints. Receptionists had very few solutions to offer beyond upgrades and refunds, which affected occupancy levels and drove down rates. The most invested receptionists would try to solve the problems themselves, leaving their desks and letting queues of other clients form, who in turn would also become frustrated with the lack of customer service. The problem, upon further investigation, was a lack of teamwork and systemic thinking, not a lack of incentive or interest. In fact, the most committed receptionists had the highest turnover rate because they burned out from trying to independently solve all problems, but it took that extra step to understand the actual cause rather than the easy one.

Personal Mastery

Personal mastery, the second principle or discipline, involves "continually clarifying and deepening our personal vision, of focusing our energies, of developing patience, and of seeing reality objectively." No learning occurs without personal mastery since "organizations learn only through individuals who learn. Individual learning does not guarantee organizational learning. But without it no organizational learning occurs" (Senge, 1990, p. 139).

Developing all the disciplines involves developing personal vision. Personal mastery "… entails developing personal vision; holding creative tension (managing the gap between our vision and reality); recognizing structural tensions and constraints, and our own power (or lack of it) with regard to them; a commitment to truth; and using the sub-conscious" (Senge, 1990, pp. 147–167).

Mental Models

Mental models are "deeply ingrained assumptions, generalizations, or even pictures and images that influence how we understand the world and how we take action" (Senge, 1990, p. 8). Influenced by Chris Argyris and Donald Schon (1978), Senge reasoned that we are not aware of the effects that our mental models and the assumptions from these models have on our behavior, communication, and actions at work and in our lives. As Schon argued, our goal is to develop the capability to reflect in-and-on action in order to understand the impact of our own and others' assumptions and ways of seeing the world on our work. Senge noted that "[T]he discipline of mental models starts with turning the mirror inward; learning to unearth our internal pictures of the world, to bring them to the surface and hold them rigorously to scrutiny. It also includes the ability to carry on learning for conversations that balance inquiry and advocacy, where people expose their own thinking effectively and make that thinking open to the influence of others" (Senge, 1990, p. 9).

"Entrenched mental models … thwart changes that could come from systems thinking," according to Senge. Changing the organization, especially in a large-scale change, involves working through and transcending internal politics, games, and bureaucratic mindsets that impede open thinking and sharing. Senge noted, "It also involves seeking to distribute business responsibly far more widely while retaining coordination and control. Learning organizations are localized organizations" (Senge, 1990, pp. 287–301).

Building Shared Vision

We discussed the importance and steps toward building shared vision in preparing for, implementing, and sustaining a major change initiative in previous chapters. Here, Senge incorporates shared vision as a discipline, one that involves learning to sustain positive and effective change.

Shared vision starts with leadership, as we have discussed throughout this text. Leaders have for centuries inspired organizations to hold and share visions of the future. Visions

are powerful. They can uplift, motivate, and encourage experimentation and new inventions. As importantly, visions from a learning organization perspective can hold people and organizations to a long-term commitment of a future state. Senge said:

> When there is a genuine vision (as opposed to the all-too-familiar 'vision statement'), people excel and learn, not because they are told to, but because they want to. But many leaders have personal visions that never get translated into shared visions that galvanize an organization. … What has been lacking is a discipline for translating vision into shared vision—not a 'cookbook' but a set of principles and guiding practices. (Senge, 1990, p. 9)

Team Learning

Team learning is "the process of aligning and developing the capacities of a team to create the results its members truly desire" (Senge, 1990, p. 236). Team learning builds on the other disciplines—systems thinking, personal mastery, mental models, and shared vision. The team-learning discipline takes the learning organization to an action level—people must be able to create synergy, solve problems jointly, and create new products and services together in real time. Teams that learn together, Senge reasons, benefit the organization, each other, and themselves individually.

The team-learning discipline begins with the art of dialogue (i.e., the capacity of team members to suspend assumptions and judgment and enter into an authentic process of "thinking together"). The Greek word *dia-logos* refers to an uninhibited flowing of meaning through a group, in which the group, through this process, could discover insights not achievable by individual members only. Senge said that dialogue involves learning how to recognize the patterns of interaction in teams. …" (Senge, 1990, p. 10).

When combined with systems thinking and the other disciplines, teams have the possibility of creating a language that can deal with and understand complexity. Team problem solving and creativity can then focus on deeper structural issues and underlying forces rather than becoming preoccupied with trivial diversions directed to issues of personality differences, politics, status, and leadership style. The emphasis on dialogue is a major conceptual and practical tool in learning organizations as they incorporate and sustain new changes.

The Seven Learning Disabilities

Most failing companies show early signs of problems; however, some leaders and managers do not pay attention to these signs, as Senge argues. While some management consultants and economists argue that turnover of companies is to be expected and stimulates competitiveness, should potentially productive companies fail unnecessarily? High failure rates among productive and nonproductive firms may indicate a deeper problem that exists in all organizations. To prevent companies that would succeed from failing, and to assist individuals to change, we examine what Senge called "the seven learning disabilities," as depicted in Table 5.4, as a first step.

Table 5.4: Seven learning disabilities		
Disabilities		**Abilities**
1. I am my position	vs.	I am part of the whole
2. The enemy is out there	vs.	I am part of the problem
3. The illusion of taking charge	vs.	I am willing to change myself to affect broader change
4. The fixation on events (on immediate cause and effect)	vs.	The ability to identify patterns and root causes
5. The parable of the boiled frog	vs.	The ability to anticipate effects through the use of management practice fields
6. The delusion of learning from experience (when cause and effect are removed in time and space)	vs.	The ability to anticipate effects through the use of management practice fields
7. The myth of the management team	vs.	The learning team (balancing advocacy and inquiry

SOURCE: Canton, D. (2000). The learning organization: Adapted from the Fifth Discipline *by Senge, P.* Hospital Material Management Quarterly, *4 (3), p. 8. New York, NY: Aspen Publishers, Inc.*

"I Am My position"

People are generally trained to be loyal to their job. People who remain in positions long enough identify with the positions. When asked what they do, many individuals say, "I am a project manager at …" or, "I am an accountant with …" Senge notes that most people see themselves within a "system" in which they have little control or influence. They do not see the purpose or identify with the mission of the entire organization or company. They do their job and fulfill the responsibilities in their job description. Consequently, individuals tend to focus only on their immediate tasks and contacts and have little responsibility for the results of the firm's products or services. When problems arise, people who are position-bound, usually in hierarchical organizational structures, do not understand why, how, who, or when. Becoming one's position limits that person from the organization's strategy, mission, and ultimately identity. This is a disability because change, learning, growth, development, and innovation are thwarted.

As Table 5.4 illustrates, moving out of this disability involves becoming part of the entire organization. It requires seeing and taking responsibility, not only for part of a product or service in one's job description, but sharing responsibility and accountability, as well as the rewards for the success or lack of effectiveness for the end-to-end process.

"The Enemy Is Out There"

Blaming others inside and external to the organization for one's mistakes can hurt an entire organization's image, reputation, and ultimately market position if the source of the problem is not shared and surfaced with others who can solve it. The practice of avoiding, hiding, or projecting one's problems on others can also lead to unethical and even illegal practices.

Oftentimes, denial of one's mistakes and problems and then projecting the blame on others can take on a chain effect within a company. As Senge (1990, p. 17) suggests: "Some organizations elevate this propensity to a commandment: 'Thou shalt always find an external agent to blame.' Marketing blames manufacturing: 'The reason we keep missing sales targets is that our quality is not competitive.' Manufacturing blames engineering. engineering blames marketing: 'If they'd only quit screwing up our designs and let us design the products we are capable of, we'd be an industry leader'" (Senge, 1990, p. 17).

"The Illusion of Taking Charge"

One way of trying to solve a problem is to act like you are taking charge, are in control, and have command of the situation. Managers like to say they are "proactive" but in many cases, they do not step up to the plate, own their responsibility in leading or managing complicated issues, and take constructive action to solve problems. Cathon (2000) stated that, "People should face up to difficult issues and stop waiting for a crisis. In a large percentage of situations, the solution is often a reactive response. If individuals simply become more aggressive in knowing and accepting the 'enemy out there,' they change from reactive to proactive in response. The true proactive individual looks and sees how he or she contributes to his or her own problems and looks to prevent them" (Cathon, 2000, p. 6).

"The Fixation on Events"

Sustained learning and innovative change in organizations occur when people focus on long-term strategies that guide and motivate short-term wins. Being only event- and activity-driven can and often does lead to frustration, especially when enough single events and activities fail. Permanent change occurs in the context of supportive leadership and resources. Neither individual professionals nor companies can thrive, learn, and contribute innovatively to their organizations if they are fixated on events. "Generative learning cannot be sustained in an organization if people's thinking is dominated by short-term events. If we focus on events, the best we can ever do is predict an event before it happens so that we can react optimally. But we cannot learn to create" (Senge, 1990, p. 22).

"The Parable of the Boiled Frog"

A frog placed in a pot of boiling water will quickly move to escape. Place the frog in room temperature water and slowly increase the temperature to 70, then 80 degrees Fahrenheit, and the frog comfortably remains in the pot, enjoying the comfort. Continue increasing the water temperature and the frog becomes groggier until it cannot climb out of the pot, although it is not prevented from moving out. The frog will die. What happened? The frog's internal sense of threat and survival are made to detect sudden but not gradual alarm signals. Senge compared this parable of the boiled frog to the American industry in the 1960s before the Japanese competition arrived. While the U.S. auto industry did not die, it came close. "Maladapation to gradually building threats to survival is so pervasive in systems studies of corporate failure that it has given rise to the parable of the 'boiled frog'" (Senge, 1990, p. 22).

"The Illusion of Learning from Experience"

The most powerful learning comes from direct experiences. People learn to eat, walk, talk, and communicate through direct trial and error—learning from consequences of our actions. What happens when people can no longer observe the results or consequences of their actions? What happens if the results of one's actions are projected into the distant future, or are embedded in a larger, inaccessible system in an organization?

Everyone has what Senge calls a "learning horizon," or a glimpse of vision in time by which they can evaluate their effectiveness. When a person's actions have consequences beyond his/her learning horizon, it becomes impossible to learn from direct experience. This, then, is the core-learning dilemma that confronts organizations: we learn best from experience, but we never directly experience the consequences of many of the most significant decisions.

The recent global economic meltdown that was precipitated in the United States demonstrated that direct experience of investment bankers, regulatory agencies, and even rating agencies like Standard & Poor's could and did not see the consequences of the complex (and questionable) nature of financial instruments that turned out to be bogus. Learning to watch for and anticipate potential negative, as well as positive, effects of our decisions is crucial for businesses, individuals, and now even the global economy. Cyberterrorism is another important and threatening problem for companies, governments, and societies. While we continue to increase our social and business transactions online, vigilance is necessary. Change is inevitable. Our decisions to navigate change have consequences. We must not rely only on our limited experience to detect opportunity and threat in our decisions.

"The Myth of the Management Team"

"The management team" is assembled. This is the experienced, cross-functional group that is supposed to clarify the issues, direct the organization's tactics, and help overcome disabilities and dilemmas. The reality, more often than not, is that team members are quarreling among themselves, positioning for power, resources, and control, while avoiding being made to look bad or held accountable. Disagreement is expressed as blame and polarization. The root cause of problems is lost in the human struggles over trivial matters. Experts refer to this phenomenon and behavior as "skilled incompetence," in which teams of people are effective at avoiding learning through cohesive alignment.

"Most management teams break down under pressure," writes the retired Harvard professor Chris Argyris, a longtime student of learning in management teams. "The team may function quite well with routine issues. But when they confront complex issues that may be embarrassing or threatening, the 'teamness' seems to go to pot" (as cited in Senge, 1990, p. 21).

Managers who have position, power, and control often micromanage and model "skilled incompetence." These individuals use aggressive means to control information and resources. They are protected by the organization, which usually does not solicit or reward people for asking difficult questions about the company's policies or strategy. People learn to protect themselves from not having the "right" answers. The result is a

culture and organization that closes down inquiry, exploration, and consequently learning and innovation.

Cohesive, strong, and productive behaviors cannot survive in these environments, operating under and with skilled incompetence managers. Decision, power, and control must be shared for knowledge management and the invisible productive assets of people's ideas and expertise to develop and be used by the organization.

The "systems thinking" approach and the other disciplines described above can prevent and reduce "learning disabilities" (Aygyris, 1990, pp. 18–26) that individuals—and later companies—experience. Using a learning organization approach helps people learn and—as important—learn *how to learn* to be proactive instead of reactive, and prospective instead of following retrospective habits (Cathon, 2000).

5.4 Change and Learning Organizations

At the heart of the learning organization is the idea that change and learning go hand in hand. Learning organizations develop internal structures that can respond to change (Watkins & Marsick, 1993) and behave proactively. At the same time, learning leads to organizational change. The purpose of a learning organization is to empower organizations, from employees to executives, to accept change as positive part of their existence (Senge, Ross, Smith, Roberts, & Kleiner, 1994).

Rowden (2009) defines learning organizations according to four traits: constant readiness, continuous planning, improvised implementation, and action learning. Constant readiness refers to a learning organization's ability to respond to change situations. Unlike the highly structured, traditional organizations that are optimized for stability, learning organizations are optimized for change. They are willing to question themselves and their assumptions and make adjustments. This readiness normalizes the possibility of change rather than the expectation of routine predictability.

With continuous planning, leaders focus on strategies and flexible approaches instead of mapping every step of a process; although, more recently many high-powered learning organizations have been able to combine flexible strategic approaches with electronically connected databases that provide speed and accuracy to more fluid and organic decision making processes, as we will illustrate in this section.

By focusing on high-level strategies, organizations can rapidly re-evaluate and change course as needed. While traditional organizations emphasize a strong, guiding vision and mission, Rowden (2009) describes learning organizations as valuing revision. They review their assumptions, analyze implementation, and adjust accordingly. Clearly articulated guiding principles and strategies based on "improvised implementation" and "action learning" (defined and discussed below) can provide enough structure to plan, and by staying focused on the big pictures, organizations move proactively toward a positive, shared goal.

Improvised implementation comprises several meanings. First, as a part of a culture that welcomes change, learning organizations encourage experimentation and reward small

successes before scaling these wins company-wide. It also means that everyone in the company plays a creative role, contributing to the big picture. Individuals and teams have a high level of autonomy as well as responsibility in decision making. Eventually, successful experiments become part of the organization's system, as learning occurs at individual and organizational levels.

Action learning also refers to continuous planning, that is, instead of annual review-style reflections and planning, learning organizations constantly reflect and adjust. Because experimentation and innovation are integral to organizations that can respond and change as often as needed in today's complex environment, the need to reflect, learn, and continue are inherent in the culture. Constant experimentation means constant assessment of what worked, what didn't, and what could be managed differently. These micro, action–learning scenarios eventually add up to large-scale organizational learning and change.

Becoming a Learning Organization: Woolner's Five-Stage Model

A central characteristic of the learning organization is the "capacity to create." This proactive vision keeps the organization competitive by emphasizing innovation (Johnson, 1998). Learning organizations go beyond simply responding and adapting in response to factors that demand change. They generate new knowledge, products, systems, and models, embracing organizational change as an opportunity for improvement and growth.

However, creating these learning opportunities and incorporating processes that allow experimentation and reflection takes time and conscious effort, and this model may not be appropriate for every organization. A company may value learning and change management without completely transforming into a learning organization. Woolner (1995) marks five stages that an organization passes through when becoming a learning organization: (1) the forming organization, (2) the developing organization, (3) the mature organization, (4) the adapting organization, and (5) the learning organization.

The first stage, as the name suggests, pertains to start-ups. They learn through trial and error rather than through formal processes. At the beginning of a company's life, every decision provides a learning opportunity as founders develop products and a viable business model. They constantly test variations, whether in branding, outreach, product design, or pricing, to determine which combination will translate to success.

Organizations in the developmental stage have begun to solidify their business models and products and can start to set up formal, proactive learning situations through training with outsiders. This sort of development is not part of the organization's regular processes, although organizations recognize the need for learning.

Third-stage organizations understand the need for employee learning and begin to provide internal trainings. These learning situations still are not part of the organization's regular operations; however, they are valued as integral to the company's growth. Stage four, or the adapting organization, is similar to stage three, except learning becomes part of the organization's strategic plan. Learning is integral to the company's long-term growth at individual, group, and organizational levels.

Finally, in stage five, learning becomes part of an organization's day-to-day activities. It is fully integrated into operations and is viewed as part of the organization's health and success. Part of what defines a learning organization is that all employees contribute to the organization's knowledge (Watkins & Marsick, 1993). In this stage, the organization encourages formal and informal learning, with a strong emphasis on teamwork so that new knowledge can be communicated quickly and effectively across the organization. Learning comprises past experience, current experience, and best practices from other organizations (Garvin, 1993).

Returning to Senge's description of a learning organization, he also emphasizes that organizations can create the results they desire. In part, this comes from their proactive behavior. Instead of responding to change as it arises, learning organizations experiment and innovate in pursuit of specific goals that add up to larger organizational strategies and vision. They also pay attention to past experience and adjust to future situations accordingly (Johnson, 1998).

Examples of Learning Organizations

Learning organizational practices can be found in a myriad of settings. This section takes a brief look at a few real-world examples of how learning organization principles are implemented to effectively respond to and enact change.

U.S. Army

The U.S. Army has a division devoted to learning. CALL observation centers serve as a knowledge repository for the army and collect and distribute information.

The U.S. Army has a division devoted to learning. Founded in 1985, the Center for Army Lessons Learned (CALL) gathered data from battle simulations run at its National Training Centers (Garvin, 2000). CALL observation centers serve as a knowledge repository for the army and they collect and distribute information. As the Army's duties changed, so did the information gathered by CALL. Because of their role as institutional memory, CALL teams were usually among the first deployed in new operations. They gathered information, identified potential problems, and recommended solutions based on the past experiences.

Learning occurs through cycles of trial and reflection. Organizational learning follows the same path—companies incorporate opportunities for trial and reflection into their systems and processes. In turn, a learning organization constantly changes at mico- and

macro-levels, providing the practice and experience needed when unexpected change situations arise.

AT&T's Bell Laboratories

During the 1990s, AT&T's Bell Laboratories focused on organizational learning by finding ways to scale the knowledge of individuals to entire divisions. The company focused on its most productive software engineers and tried to understand why some were more effective than others. After identifying top performers, it conducted in-depth interviews with them to understand their approaches to their work and techniques they used to stay productive. The company translated this research into a hands-on training program, which top performers used to work with fellow programmers. Productivity improved by 10 percent immediately and by 25 percent by the end of the year. Although this foray into organizational learning focused on productivity, it also improved problem-solving, teamwork, collaboration across the organization, and customer care (Garvin, 2000).

AT&T

More recently, AT&T has become one of the most highly regarded learning and development organizations in the United States (Nikravan, 2011). Cynthia Brinkley was named senior vice president of talent development and chief diversity officer of AT&T in 2008. In 2009, the company invested $244 million toward employee learning and development programs and allotted $27 million in tuition reimbursement for 9,800 employees—49 percent of whom were women and 54 percent were persons of color. AT&T's Leading with Distinction (LwD) program encompasses all of the company's leadership and strategic alignments—that includes strategy and culture. In 2010, the company delivered globally to more than 105,000 managers. Nikravan (2011) noted that AT&T requires learning and development:

> … to keep every employee attentive and actively involved in transformation. … They have a seat at the executive table. They know about devices that will hit the market months before the devices actually hit the shelf. They work with the rest of the business and device manufacturers to develop the training, and that training is mandatory for all of those involved with that product. This training is offered in different ways: Web-based, webinars, job aids, coaching tools, and again, it's required. (Nikravan, 2011)

What's remarkable about the Bell Labs and AT&T examples is not just the dramatic results, but that the top software engineers became trainers. They accepted new leadership roles that required a separate skill set and additional responsibilities. Implementing these changes marked a team effort with each member of the leadership and learning groups stretching their knowledge and abilities. Managers, rather than serving as training authorities, stepped back and simply created a learning opportunity while the developers filled the traditionally authoritative role. This point brings us to the final topic in this section: the importance of leadership in enacting learning organizational principles.

Leadership

Learning organizations' biggest challenge does not come from external threats; it is the time and commitment they need to be implemented. Moreover, because organizational learning depends on changing structures and processes, it requires long-term commitment (Watkins & Marsick, 1993). This, in turn, depends on strong and visionary leadership.

Rowden (2009) defines learning organizations according to four traits: constant readiness, continuous planning, improvised implementation, and action learning. Constant readiness refers to a learning organization's ability to respond to change situations. Unlike the highly structured, traditional organizations that are optimized for stability, learning organizations are optimized for change. They are willing to question themselves and their assumptions and make adjustments. This readiness normalizes the possibility of change rather than the expectation of routine predictability.

With continuous planning, leaders focus on strategies and flexible approaches instead of mapping every step of a process. When given a highly detailed plan, employees cannot stray from the steps without derailing the overall process, so any unexpected results would mean reevaluating and recreating the plan. By focusing on high-level strategies, organizations can rapidly re-evaluate and change course as needed. While traditional organizations emphasize a strong, guiding vision and mission, Rowden (2009) describes learning organi-

Learning organizations are optimized for change. They are willing to question themselves and their assumptions and make adjustments.

zations as valuing revision. They review their assumptions, analyze implementation, and adjust accordingly. As described above, clearly articulated guiding principles and strategies can provide enough structure to plan, and by staying focused on the big pictures, organizations move proactively toward a positive, shared goal.

Accenture, a preeminent global management consulting, technology services, and outsourcing company, for example, invests hundreds of millions of dollars on its learning and leadership programs each year. For example in 2009, the company spent nearly $800 million on these programs. Margolis (2011) stated that Accenture's leaders

> … recognize that first and foremost, developing people is about business. As Accenture develops its people, they take new skills to the various industries in which they work—as they apply these skills, they grow the industries in which they work. The L&D [Learning and Development] function serves as a catalyst to advance thinking, build skills and create innovative solutions for Accenture's clients. (Margolis, 2011)

The executive team at Accenture measures the impact and value of its learning strategy "holistically and operationally." Operationally, the executive team needs to know whether

learning assets deliver required results and if the right people receive the development they need (Margolis, 2011). The company uses a scorecard, updated monthly, to track goals and objectives against annual targets. An annual "Business Sponsor Satisfaction Survey" uses feedback from executive sponsors to determine value delivered against business leaders' expectations. The firm's single evaluation tool also compares results on learning programs and expenditures across workforces, geographies, and vendors so that decisions are made using current data (Margolis, 2011).
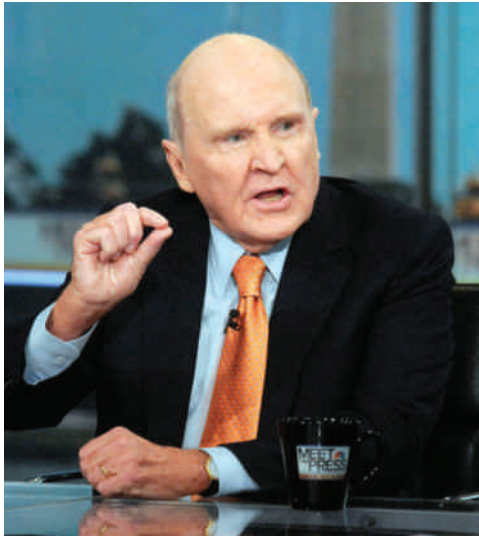
Leadership also uses the idea of improvised implementation as discussed earlier. The leaders must foster a culture that welcomes change, encourages experimentation, and rewards small successes before scaling these wins company-wide. Leadership must also ensure that everyone in the company plays a creative role, contributing to the big picture. Individuals and teams have a high level of autonomy as well as responsibility in decision making. Eventually, successful experiments become part of the organization's system, as learning occurs at individual and organizational levels. For example, Marissa Mayer, a Google vice president, serves as an "idea connector." She holds three weekly sessions where she is available to all Google employees who want to pitch a new idea. Marissa brainstorms with these "scout-equivalents" and encourages them to share details on a proposed product's functionality. She then decides whether "… to champion the ideas to company leaders Larry Page and Sergey Brin (Brokaw, 2011).

Action learning, which we also discussed earlier, is another process the leadership in learning companies must use to plan creatively. Instead of annual review-style reflections and planning, leaders must constantly reflect and adjust. Constant experimentation means leaders must constantly assess what worked, what didn't, and what could be managed differently. These micro, action–learning scenarios eventually add up to large-scale organizational learning and change.

Leadership also involves guiding an organization through change and finding ways to help the organization adapt (Ahn, Adamson, & Dornbusch, 2004). Strong management plays a critical role in an organization's competitiveness, especially in organizations that face constant change (Nohria & Roberson, 2003; Waldman, Ramirez, House, & Puranam, 2001), and in order to stay competitive, organizations must encourage constant, meaningful change. However, leadership remains challenging despite all of the theories and approaches because many leaders lack an understanding of change management; that is what leads to change, effective processes for managing it, and how to win follower buy-in for change initiatives (Armenakis & Harris, 2002). Leaders must be able to motivate their followers, communicate effectively, and facilitate team building in order to implement smooth organizational change (Gilley, McMillan, & Gilley, 2009).

Many managers view their role as the ultimate authority—the person who is right or who can swoop in to save the day. Instead of fixing employee problems, however, effective managers acts more as a teacher or a guide and help employees find solutions and improve their skills and performance. They also focus on constantly improving management processes and systems by creating learning opportunities involving experimentation and reflection (Horan, 2006).

Under the leadership of Jack Welch, for example, GE made adjustments toward becoming a learning organization by emphasizing action learning (Garvin, 2000). Instead of trying

Under the leadership of Jack Welch in the 1980s, GE made adjustments toward becoming a learning organization by emphasizing action learning.

to predict the adjustments the company would have to make, it focused on improving change management and optimizing processes for effective and rapid response. In GE's Change Acceleration Process (CAP), teams of eight to twelve participants would come together to solve a real problem. Process experts would coach each team through the new model of problem solving, so employees would learn the new process through participation and experience. Each of these CAP learning scenarios included an abstract discussion of the CAP framework and methodology and application of the model to the problem at hand. The combination of action and reflection, in turn, would help employees apply this process to future scenarios. The CAP program helped transform GE Plastics in Japan. After four consecutive years of posting losses, managers turned to the CAP program in 1994. The division broke even by the end of the year and was profitable in 1995.

5.5 Agile and Learning Organizations in the Twenty-First Century

As we discussed at the beginning of this chapter, agile organizations are those organizations that can respond effectively to change by being able to effectively manage change and change environments. As Adamopoulos (2010) states,

> Being agile implies more than change—it also implies disruptive change; the type of change that requires people to do things differently than they are used to. … Agile across the enterprise is a topic that has been written about during the last few years but has only recently begun to produce success stories to support it. Within the topic of agile in the enterprise is the emphasis on organizational change. To get to the state of being agile requires a number of considerations. The two primary considerations are cultural change management and training agile teams. (Adamopoulos, 2010)

Organizational learning principles and techniques, discussed earlier, deal directly with cultural change and with orienting leaders and teams on how to implement and sustain constructive, deep change. Combining agility practices to learning principles of change is a winning combination that takes into consideration both short- and long-term value consideration of all stakeholder interests.

The idea of organizational learning is compelling and has already proven to be effective in the face of constant change. Rowden (2009) warns, however, that the concept of a learning organization can easily become a fad with the big ideas getting watered down into simple,

packaged solutions. There's also the danger of viewing organizational learning as a one-size-fits-all solution in business. Learning involves failure, and learning organizations fail regularly. They attempt to keep experiments small, but learning organizations are only effective if they internalize the lessons they learn from failures. In fact, failure does not negate a learning organization's effectiveness. It's part of the process.

Organizations that do not understand this may believe that organizational learning simply doesn't work or that it's a utopian ideal with limited practical applications. However, learning organizations are less a solution than a process or approach to effectively managing change. Unexpected change always disrupts work flow, but learning organizations have the systems, human capacity, and depth of knowledge to make changes as needed, whether that change is triggered by an external event or an internal innovation.

Given the unpredictability of the future, organizations need as many tools as possible to respond to change. Agile businesses and learning organizations provide two models of embracing change, leveraging it to spur innovation and growth. Although we don't know what the future holds, it promises to be both exciting and challenging for organizations, the employees, and the leaders who can mindfully and competitively steer the way.

Managing Change
You Are Only As Good As Your People

Your company has experienced an epic failure: a product line that required huge investments of time, capital, and human effort has gone belly up. Planning and execution, manufacturing and distribution, and supportive processes took nearly a year to solidify and prepare for this new line of business, ending in a loss. Nearly one-third of the company's human capital had been allocated to this project.

Fortunately, the company stands on solid enough ground that it can absorb the loss. But its reputation has been compromised, and you and your leadership team find yourselves pulling the company up by the bootstraps. It's decision time: what to do with the one-third of your staff that worked on this product? The answer—take a learning approach. Firing one-third of company staff is ludicrous and only done, if ever, in extreme circumstances. While the assessment may be relative, the fact remains that doing so would create a loss greater than the failed product. The intellectual capital lost, in addition to the cost of hiring and onboarding, would be enormous. With that out of the question, what's the next step?

Some say you're only as good as your brand, others say you're only as good as your last product. But it could be strongly argued that an organization is only as good as its people, and fostering development and enhancing learning can only positively impact the organization. Learning organizations fail as a rule, and they have the systems, human capacity, and depth of knowledge to make the necessary changes.

1. How does learning facilitate organizational change?
2. What are some caveats to the concept of a learning organization?
3. What are some examples of large-scale organizational failures?
4. What would be a next step in this circumstance?

(See page 222 for possible answers)

Summary

Leading and managing change are not easy processes. In fact, planned transformational change in organizations can be, as has been stated earlier, messy because politics, power, emotions, and conflict are interlaced with technical, cultural, and social expertise. That is why change management and organizational development skills, competencies, and experience are essential for diagnosing, designing, implementing, and sustaining not only specific planned changes, but continuous change. Going forward, it's not only "change" that is required for most organizations, but change that is characterized and supported by agile and learning leaders, followers, and processes.

This text has provided a broad background and context that describes how to identify, assess, plan, enact, and reinvigorate agile, learning organizational change. Classic and contemporary examples of different types of change have been discussed: developmental, transitional, and transformational, to name only a few. Terminology, studies, methods, and frameworks from the fields of change management and OD (organizational development) were presented that provide a common language used by scholars and practitioners. With this information and understanding, students of organizational change have a conceptual and working knowledge for advancing into more applied areas to study and/or apply this knowledge.

Several trends in the field of OD are notable. A traditional trend from which OD scholars and practitioners argue refers to ensuring that process interventions in organizational change are "… transparent, possess integrity, treat people with dignity, and serve diverse stakeholders," with a primary goal "… to help organizations create such processes; whether they subsequently lead to performance outcomes is of secondary import" (Cummings & Worley, 2010, p. 694). Another pragmatic trend relating to OD consultants and change specialists calls for increased professionalization and the need to provide relevant expertise to organizations (Church, 2001). Management consulting in general, and change consulting specifically, is an unregulated industry, which means almost anyone can claim to be an expert in these fields. Certification and degrees or concentrations in these fields should be a minimum requirement for practitioners.

Finally, trends in the "context of Organizational Development" (Cummings & Worley, 2010, p. 697) indicate that the field is becoming more involved in "driving effectiveness in a broader range of organizations"; is helping both technical and managerial innovation; supports cultural diversity; and is more centered on ecological sustainability in its practices. As global, regional, national and local economies, industries, and organizations change and evolve, so will some change management and OD skills and practices. In many ways, we are all involved in organizational change—as drivers and recipients. Hopefully, the reader of this text will become a more informed and knowledgeable decision maker in change processes.

Learning Objectives Recap

1. Successful change leaders exhibit collaboration, the ability to build effective teams, and the ability to influence employees. More traditional traits like decisiveness and composure are less influential in guiding change. Creativity, adaptability, and experimentation are critical traits of change leaders.

2. Empowerment involves giving employees greater autonomy and responsibility. A greater emphasis on building relationships and creating open work environments has made leadership a necessity at all levels of an organization to better identify potential challenges and shorten response time. Empowered employees can more easily become change agents.

3. Agile organizations have the ability to quickly adapt and respond to new situations because change is a central part of their culture and practice. They value experimentation, communication, decentralized decision making, and modularity. This flexibility is opposed to the stability and rigidity of traditional organizations that do not have the adaptability to react quickly and appropriately to change. Agile organizations are more responsive than predictive, with an emphasis on effective communication and empowered employees, and have flatter organizational structures.

4. Learning organizations provide continuous learning opportunities, use learning to reach their goals, link individual performance with organizational performance, foster inquiry and dialogue to make it safe for people to share openly and take risks, and embrace creative tension as a source of energy and renewal. The three levels of learning organizations include: individual learning, group or team learning, and organizational learning.

5. The five principles of learning organizations are systems thinking, personal mastery, mental models, shared vision, and team learning. Learning organizations take a "big picture" view and consider the interaction and communication of all pieces of the organization.

6. Learning disabilities experienced by organizations include: a position-bound mentality of employees, the projection of blame on others, the illusion of taking control of the situation, a focus on single events and activities, an inability to detect gradual alarm signals, the illusion of learning from experience, and a counterproductive management team.

7. Learning and change go hand-in-hand. Learning leads to change within an organization and creates an environment of empowerment and affinity, rather than resistance, to change. Learning organizations are characterized by constant readiness, continuous planning, improvised implementation, and action learning.

8. Woolner suggests five stages in the process of becoming a learning organization: the forming organization, the developing organization, the mature organization, the adapting organization, and the learning organization. Learning often begins through a trial-and-error process and develops into a fully-integrated facet of the organization's operations.

9. Learning organizations require significant amounts of time and commitment, which translates into a need for strong, visionary leadership. Leaders must focus on flexible strategies and clear communication to foster a culture that welcomes change. Leaders guide the learning organization through change and find ways to help the organization adapt.

Discussion Questions

1. What is the difference between "hard" and "soft" dimensions of change? Give an example of each dimension from this chapter or the media.
2. If you were asked to be part of a group to hire a CEO to lead a transformational change for a large company, what characteristics and skills would you look for (and why) based on section 5.1?
3. Argue why competent executive coaches should be hired to help CEOs and managers sustain changes.
4. Explain what the heading in section 5.2 means, "Agile Businesses Don't Predict, They Respond." Do you agree with this statement? Explain.
5. What principles and practices from section 5.2 does the Semco Group demonstrate to be considered an "agile company"?
6. What characteristics does L.L. Bean, in section 5.3, demonstrate that classifies it as a "learning organization?"
7. You have been invited to give a talk discussing the differences between "learning" and "training" in contemporary organizations and to offer conditions under which each may be needed more than the other. What would you say?
8. Which of the seven "learning disabilities" in table 5.4 do you find most troubling as symptoms in organizations, leaders, and employees, and why?
9. How does an organization become a "learning organization" as discussed near the end of section 5.4? Do you believe any organization can become a learning or agile organization? Explain.

Key Terms

action learning	**leadership versatility**	**personal mastery**
empowerment	**learning agility**	**systems theory and thinking**
executive coaches	**learning organization**	
improvised implementation	**mental models**	

Web Links

For more on the Executive Coach Academy
http://www.executivecoachacademy.com/definitions.htm

For a video of the "Netflix apology"
http://www.youtube.com/watch?v=c8Tn8n5CIPk