Learning from the Best of the Best

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Last year, the main issue on the minds of our Best-of-the-Best Colloquia participants was organizational change; this year, it was learning. At all eight Arthur D. Little colloquia held in 1995, virtually every participant expressed the desire or the need, on behalf of his or her organization, to become more resilient, more adaptable, and smarter about responding to the pervasive change each continues to face. In our words, to increase organizational learning.

The ADL Best-of-the-Best Colloquia are themselves experiments in collaborative learning. For the second year in a row, we invited executives from the world's leading companies to work side by side with us over several days. The objective? To use our collective experience and vision to develop shared frameworks for the future – road maps toward continuing excellence in important processes within each organization.

This year the processes highlighted were customer management, environmental risk management, environmental remediation management, environmental strategy management, manufacturing management, process management, technology and innovation management, and supply chain management. Twenty companies were carefully selected in each process area based on their demonstrated excellence by a panel that included at least two prominent external judges.

There is a certain amount of risk (for us!) in each of these colloquium gatherings. We put specialty steel manufacturers next to consumer electronics makers and hope there will be a common ground, the spark for an animated process of sharing and discovery. Our preconceived notions are minimal: we bring an outline of creative exercises designed to stimulate discussion – but of what?

In every case, broad expanses of common ground emerged from these individuals representing organizations on the cutting edge, despite obvious differences in industry dynamics or competitive frame. In 1994, they talked about the changes that their organizations had undergone, the role that executive leadership had played, and the obstacles that they had overcome. The year, the mood was different. No longer impressed with their organizations' ability to implement one cycle of change, group after group spoke of the settling realization that change in *their* process area would be ongoing. The issue now was how to help their organizations excel in the face of that future. Senior executives spoke of the desire to help their companies become nimbler, to help their employees learn faster, to respond to uncertainty with more confidence.

The specific findings of these discussions are quite interesting; they are described in the articles that follow.

Even more fascinating to me is the commonality of issues that lace these discussions. We were all struck by this observation last year; this year it seemed just too neat. We examined our meeting design... were we subconsciously shaping the outcome? How could this many executives, from different functional areas, from companies that appear to have so little in common, have such similar issues on their minds?

But, of course, they do have something in common. They are each, as best we can judge, at the leading edge of management thinking and practice in their respective areas. And to that extent, perhaps reflecting on „what's on their minds" is indeed a valid indicator of the waves we all have encountered, or soon will.

Here's a broad look at those waves, both those that these leading companies have already surfed through and those looming just offshore.

From Slide Rule to Mouse and Modem

As we talk about the issues that we all wrestle with today in our own organizations, it's easy to lose perspective on how far we've come. Just think: today's current generation of managers by and large used slide rules in college. A huge portion of today's work force began their careers using manual typewriters and mimeograph machines. Developing a work force that embraces technology is no small accomplishment – and more and more of us have made it! Today „technology" is widely accepted in most companies as a core set of basic skills that every employee – including every executive – needs to know.

My experience – and the reflections of these leading companies – suggests that this technology wave washed over these high-performing firms only five to eight years ago, no earlier. Oh, they had all made significant investments in equipment much earlier; but the widespread competence, the fully tuned-in organization, is a relatively recent achievement, even for the Best of the Best.

Tuning into technology is really the first wave of the change phenomenon that we all hear so much about these days: when we stop believing in the man behind the curtain and actually sit down and have long encounters with our own mouse, modem, and monitor. We've all seen the rise of the CIO in the corporation, followed by the rapid realization that technology is not just for the Information Systems department anymore. But can we all say that our organizations are fully, top to bottom, technology literate? Catch the wave.

Adding to the challenge, we've all faced rising expectations: as we invested in technology, senior management expected increased productivity and better performance from fewer employees. To our frustration, it didn't happen that easily.

Call in the Electrician

What most have viewed simply as a massive downsizing trend is actually the rewiring of some of the world's largest companies.

As technology investments mounted, typically with little or insufficient payback, one thing became clear: simply automating the existing organization was not going to achieve the ambitious goals most executives had set. Leading companies increasingly recognized that they needed to redesign the way they operated in order to gain the productivity benefits that were promised. The daunting task at hand was to figure out how to take the tall, vertically-designed organizational structures of the '60s and '70s and widen them: how to take organizations in which everything was designed to run vertically – up the chain of command and then down again – and make them run horizontally, across processes. Leading companies began to question the old command and control. Cross-functional teams started to emerge. And reengineering came into fall force. Company after company called in the electricians for a complete rewiring.

Sometimes this worked, sometimes not. One of the key determinants of success, in my view, was the way the organization had weathered the first wave – the degree of technology competence it had achieved. It was difficult, if not impossible, to reengineer any process successfully, fully leveraging technology, if some of the participants in the process (typically upper management!) broke the technology chain. On the other hand, many found it difficult to muster the motivation to learn new skills in the context of old processes that did not yet require new capabilities to succeed. Again, leading companies seemed to solve this chicken-or-egg dilemma earlier and more readily than the pack.

Our Best-of-the-Best Colloquia discussions in 1994 recapped this extensive process of organizational rewiring and employee retooling that these companies have successfully undergone in recent years.

Turn Up the Juice

As this year's colloquia discussions well illustrate, leading companies have weathered the first two waves. The challenge of achieving widespread technology literacy, which some firms are still struggling to meet, was generally scoffed at by these firms. In leading companies, all members of the corporation, including the most senior executives, actively use technology.

These companies are also well advanced in the straightforward use of technology to execute cross-functional processes efficiently and effectively. Today, the Best of the Best are clearly ready to tackle the next wave: to turn up the juice in their rewired organizations with the goal of improved performance, come what may in the future. They seek continuous improvement and increasing resilience. They strive to help their organizations perform for today, while learning for the future.

In short, they're out to create learning organizations.

The Learning Organization

So, how far have these Best-of-the-Best firms advanced on this quest? Our discussions highlight exciting progress and the promise of more to come.

An executive from one of the leading banks described a „web of sensors" he listens to, measuring not only what his customers are telling him, but equally important, what his employees are saying. Wide learning systems and processes create organizations in which „continuous regeneration permeates the organization."

To a manufacturing executive from one of the world's leading technology companies, the ability to capture information and the willingness to interpret and use it to change – regeneration – provides the agility to excel. „For us, learning all the time helps us better understand our customers' changing requirements, so we can instantly determine the right products, services, and solutions to meet their needs."

And a sense of urgency has emerged. „Learning faster than the competition," said a Customer Service Manager at a giant food company, „is the only sustainable competitive advantage."

Invariably, these insights come paired with concern for the organization's most improvable asset – its people. Learning is being led – and lived – from top to bottom and back again in these world-class companies.

„Corporate DNA" is a wonderfully descriptive phrase that came from this year's Process Management Colloquium. Part of Arthur D. Little's corporate DNA, going back to our founding, is a relentless curiosity about how to do things better. We're always looking for best practices. We're always learning.

What follows is a distillation of our learning from this year's Best-of-the-Best Colloquia program. We're adding it to our DNA store. We hope it will also enrich yours.

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