
The learning organisation: results of a benchmarking study

Mohamed Zairi

The author

Mohamed Zairi is Chair of Best Practice Management at the University of Bradford Management Centre, Bradford, UK

Keywords

Benchmarking, Learning organizations, Model, Surveys

Abstract

This paper is based on a survey which benchmarked two large conglomerates in the area of "corporate learning". One of the problems with the theme of the learning organisation is clear understanding of its meaning, constituent elements, the way learning gets applied, is measured and can be kept sustainable. To ensure that learning is given an all-encompassing approach, a model proposed by Carr (1994) was adapted and used to survey Unilever plc and Allied Domecq. Consumer focus through effective branding is core to their business, which could be described as more creative than productive. In both cases, the harnessing of human potential and its development is crucial to their competitive success. The survey indicates that Unilever plc has got the edge over Allied Domecq in many areas. The paper discusses the type of learning organisation each case is and the degree of their effectiveness in each of the six areas scrutinised.

1. Securing tomorrow through learning

Most, if not all, CEOs talk about business imperatives for the future and building a better tomorrow for their organisations. This is perhaps at a time when they are placing more and more emphasis on short-term results and getting the financials right. Is there, therefore, a paradox? Do they mean what they say? What is their real vision?

Perhaps to answer all of the above questions one could refer to an inquiry conducted by the Royal Society for the Encouragement of Arts (RSA, 1995). The inquiry, made up of senior managers representing 25 top companies, concluded that in the UK there is:

- an overall gap in performance at a world-class standard because UK companies suffer from complacency and ignorance of world standards;
- a national culture which is very adversarial;
- An overreliance on financial measures of performance and a short-term focus.

The RSA (1995) report concludes that in order to create tomorrow's organisation there has to be a radical shift through the creation of a more "inclusive" approach and taking a stakeholder perspective. In particular the report stresses the following:

- The need to define purpose, values and their effective communication at all levels.
- Using the purpose, values, etc., as a baseline for designing individually tailored formulas for success and a meaningful framework for performance measurement.
- Organisations need to recognise the importance of reciprocal relationships, and learning from all those who have a stake in the business in order to compete effectively.
- Building close partnerships with customers and suppliers.

The report stresses the importance of learning in order to create tomorrow's companies. For instance, by specifically referring to the role of leadership and focusing on people:

- *Business leadership* includes "defining, discussing, measuring and reporting on success in more inclusive ways" (QWL, 1995).
- *People* includes realising the creativity and learning potential of all people with whom the company has contact, not just employees: "Participating in exploring the future of work, on the basis that successful companies can only flourish in a successful society".

It is very apparent, therefore, that creating tomorrow's organisation requires a fundamental shift in attitudes towards people as the major asset and investing in the development of means of creativity, innovation and high business impact.

Jack Welsh, CEO and chairman of General Electric introduced the philosophy of "Change before you have to" to create a global organisation, which is fit for competing in the 1990s. Since he joined GE in 1981, this change master embarked on a programme which stretched GE to become a global competitor, lean and mean, with annual revenues of \$60 billion. He believes that it is the role of leaders to create a climate which constantly reminds people that change is a continuous process. Some of Jack Welsh's famous words include: boundarylessness, speed, stretch. According to Welsh, "Change should not be an event but rather a continuous process in the quest for success" (Salazar, 1995).

Visionary leaders are referred to in a variety of ways such as:

- change agents;
- transformational leaders;
- corporate revolutionaries;
- change masters.

2. Learning is synonymous with change management

The best way to describe learning is perhaps through the impact this can have on changing things, changing processes and changing organisations in their entirety. If effective change management is going to happen, organisations have to manage a variety of things through direct and indirect means of encouraging learning. Wood (1995) suggests a very useful list, which was observed in the effective management of change in various organisations such as Rank-Hovis for instance:

- Corporate change through a top-down, bottom-up and middle-out approach relies on changing people's mindsets (how they think) and the culture of work (how they behave). This is the only way for creating ownership and commitment of the strategic task and also on relying on people's creative contributions.
- There is a need to stress the importance of developing skills both at process management level and for the purpose of driving change and managing its implications. This can happen through various means and

methods such as teamwork and dynamic visual interaction.

- Change can only happen through the development of robust processes and eliminating functional barriers in order to secure effective performance.
- A specific role for managers and supervisors is to become change facilitative leaders, and develop everyone around them through coaching, guiding, mentoring and the encouragement of continual personal learning experiences.
- Change has to be managed and cannot be left to occur in an *ad hoc* fashion. When change is induced it has to be closely related to strategic planning and the competitive arena outside. Change for the sake of change is worse than no change at all. Change has to be considered as a means with ends, the end being effective competitiveness:
- It is imperative for managers to link in employees' individual learning agendas to the business priorities and the core competencies required for the organisations concerned to achieve effectively their agenda in the marketplace. This link is so vital as it enables individuals to plan and manage their own learning tasks with the view of helping the accomplishment of the corporate goal and making a significant contribution.

As Wood (1995) argues:

Above all the change process is about people, and about unleashing their innate human potential to be the best they can be. If this is not recognised as the most fundamental principal of all, bottom-up and middle-out change lose their energy and meet with major barriers to change, resulting in eventual breakdown of the change programme.

The following is a list of critical factors for creating effective change (Wood, 1995):

- Having a clear vision, leadership and communication and an effective decision-making process at all levels, driven by business imperatives.
- It is important to have overwhelming support for change, otherwise if there are pockets of resistance, these can hamper progress and advancement. One effective way of securing commitment and support is to encourage access to decision-making processes.
- Building trust through openness and selling change as an opportunity for better competitiveness rather as a threat to job

security. It is important to link change to learning, empowerment and risk taking and sell it as an opportunity for individuals' strengths and expertise to be applied to new roles to deliver corporate goals and achieve the desired transformational state.

- Having a change management policy which is well communicated and supported by all.
- Focus and keeping the momentum going is crucial in continuing to empower people and get their full commitment
- Having champions, advocates and enthusiasts for change who are going to propagate the need and benefits at all levels within the organisation. This is to be done through coaching and mentoring for instance.
- Tracking and monitoring success is critical to ensure that change is effective and leading to the desired outcomes.
- Using external catalysts for help, assistance, support and inspiration.

3. Benchmarking learning

Since learning is an all-encompassing approach, an adaptation of a model proposed by Carr (1994) was used to assess corporate learning within Unilever plc and Allied Domecq plc. Both are operating in the fast-moving consumer sector and have more similarities than dissimilarities.

Unilever plc

Unilever's aims are to effectively meet the needs of the global consumer in its specific markets. Its strength is in branded and packaged consumer goods, in foods, detergents and personal products. Unilever has over 1,000 strong and successful brands being marketed worldwide.

Some of the strengths of Unilever are in the following areas:

- understanding the needs of customers and consumers;
- product innovation;
- investment in R&D;
- creative and effective marketing;
- expertise in manufacturing technology;
- people.

As far as people are concerned, and this is the area scrutinised in this paper, in a corporate document issued in 1992, the following statement was written:

Unilever recognises that its employees are the lifeblood of the business; it is their skills and commitment which determine success.

Allied Domecq plc

Allied Domecq is a world leader in spirits and retailing. Spirits and wine account for 62 per cent of Allied Domecq's trading profit (1995 figures) and retailing for 26 per cent. It has additional areas which include brewing and food manufacturing. Similarly to Unilever, Allied Domecq has very strong brands such as Ballantine's, Beefeater, Kahlua, Courvoisier, Teacher's. In retailing, it has 13,800 retail outlets, comprising 4,100 pubs, 1,500 off-licences and 8,200 franchised stores with brands such as Victoria Wines, Big Steak Pubs and Mr Q's. There is a determination at Allied Domecq to drive through the strengths of its brands, such as in the case of Unilever. This is expressed by A.D's chairman, Michael Jackaman, in the 1995 company report, as follows:

Our consumer brands are all-important to our future growth. We focus on them intently giving them consistent and imaginative support. The quality of our brands and the speed of our service are key determinants of success.

4. The survey instrument

The survey instrument was based on a questionnaire proposed by Carr (1994). The questionnaire was structured in six areas, covering the following:

- (1) core qualities for creativity;
- (2) key characteristics of a creative organisational system;
- (3) measures of organisational flexibility;
- (4) measuring diversity and conflict;
- (5) developing creative organisational systems;
- (6) developing effective and successful teams.

Ten functions were represented within Unilever plc and 12 from Allied Domecq. Responses were received from eight Unilever businesses and four from Allied Domecq. In all, 26 questionnaires were received out of a total of 100 sent (Table I).

The results are discussed in the following sections, under each of the six elements used and based on Carr's model (1994).

Table I Background to data collection

Elements of comparison	Unilever	Allied Domecq
Number of respondents	14	12
Number of functions represented	10	12
Number of businesses represented	8	4

5. The seven core qualities of a creative organisation

In this area, which covers core elements of being a learning organisation and operating a total quality management approach, Unilever, overall, has a better profile than Allied Domecq. The gap appears to be in three specific areas:

- (1) Within Unilever, there is a better approach to people's contributions.
- (2) Within Unilever, there is a better approach to problem-solving.
- (3) There is a more ad hoc, trial and error approach within Allied Domecq than is the case within Unilever (Figure 1).

6. The basic characteristics of a creative organisational system

This area examines how both Unilever and Allied Domecq put learning into practice. Both organisations appear to be lacking in many areas and in particular:

- There is a big concern overall about the allocation of resources for problem solving.
- There is not a true culture of problem solving in both organisations and using problems for injecting in new learning.
- The evidence about pioneering approaches and innovativeness in relation to other organisations is not particularly strong (Figure 2).

Figure 1 The seven core qualities of a creative organisation

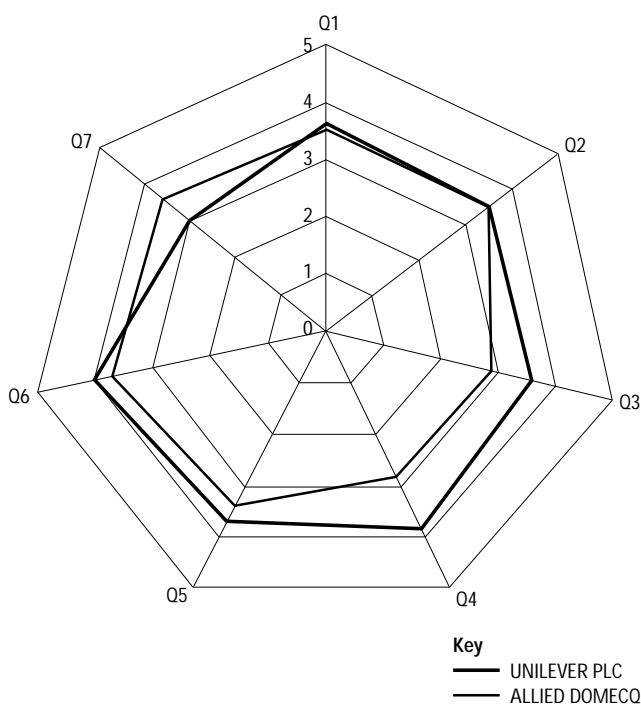
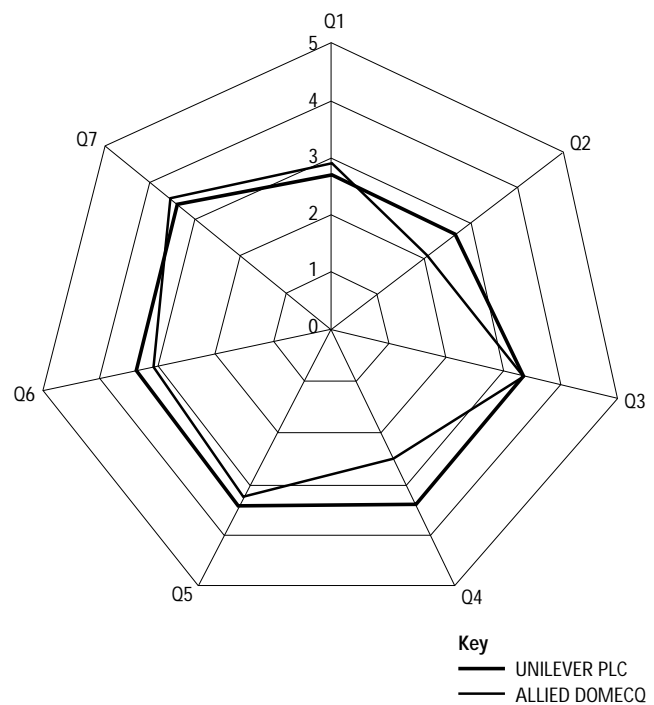


Figure 2 The basic characteristics of a creative organisational system



7. The ten attributes of a flexible organisation

This area attempts to map whether there is clear evidence of a positive culture of total involvement, a proactive approach to managing change and whether the notion of true empowerment is really visible. Both profiles once more do not appear to be of world-class status. In particular the following areas appear to be of concern:

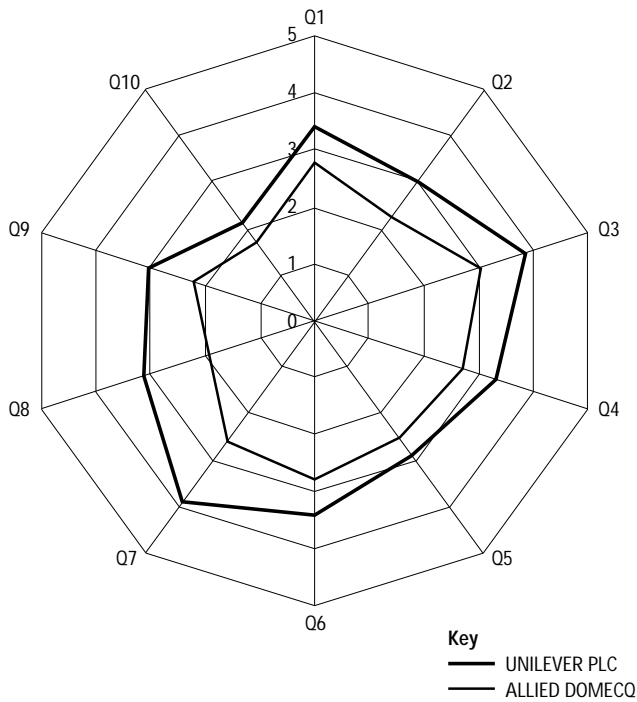
- It appears that there is not a positive climate for creativity and an approach which enthusiastically gets people to experiment and learn.
- The notion of empowerment is not widely recognised and there is still concern over hierarchies and rigid structures (Figure 3).

8. Using diversity and conflict

There is a lot of concern about diversity and how conflict is considered. Both profiles once again do not appear to reflect best practices in the development of a corporate climate where goals and targets are effectively communicated and closely linked to individual development needs and where opportunities for promotion, and participation in the decision-making processes are not widely abundant. In particular, the following areas need to be highlighted:

- opportunity to apply for positions at all levels;

Figure 3 The ten attributes of a flexible organisation



- individual goals and needs are not integrated effectively into the structure of organisations (Figure 4).

9. The eight rules for a creative HRM system

This is again one of the most critical areas for creating the learning organisation. It is very much about people's choice, selection and development, how they are motivated and

rewarded and how levels of synergy are obtained by encouraging teamwork. Although Unilever appears to be much better than Allied Domecq in this respect, nonetheless, apart from one or two areas, there are many of concern.

Positives

- Effective training and its link to functions.
- The quality of people hired (creative potential).
- Tasks and projects are made to be the key motivator for people.
- People are hired for keeps and not just to fill in a short-term need.

Areas for improvement

- The way HRM systems are developed and put into practice are not really about harnessing creativity and maximising the full potential of people and how they work together.
- The reward and recognition system is purely and simply monetary and not enough emphasis is placed on creative contributions.
- The incentive systems are not put together to support the creative performance of people (Figure 5).

10. The nine characteristics of successful teams

This is the last area examined and specifically relates to aspects of teamwork, goal clarity,

Figure 4 Using diversity and conflict

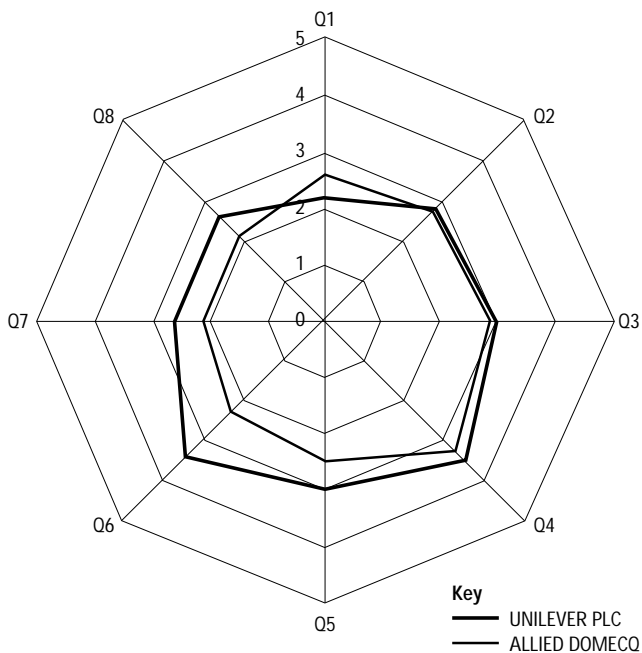
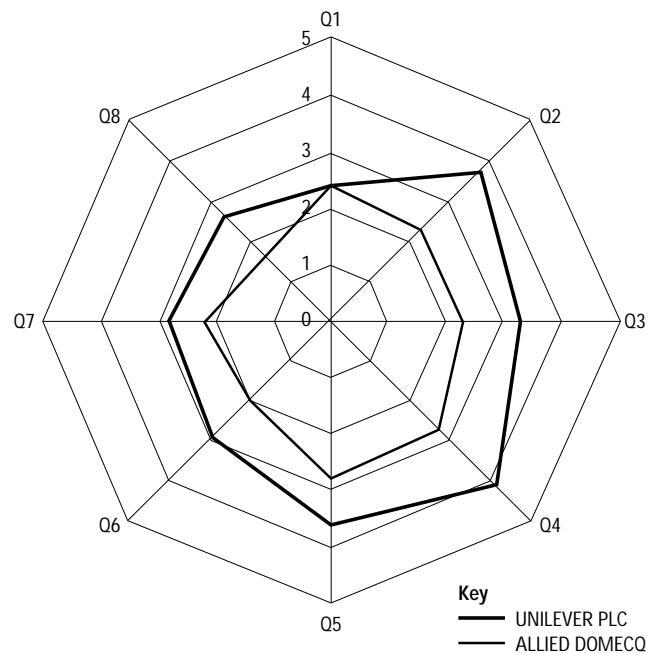


Figure 5 The eight rules for a creative HRM system



culture of supporting teams, whether values and guiding principles are shared and how the goal deployment process concentrates on the work of teams. Once again, Unilever appears to have a slightly better profile than Allied Domecq. The general indication is that this is not really an area of great concern, although there is not one single practice which highlights world-class status. Nonetheless, the effort deployed indicates above average practices. Perhaps, one or two areas which need to be highlighted and would require improvement, cover:

- Renewals for team performance. There is still a strong focus on individuals.

- There is clear recognition that individuals within the teamwork context do add value and efforts are recognised.

11. Conclusions

This brief benchmarking exercise indicates that Unilever has the edge over Allied Domecq and perhaps is more advanced in its effort to create a learning organisation. The efforts, however, do not indicate world-class status and there are many deficiencies which may need to be attended to.

When plotting the aggregated responses of all the respondents from each organisation for each of the six parameters examined, Unilever appears to be much stronger than Allied Domecq, as Figure 6 illustrates.

Figure 7 illustrates the gaps in performance between Unilever and Allied Domecq under the six key elements of developing a learning organisation.

References

Carr, C. (1994), "The competitive power of constant creativity", *AMACOM*, American Management Association, New York, NY.

Salazar, R. (1995), "Leading corporate transformation", *World Executive's Digest*, August, pp. 10-12.

"Tomorrow's company" (1995), *Quality of Working Life (QWL) News and Abstracts*, No. 124, Autumn, ACAS, London, p. 4

"Tomorrow's company: the role of business in a changing world" (1995), The Royal Society for the encouragement of Arts (RSA), July, London.

Wood, R. (1995), "New articulative series on people, work and change", *The Strategic Planning Society News*, November, pp. 4-5.

Figure 6 The nine characteristics of successful teams

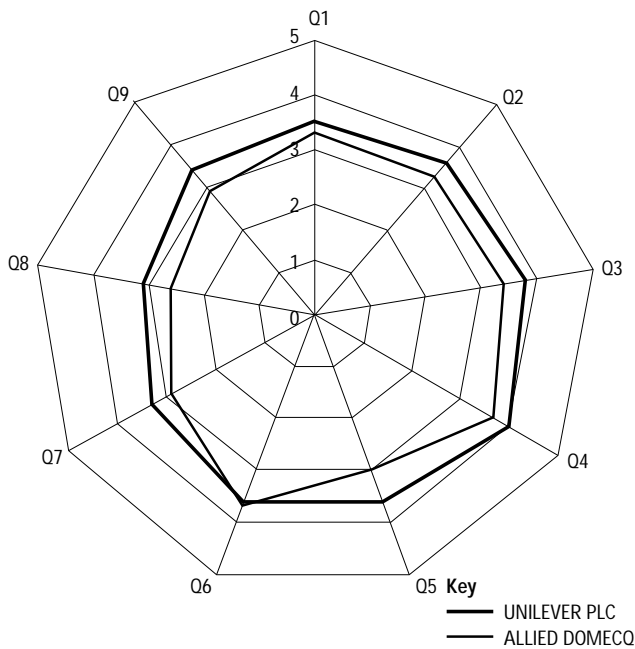


Figure 7 Six key elements of developing a learning organisation

