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# Innovation: Shifting the strategic focus of learning

Lessons from the 2007  
Chief Learning Officer  
Roundtable

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# *Innovation: Shifting the strategic focus of learning*

## **Lessons from the 2007 Chief Learning Officer Roundtable**

*By Eric Lesser*

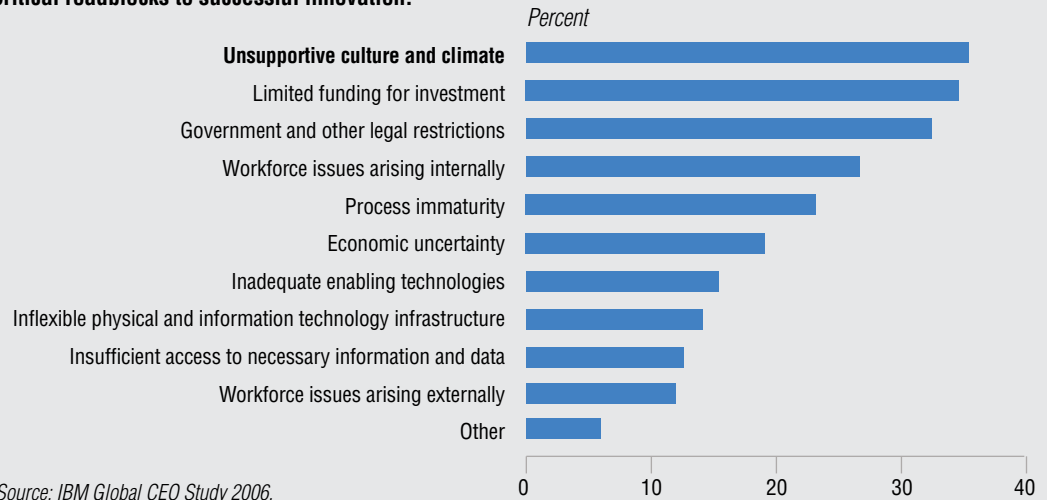
*Learning executives are seeking to drive innovation within their organizations and establish a more active role in the development of new business models, the creation and deployment of new products and services, and the development of new internal services and delivery channels. To accomplish this, they should begin thinking outside their traditional mandate of delivering formal course material and adopt a scope of work that facilitates a more strategic organizational role.*

After years of focus on consolidation, cost control and delivery efficiency, a growing number of learning executives are now turning their attention toward the strategic boardroom issues of innovation and growth. There are a number of different efforts that fall under the innovation umbrella, from the creation of entirely new businesses to the development of new product/service offerings, to the application of new improvements to existing operations. Yet, at the heart of this innovation agenda is the need to create, share and apply both new and existing expertise to opportunities in the marketplace. For this primary reason, we believe that innovation needs to appear on the radar screen of today's learning executive.

From the 2006 IBM CEO Study and experience working with clients, we see the importance of people in the innovation process. In this study, CEOs indicate that an unsupportive culture and climate are critical roadblocks in achieving breakthrough levels of innovation (see Figure 1).<sup>1</sup> Many senior executives, looking to improve their organization's ability to innovate, find themselves hampered by a corporate environment that hinders the ability to identify, act upon and deploy new ideas.

FIGURE 1.

**Critical roadblocks to successful innovation.**



Given the need to support an innovative environment, where should the organization turn? While HR has a broad mandate to support many of the people-related issues associated with culture change, we believe that the learning function plays an especially critical role as it relates to innovation. Given its focus on the exchange of knowledge, ideas and experience, the learning function needs to be at the forefront of this discussion. Yet, for many companies, several questions remain. For example, how can the learning function have an impact on an innovation agenda? What are the different types of innovation that learning can support? What are the unique strengths that learning professionals can contribute to innovation success?

To obtain insight into these issues facing the learning function, IBM brought together senior executives from a range of industries, including financial services, retail, consumer products,

telecommunications, media, public sector and the military, for a series of roundtable discussions. The sessions focused on three primary themes:

- How the learning function facilitates the development of new business models, particularly those that are global in nature
- What learning professionals can do to foster the creation and deployment of new products, services and operational improvements
- How innovation can be applied to the learning function itself, including the development of internal services and new delivery channels.

We believe these insights will be of interest to all learning executives looking to play a more strategic role in the future of their organizations.

# Innovation: Shifting the strategic focus of learning

## *Lessons from the 2007 Chief Learning Officer Roundtable*

### **Supporting innovative business models through learning**

#### ***Enabling the globally integrated enterprise***

Among the key trends facing many organizations is the migration toward global integration. As companies are building networks of suppliers, distributors and other partners across their physical supply chains, distribution channels and information networks, they are also looking to more effectively manage their talent on a worldwide basis. This applies not only to corporations, but also to governments, which are finding that issues such as border security, public health and economic development require closer coordination between the public and private sectors, across government agencies and beyond national boundaries.

As Sam Palmisano, chairman and chief executive officer of IBM, has stated,

*“The globally integrated enterprise will require fundamentally different approaches to production, distribution and workforce deployment.”*

To deploy its global resources in an effective manner, the learning function should take the lead in helping the organization define, identify and locate workforce skills and capabilities on a worldwide scale. As companies are looking to source their key knowledge and talent from around the world, including emerging economies such as Russia, China, India and Brazil, they need to be more effective in:

- Classifying the types of skills they are looking to bring into their organizations

- Identifying and prioritizing gaps at a local and a global level
- Linking career development and learning priorities to those skill gaps
- Locating individuals and/or partners with the right expertise and making that expertise visible throughout the larger organization.

For example, an organization looking to rapidly expand its engineering presence in a developing economy not only has to understand the required skill levels of its new hires, but also use that knowledge to make decisions regarding the formation of global teams. Also, the organization needs to understand the skills and capabilities of outside partners, and determine when to tap into these external resources. Further, it needs to understand the managerial capabilities of its senior leaders, which are often in short supply in many of these new markets.

For many companies in this roundtable, the classification of skills and capabilities is seen as a challenging exercise. Several commented that their initial forays in this area were not successful, primarily as the result of developing a taxonomy that was too detailed and cumbersome to manage on an ongoing basis. Others underestimated the amount of change management required to inform and engage the organization regarding the importance and value of this type of skills classification. In some cases, these false starts required companies to spend over a year of time and effort, only to recognize that they needed to reexamine their fundamental approaches and relaunch their initiatives.

**One challenge facing globally integrated companies is a shortage of experienced leaders.**

Yet despite these issues, many firms remained committed to a global view of skills management to help ensure that the organization can source the right skills in the right location at the right price. Further, given the shorter lifespan of skills in today's marketplace, the ability to reallocate learning resources to rapidly build "hot" skills was seen as extremely important. In addition, in an era when speed and customer responsiveness can make the difference in winning or losing, the ability to quickly locate needed capabilities and bring them together to solve problems was seen as a competitive differentiator.

Another learning challenge facing organizations as they move into a globally integrated environment is the shortage of experienced leaders, particularly in developing parts of the world. Locating and holding onto experienced managers, particularly in locations such as China and India, becomes increasingly difficult as rapid growth rates and increasing wages make it attractive for individuals to switch companies. This turnover in the managerial ranks, in turn, has a cascading effect on the rest of the organization. Less qualified managers are less likely to be able to provide an environment conducive to developing and retaining lower-level employees, further reinforcing the turnover spiral.

One technology firm taking part in the roundtable shared its experiences in leadership development as it continues its international growth. In 1995, the company had 27,000 employees, with approximately 35 percent of its employees outside of the United States. Ten years later, the company has more than doubled in size and has tripled its international population. In addition, the company was

looking to migrate from a product-based to a platform-based strategy, increasing the need to better leverage cross-geographic collaboration and insights.

The company recognized that, particularly in emerging markets, its traditional talent management strategies were not addressing the changing need in the marketplace. For example, in China, the company had typically brought in expatriates on a three-year rotational basis. However, given its recent expansion in that area, it recognized the need to "grow leaders faster" – when combining both high attrition and low experience levels, the need to focus on creating a "leadership hothouse" has taken on significant importance. Further, the company has started to revamp its overall succession management strategy, focusing on developing a global pool of candidates, rather than managing candidates within a specific geography.

Among the talent and leadership development lessons the company has learned over the last several years are:

- *Provide good experiences to local hires* – Even if these individuals end up leaving the company, they can serve as a valuable referral network and may end up returning after a period of time.
- *Develop relationships with universities* – Ranging from curriculum development to hiring and placement, these connections can help cultivate new hires with skills geared toward particular company needs.
- *Leverage opportunities with other companies in non-competitive areas* – For example, collaborate with companies to develop basic skills, such as strategic thinking for managers, or share ideas on local market opportunities.

**Leadership development is about creating a unified environment that sets common standards and expectations.**

- *Avoid generic training* – Worldwide training rollouts should address the unique cultural differences in different regions, including local language support and bandwidth considerations for distance learning.
- *Build upon brand reputation* – In emerging economies, multinationals with strong brand presence often can leverage their product/ service reputations in the hiring arena.
- *Carefully choose the people you send as expatriates* – Not only will these individuals have to deliver on business results, they must also develop the next generation of business leaders.
- *Provide a clear path for growth as part of the overall employee value proposition* – Individuals able to see opportunities for themselves are much less likely to leave and more apt to bring others into their network.

Leadership development on a global basis is more than just rolling out a series of training programs and managing the flow of expatriates. It is about creating a unifying corporate environment that provides a common set of standards and expectations for employees, while at the same time tapping into their local knowledge and experience.

***Rapidly adjusting to a changing business climate***

In an ideal world, the learning function is guided by a series of well-planned business and human resource strategies. However, more often than not, the organization is jolted by a series of changing circumstances not anticipated during the yearly planning cycle. Regulatory changes, acquisitions and product launches can require the learning function to address the needs of large employee groups

in very short time frames. As a result of facing these challenges, several companies in our discussion raised the issue of how the learning function can adjust – and assist others in responding – to rapid changes in the business environment.

For one telecommunications firm, the spin-off of a major division served as a significant change to the mission and direction of the learning organization. Within a very short window, the learning function had to not only reorganize itself into a stand-alone organization, but also provide education services to the rest of the newly formed organization – all the time making sure the new company could maintain its continuity of operations.

Further, the demographics of the spin-off were significantly different than the prior organization. Not only was the newly formed organization a third of the size of its previous parent, but it also absorbed a larger percentage of older, unionized employees. This had a direct impact on areas such as technology training, where field employees had been given laptops to do their jobs, but had little experience in actually working with them.

Among the lessons learned from this experience were:

- *Keep it simple* – The company found that a one-page “route map” was incredibly effective in explaining the transition process to people within and outside the learning function.
- *Recognize that leaders who succeeded in a structured environment might not succeed in a start-up* – Early selection decisions often have a major impact on how the overall change will be executed over the transition period.

- *Build a candid dialogue* – The CEO of the new organization banned the use of slide presentations to foster discussion around significant issues and help crystallize key messages.

### Enabling new products and services development and operational excellence: The learning function steps up

The concept of innovation – ranging from operational improvements to the development of new products and services – has clearly taken hold in many of the organizations represented at the session. While attendees believed the mandate for innovation needs to be driven from the organization’s business strategy, they also felt strongly that the learning function needs to play a critical role in creating an environment for innovation to flourish – one that increases the *creation, visibility* and *adoption* of ideas across the organization.

In support of the innovation agenda, learning executives highlighted a number of practices they have put into place to foster idea generation and distribution in their organizations.<sup>3</sup>

These included:

- *Action learning* – Several individuals talked about the value of bringing people together from different parts of the business and provide learning in the context of solving an actual business problem. Among the recommendations for employing action-learning techniques was to carefully balance the composition of the team to foster diverse viewpoints and ideas. One banking organization indicated it always includes a “smart dummy” in its action-learning teams – someone who can ask the right question, but is not enmeshed in the details of how things have always been done in the past.

Another form of action learning discussed was the return of the apprenticeship model. Several participants highlighted the importance of revitalizing such programs within their organizations, with an emphasis on more knowledge-intensive positions. Focusing on real-world situations, the apprentice learns not only primary job skills, but also the nuances that come from working with an experienced practitioner.

- *Enabling cross-unit collaborative sessions* – One consumer products company found it particularly valuable to sponsor face-to-face learning events in which individuals working in similar disciplines across different geographies could share tips, hints and recommendations. Given the diversity of customers in different geographic regions, these sessions often proved a hotbed for new ideas regarding recipes, food preparation and presentation strategies. These face-to-face sessions focused on common topics and themes, made it easier for employees to pass along ideas in an environment where they could ask questions, discuss alternatives and build the trust that allows new ideas to flow more freely.
- *Learning from the outside* – As more companies recognize that new ideas often reside outside of their organizational boundaries, more learning departments have partnered with other segments of the business to make connections and seek insights from beyond the firewall. One financial services company has begun to host a quarterly series of innovation sessions, sponsored by the president, that brings together both internal experts and outside speakers. These day-long sessions are designed around a particular topic and involve up to 15 people from different units

**The learning function needs to take an active role in promoting a culture that permits informed risk-taking.**

across the company. As the head of organizational development for this organization stated, “We were a very inward-leaning organization. We have built a program where we are now bringing in any outside expert we need to help us solve problems.” One government agency has established a similar program, focusing on both bringing in people to vet ideas developed inside the agency, as well as bringing in leading practices from the private sector.

At the same time organizations were looking to outside experts, they also were beginning to focus on deriving insights from customers. A number of financial services organizations noted a greater use of ethnographic techniques as part of their new product development processes, spending time with actual customers and how they conducted their financial transactions, rather than conducting focus groups in highly controlled environments.

- *Online brainstorming sessions* – One executive talked about her company’s experience in leveraging its intranet platform to run companywide brainstorming sessions. These “jam sessions” were multi-day online events in which employees (and customers and partners) from around the world could submit ideas, refine suggestions and make connections with others facing similar challenges. These events were moderated by trained facilitators, who provided around-the-clock assistance in generating conversation, suggesting new ideas and making connections across different discussion threads. The results of these online dialogues were then organized and prioritized using text-mining technology. From these sessions came a series of initiatives that were further

refined and implemented. As a result of these sessions, the CEO committed US\$100 million to support the execution of the top ten initiatives.

In addition, participants felt that the learning function needs to take an active role in promoting a corporate culture that permits informed risk-taking. Although one participant indicated that their company’s CEO once said, “Give me an example of someone who took a risk, failed and actually lost their job,” risk aversion is still considered to be a strong deterrent to spending time on projects that may not turn out to be successful.

One way of overcoming this natural resistance is to introduce methods for reducing the cost of failure. In the case of one military organization, simulations are developed by the learning function to enable troops to practice maneuvers too dangerous to test in real life. For a financial services company, this meant testing new ideas on small customer segments using existing platforms requiring relatively little investment. For others, the use of formal debriefing and “lessons learned” sessions for major projects helped bring issues into the open and reduce the stigma associated with projects not deemed entirely successful. By providing opportunities to practice and refine their capabilities in controlled environments, both models highlighted the importance of allowing people to “fail early, and fail often.”

It is clear from our discussions that the learning function can play an important role in the innovation process – enabling managers to create an innovation-friendly culture through effective knowledge sharing, connection building, and active learning tools and experiences.

## Innovation and the learning function: Looking within

While these previous two sections have dealt with the need to support the larger organization in its innovative endeavors, the learning function also needs to focus on innovation within its own domain. Not only does this include new methods and techniques for training employees, but also a potential rethinking of the products and services that it offers to its internal clients. During the session, two innovative areas within the learning function surfaced: reducing the time needed to bring new employees up to speed and addressing the challenges of the maturing workforce.

### ***Rethinking the learning paradigm: Reducing time to competence***

For a technology company, the need to rethink its learning paradigm occurred when it became necessary to train several thousand new sales people in a short time frame. In the past, the company had developed a sales-education process that lasted between 6 and 12 months. In 2006, the company had been asked to compress 300 hours of learning experiences into a six-month window, while at the same time increasing its average revenue per sales person. To accomplish this, the company focused its efforts in two major areas:

- *Differentiating through high performance* – Prior to redesigning the sales training effort, the company invested a significant amount of time in understanding the differentiators

between high-performing and average-selling professionals. It then focused the bulk of its training content on those factors that differentiated performance.

- *Migrating from “bringing workers to the learning” to “bringing learning to the workers”* – Recognizing the significant amount of on-the-job knowledge required to sell effectively, the company set out to develop a learning experience that not only leveraged coursework, but also incorporated mentoring, collaboration and knowledge management. It designed a program that not only allowed it to tailor the learning experience to particular needs (i.e., experienced outsiders versus university hires) but also to tap into the knowledge and experience of others within the company.

This experience was built upon a series of activities known as the *PARR* process, where sales professionals were asked to *Prepare* to address a particular skill (through both learning modules and actual content on the intranet), *Act* through an actual selling scenario, *Reflect* on how they performed their activity, and *Review* their performance with a designated manager, mentor or colleague. As a result of using this process, the new sales professionals were able to customize needed learning, apply the tools needed on the day-to-day job and tap into coaching resources for feedback.

**Companies need to consider the learning needs of experienced workers, many of whom are working well past traditional retirement ages.**

### ***Of a different age: Changing workforce demographics and the impact on learning***

In addition to rethinking the learning paradigm, consideration must be given to the tools and services required to address the impact of shifting workforce demographics. The aging workforce population is already having an effect on many organizations that attended the roundtable. Not only are companies forced to deal with issues associated with critical knowledge and skills walking out the door, but also the need to rapidly bring their replacements up to speed.

Recent research by IBM and the American Society for Training and Development echoes many of the sentiments expressed by session participants.<sup>4</sup> Among this list are:

- *The need to increase the awareness and understand the potential risks of changing workforce demographics on the business* – Many companies, while having anecdotal evidence regarding the aging of their workforce, do not have a solid analytic grasp of the risk exposure associated with their changing demographics. This includes an understanding of who is eligible to retire, when they are likely to actually retire, what skills are at risk for leaving the organization, and what skills are going to be in demand in the next three to five years.
- *The importance of addressing intergenerational knowledge transfer as an integral part of the learning strategy* – While many learning departments are primarily focused on the development and delivery of formal-based courses, more companies are recognizing the importance of the learning function in supporting the informal elements

of knowledge transfer between experienced and new workers. The development of mentoring and apprenticeship programs, the facilitation of communities of practice, and the use of mature employees in the training process were all cited as important methods for passing along experiential knowledge to the next generation of employees.

- *The ability to understand and address the different learning preferences of different generations* – It was clear from the experience of the learning executives that younger workers learn differently than their older colleagues. Having grown up in an interactive, multimedia environment, they are more comfortable using technology as a learning media, and are looking for learning experiences they can directly apply to their current work situation. At the same time though, companies need to consider the learning needs of experienced workers, many of whom continue to work well past traditional retirement ages. While each generation appears to demonstrate clear preferences for different learning vehicles, often a blended approach that incorporates technology, classroom and mentoring experiences can provide value to learners of varied ages and experiences.

By addressing changing workforce demographics, the learning function can only become more effective in the design and delivery of formal instruction. More important, it can help address a strategic issue that has a direct impact on the line organization. Through the preservation of critical knowledge and the ability to rapidly bring new employees on line, the learning organization can more clearly link its capability-building efforts to organizational productivity.

### ***Learning and innovation: Building a common agenda***

With innovation rising to the top of the leadership agenda, learning executives have a significant opportunity to play a new strategic role in the organization. With experience in areas such as skills definition, leadership development and knowledge transfer, now is a prime time for learning professionals to facilitate the creation, development and spread of new ideas across the organization.

However, driving an innovation agenda requires learning professions to revisit their traditional mandates. Learning executives must think beyond the delivery of formal course material and courseware management and reconsider the portfolio of products and services they offer to the internal marketplace. Whether through the facilitation of organizational communities, the preservation of institutional knowledge or the ability to rapidly develop leaders in a global environment, the learning function must build capabilities that address both the formal and informal dimensions of organizational learning.

At the same time, learning professionals need to apply innovation principles to their own operations and look for ways of designing and delivering learning content to the organization to reduce costs, shorten development cycle time and, perhaps most important, improve learner effectiveness.

In today's global marketplace, innovation will no longer be a choice – it will be the engine through which an organization will either thrive or wilt. Likewise, innovation will enable the learning function to either make a lasting contribution to organizational success or operate on the outskirts of corporate relevance.

## About the author

Eric Lesser is an Associate Partner with over 15 years of research and consulting experience in the area of human capital management. He is currently responsible for research and thought leadership on human capital issues at the IBM Institute for Business Value. He is the co-editor of several books and has published articles in a variety of publications including the *Sloan Management Review*, *Academy of Management Executive*, *Chief Learning Officer*, and the *International Human Resources Information Management Journal*. Eric can be contacted at [eless@us.ibm.com](mailto:eless@us.ibm.com).

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