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## Introduction

It has become common sense that the competitive success, if not the mere survival, of most of today's organizations is in large part dependent on their ability to learn, to innovate, and to change on an ongoing, sometimes radical basis. Given this, one might think that the "learning imperative" would have already led to a steep rise in the importance and reputation of corporate learning and development activities as a key strategic organizational practice, on equal footing with finance or marketing and high on the agenda of the Chief Executive Officer (CEO).

However, in most companies the corporate learning agenda is still struggling to get an adequate voice in the boardroom. The practice of learning does not have a seat at the table when it comes to shaping the business. The Vice President of Learning and Development is usually part of a Human Resource (HR) function that itself suffers in most organizations from a lack of clout and perceived business relevance. The fact that some companies have introduced "Chief Learning Officers" (CLOs) or even corporate universities seems to suggest otherwise, but a little scratching on the surface reveals that, in many cases, it's just a new label for the old training department.

The primary reason for the ongoing marginalization of learning is that the debate about the value and contribution of learning is driven by a restrictive understanding of the practice, one that has its roots in a "school-based" approach to qualification and training. While traditional education and people development remain important, the true challenge large organizations face today is to create and manage enabling architectures that systematically build strategic and organizational capabilities—such as speed, responsiveness, responsibility, innovation, and creativity—into the company's DNA.

This leads us to a new and ambitious concept of corporate learning that has little to do with the traditional notion of training and education. As a transformational business practice, corporate learning has to leave the classroom and become a *business practice*, with the focus on initiatives that nurture, develop, and leverage a company's strategic competence.

To support this argument, we will look at the universe of learning with fresh lenses. We will show that it is not just a back-end qualification process; the very nature of learning is rather about innovation, change, and transformation. Learning is not just about the acquisition of cognitive and technical skills; it includes social, political, and ethical competences. It doesn't happen only in the classroom—classrooms are actually pretty dysfunctional learning contexts—it occurs everywhere because it is at the heart of our daily struggle to make sense of the world and succeed in complex contexts. And most important, learning is not restricted only to individuals; it is a fundamental process that drives the development of large-scale systems. Using learning to acquire personal skills and insights is great and important. But the learning challenge of the twenty-first century is much greater: How can entire corporations, industries, even societies learn to be more strategically competent systems, so that they will ultimately survive in balance within their relevant ecosystem?

### **Who This Book Is For**

This is not a book just for experts on learning. It is for everyone who has a keen interest in how to shape larger systems in a way that they become flexible, agile, and innovative. As such, the book has relevance for anyone who works in organizations and is faced with the challenge to learn and change. The framework of the book makes it useful for experts and practitioners alike, as it connects conceptual thinking with concrete cases from leading global corporations.

Because the topic of strategic and transformational learning is growing in importance, the book will appeal to senior executives and managers who are involved in the domains of strategy, organization, change, innovation, HR, or general management, especially in large, complex organizations. The concepts and case studies in the

book will likely inspire a broad scope of consultants, especially those whose practices focus on strategy, organization, leadership, change management, and innovation. Offering a new and unique contribution to strategic and transformational learning, the book provides a rich source of case study materials for academics, researchers, and students in the field of management science, sociology, and organizational science. It may be used as a textbook to discuss the cases, both in undergraduate and graduate business and organizational behavior courses. It should also be invaluable for those involved in offering executive education and other learning services.

### **How to Use This Book**

The book has two parts that can be read independently. Part One is conceptual; in it I present the arguments for a new perspective on the identity of learning. Part Two contains ten case studies from global leaders that serve as benchmarks in creating organizational learning architectures for strategic innovation and transformational change.

The two parts of the book can each stand on their own, as can each case study in the second part. However, the chapters and case studies are linked to the degree that they reframe the meaning of learning, specifically learning in large-scale systems. When I reflected upon how to allocate space in this book to conceptual considerations and stories from practice, the cases were the clear winners, because conceptual thinking without the lifeblood of practice remains stale and academic. The cases also help illustrate the argument from a variety of angles. However, practice without reflection remains just a story, and the conceptual frameworks presented in Part One help guide thinking. Therefore, the two parts belong together, and you are welcome to read them as best suits your needs.

Chapter One opens with a brief look at some major forces that drive a new “corporate learning imperative”—such as massive changes in the overall business context, the ascent of the knowledge-based economy and society, the changing basis of competitive advantage, the empowerment of the periphery, and the emerging globally networked co-creation clusters that require a different approach to strategy and leadership.

Chapter Two responds to this learning imperative by exploring the universe of learning from the perspective of creating an effective business practice. Looking at the phenomenon of learning through three different lenses, we can recognize the current restrictions and the significant future potential of the practice. First, by analyzing very briefly the nature of learning processes, we see that learning cannot be sufficiently explained through the mechanistic model of unilateral knowledge transfer between teacher and student. Learning is an interactive, highly contextual process that leads to new interpretations of the world and creates social fabric. This has significant implications for the design of learning architectures. We then turn to the various dimensions of learning. We investigate not only the cognitive aspect of learning, which is dominant in the educational system, but also the emotional, social, political, and ethical dimensions of the concept and make them practical for corporate use. Third, we look at the critical contributions of learning, extending its traditional focus on people excellence to a new focus on organizational and strategic excellence.

Chapter Three builds on these extensions of the conventional learning paradigm and introduces a hierarchical five-step model that integrates learning interventions with increasingly strategic business processes, extending the stakeholder universe of corporate learning to interorganizational networks. By doing so, we can witness the transformation of corporate learning from an educational to a strategic leadership practice. The chapter closes with concrete examples of advanced and unorthodox learning interventions that foster organizational and strategic excellence.

Reframing the identity of corporate learning is not without consequences for the players who serve the field. The conventional set of vendors—business schools, training firms, consultancies, coaches, software providers, and others—naturally reflect in their practices the current paradigm of learning. Chapter Four explores the strategic impact of a redefined learning practice on the various players and the required reconfiguration of the overall customer-vendor relationships.

Finally, in Chapter Five, we examine the interplay of the new learning paradigm with the strategy process in large organizations. Like today's practice of corporate learning, the practice of strategic management must also rethink its traditional

planning paradigm, which has become dysfunctional in face of discontinuous change. As a result, we unveil how the two practices converge—learning as a strategic process, and strategy as a learning process.

Part Two of the book presents a collection of case studies of transformational corporate learning adventures from large and complex organizations, most of them global leaders in their fields—organizations like Siemens, ABB, EADS (Airbus), Novartis, BASF, PricewaterhouseCoopers, the U.S. Army, and more. The cases are quite diverse in demonstrating how companies have addressed various challenges they face, but they have in common that they are all large-scale learning initiatives that required smart learning architectures to make the entire system learn. Each of the cases is unique, because each context is unique. But they are also generalizable to situations many companies face, because they all model universal principles about designing learning architectures that go beyond the traditional narrow thinking of what learning can accomplish.

The cases are told as “war stories” rather than polished “success stories” and provide rich material for analyzing the success factors and challenges related to large-scale learning projects. They are examples of ambitious corporate learning endeavors that inspire and challenge the way most of us think about the learning function. They can be food for discourse in the executive suite, and they are great teaching material in executive education programs and business education in general. Together with the chapters in the first part of this book, it is my hope that the case studies will contribute to transforming today’s definition of corporate learning and elevate the practice into the arena in which it deserves to operate.

### **Why *Corporate Learning*?**

We all pay lip service to the importance of the educational sector, and at least in the United States we know that our educational systems are in desperate need of repair and innovation. Other books on learning might address the current state of our schools and universities and how they treat learning. Instead, I focus here exclusively on corporate learning.

I do this because the rapidly changing context in which large organizations have to act today puts on them a tremendous learning pressure. Failure to learn is not an option; continuous innovation and reinvention have become imperative for survival. If individuals refuse to learn, they may become unemployable—that's bad enough. But if large corporations refuse to learn, they can do much unintended harm to themselves and their environment. For the sake of us all, who depend on a healthy economy and on organizations that shape this world responsibly, it is important to raise awareness about the learning imperative. Learning in the comprehensive sense in which I define it is not just a luxury on which we cut back in difficult times. Learning is the lifeblood of sustainable organizational effectiveness and innovation, and done well, it leads to responsible industry leadership.

Further, I believe that any conceptual innovation in learning that is strong enough to transform the practice will be driven by corporations, not by the incumbent players in the learning and education space. Unlike in the academic world, learning in corporations is highly contextual as it is designed for impact. It naturally addresses multiple dimensions and domains of learning. Companies are more likely to realize the limitations of the current paradigm of learning, and as ultimate customers of the education sector, they have the means to drive paradigmatic change.

Finally, corporations—especially large and global ones—are major political actors that create much of the context in which they and we live. As such, they carry a responsibility as global citizens and have ultimately to legitimate their actions. They can become responsible actors only if they gain a better understanding of who they are and how their actions affect the world, and vice versa. The process of continuously developing an understanding of this dynamic is nothing else than the essence of ongoing learning. Unorganized, this learning remains accidental, and organizations miss out on the rich opportunities that come with it. Organized in the form of smart corporate learning designs, this learning enables companies to lead industry transformation by creating a context that benefits the entire stakeholder universe and the larger political and ecological context we all depend on.