

November 2018

DISRUPTORS, BOARDS, LEARNING AND BUSINESS TRANSFORMATION**How Learning Is Central to Healthy Organisations**

Context

‘Disruption’ is now a fashionable term. Yet the concept has always described both the human condition and organisational life. This means acknowledging the fundamental importance of continuous learning for any living organism to survive, and then connecting this to effective organisational change. I argue that all boards of directors have a primary duty to ensure the healthy learning climate, and long-term culture, of their organisation based on the delivery of continuous learning at all levels – from policy formulation and strategic thinking to day-to-day operations.

Much research and development was done in these areas in the UK and US in the 1960s to the 1980s but it diminished in importance during the 2000s. Now with a new generation of directors and senior executives being promoted it seems that there is renewed interest in such linkage. The new generation seem unaware of these previous riches and, rarely having an historical perspective, do not know the pertinent questions to ask of the internet. So they are doomed to having to reinvent the past often at great cost to their businesses in terms of time and money.

Back To Basics – $L > C$

In 1946/7 Reg Revans was developing the robust concept of Action Learning and W R Ashby the ideas of the need for Requisite Variety for sustainable living systems. Their ideas are crucial for boards to understand and use today because the law demands that the primary duty of any board is ‘to promote the success of their company’. Continuity of such success can only come from the learning of the people in the business. Revan’s famed axiom that for any organism to survive its rate of Learning needs to be equal to, or greater than, the rate of Change in its environment ($L > C$) is fundamental for boards and executives. This needs to be seared into the memory of all board members and managers. It is the key to them delivering their business results.

This depends on being able to assess and develop board and executives' thinking and learning competences. It is the key to their problem-solving abilities. Yet few boards or executive teams budget time to learn and develop these. If there only point of collegial contact is just the board meeting, they have no hope of rigorous learning between themselves let alone across the whole organisation. Indeed, they are rarely assessed on these aspects during their selection process, nor developed and tested as part of their induction as a director or executive.

Linking Board Learning to Tackling Business Disruption For Business Success

The model of The Learning Organisation (1) is widely accepted internationally as a figure-of eight spanning the internal and external worlds of the business. The internal Operational world (first order changes in day-to-day work) must link with the Policy and Strategy world (second order changes caused by the ever-changing external environments) for the organisation to survive, learn and develop. The board needs to become the central focus of this distributed learning across the total organisation. The board needs to see its central, co-ordinating learning role as 'The Brain Of The Firm'.

In mathematics it is relatively simple to distinguish between 'puzzles' (in which the solution is determined by the framing of the question, despite the complexity of the task), and 'problems' (in which the uncertainties are so high that the question-poser has to use their own values and parameters to state the issue). I argue that the primary focus of directors must be to pose and seek to resolve problems, whilst executives are there to solve puzzles however complex. This requires very different thinking and learning processes. Directors need to develop 'divergent' thinking skills to cope with the environmental uncertainties. Executives tend to focus on 'convergent' thinking to cope with daily puzzles.

Effective directors face continuous disruption in the environments that create the eco-systems in which they thrive. But most directors are over-developed in executive (convergent) thinking and so not trained or emotionally committed to coping with the uncertainties of 'disruptions' from the external environment. So they often fall back to their well-worn position of comfort, forsaking directoral problems for executive puzzles.

Many directors prefer to deal with, for example, deviations from current plans than trying to posit problems for coping with future environmental changes in

the Policy sphere. Because they have been coping with deviations from plans for all of their career they are, therefore, only too happy to comment on the executives' approaches and solutions to such deviations. This leads to board members tending to try and manage from the boardroom table. In turn this creates tension with the executives charged to deliver their roles.

But trying to grapple with the continuous interactions between the Political, Physical, Economic, Social, Technological and Trade worlds can make directors feel distinctly queasy. They rationalise this by reverting to puzzle-solving rather than learning to take an integrated approach to bring the operational and policy-formulation thinking together – 'the helicopter view'. Such problem avoidance reduces the business' capability to learn effectively.

What can be done?

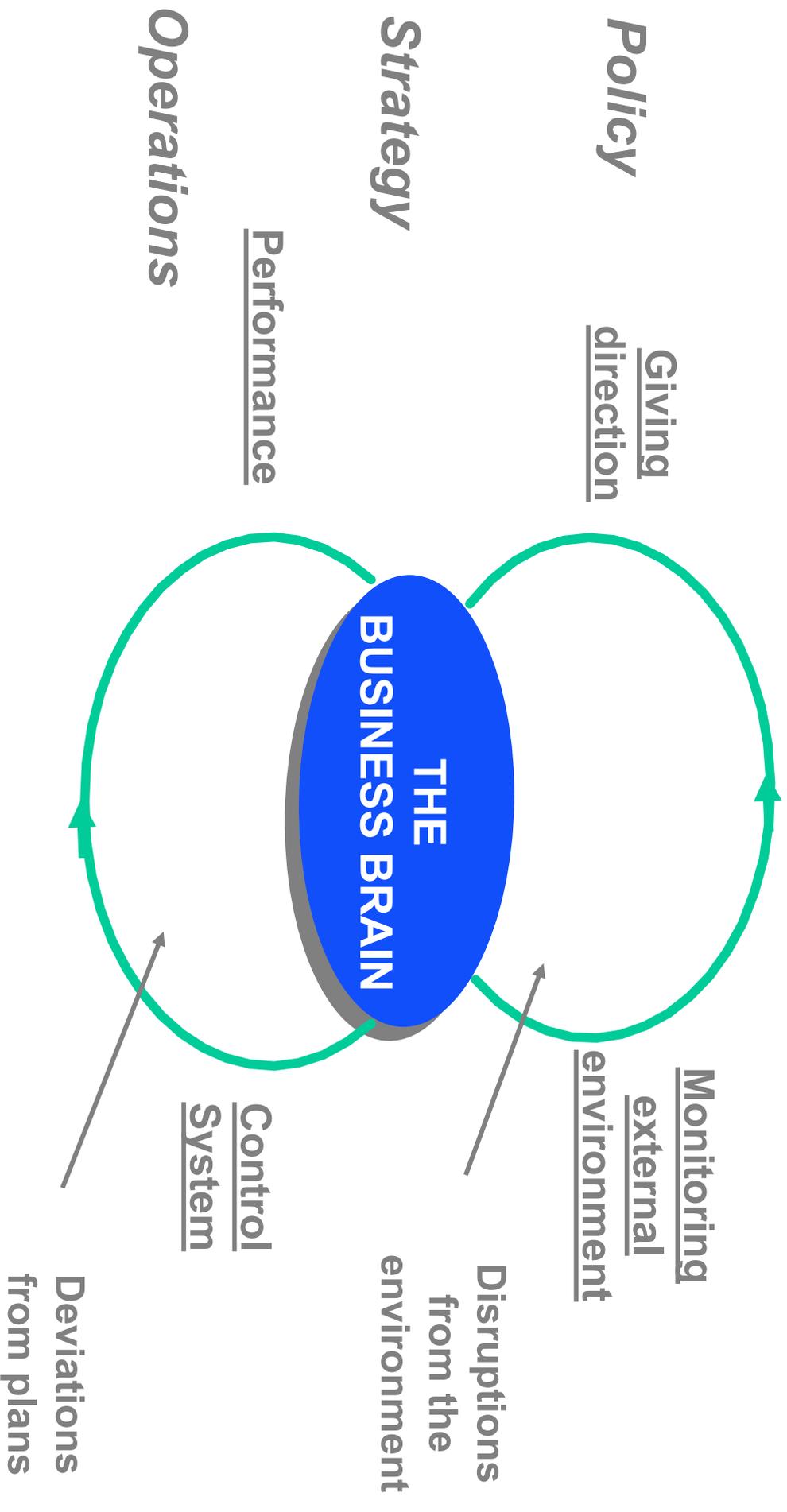
Three distinct and integrated approaches are needed:

- Develop divergent thinking for directors to cope with continuing uncertainty and disruption. Most executives and specialists have been taught a reductive, 'convergent' form of problem-solving. The puzzles reduce appreciation of the complex environments in which the business sits. This reduces the ability to integrate the learning across the business.
- Board and executives commitment to the concepts of the Learning Board and the Learning Organisation (2) and then installing continuous learning systems to consciously develop their business.
- These learning systems must then be created for the learning of all levels of the organisation to be able to communicate in real-time their approach to the resolution of business puzzles and problems, and the consequences, across the whole organisation and with stakeholders.

Action Learning is the antidote to Disruption – and much more enjoyable.

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Figure 1: The Learning Organisation



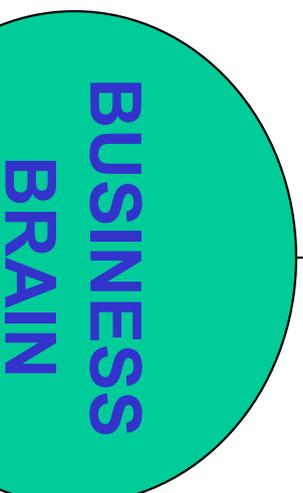
The Learning Board - Basic Framework

EXTERNAL

ACCOUNTABILITY

POLICY FORMULATION

**BOARD
CONFORMANCE**



**BOARD
PERFORMANCE**

INTERNAL

SUPERVISING MANAGEMENT

STRATEGIC THINKING

SHORT TERM

LONG TERM

Diagram One