*Based on an ancient tradition, the* learning history *is a new managerial tool that captures the lessons of success and failure.*

# HOW TO MAKE EXPERIENCE YOUR COMPANY'S BEST TEACHER

by Art Kleiner and George Roth

Experience is often the best teacher – or so the saying goes. That is certainly true in our personal life. Why not, then, in corporate life? After a major event – a product failure, a wild business breakthrough, a downsizing crisis, or a merger – many companies seem to stumble along, oblivious to the lessons of the past. Mistakes get repeated, but smart decisions do not. Most important, the old ways of thinking that led to the mistakes are never discussed, which often means that they are still in place to spawn new mishaps again and again.

Ask individuals about those major events, however, and they often will tell you that they understand *exactly* what went wrong (or right). You might hear that the new product fizzled because no one in marketing listened to anyone in manufacturing – or vice versa. Or that the new product soared because the people in R&D or distribution "finally got their act together." Each point of view represents a valid, but limited, piece of the solution to the puzzle. If all these perspectives could be integrated coherently, the organization as a whole might learn what happened, why it happened, and what to do next.

Yet those insights are rarely shared openly. And they are analyzed, debated, and ultimately internalized



DRAWING BY MICHELLE BARNES

by the whole organization even less frequently. In other words, in corporate life, even when experience *is* a good teacher, it's still only a private tutor. People in organizations act collectively, but they learn individually. That is the central tenet – and frustration – of organizational learning today.

The frustration exists because managers have few tools with which to capture institutional experience and disseminate its lessons. Employee surveys often are used to gather information and opinions about major events that have shaken up a business, but the assembled data rarely make it back to the organization's people in a form they can use meaningfully. "Best-practice" write-ups leave out the mistakes that people might learn from, as well as the hidden logic and struggles that have made breakthroughs possible. Sometimes consultants are called in to make sense of the "big something" that has happened, but their reports are rarely endorsed by those who experienced the event firsthand. The reports, after all, are aimed at the senior managers who hired the consultants. Once the consultants leave, the lessons of the past slip away with them, often to be sold to other companies.

## A Different Approach to Institutional Learning

How, then, can organizations reflect collectively on past experience – and do so in such a way that people's thoughts and actions become more focused and energized? In other words, how can the lessons of the past be "processed" by an organization so that they are translated into more effective action?

Galvanized by those questions, a group of social scientists, business managers, and journalists at MIT's Center for Organizational Learning have spent the past four years developing and testing a tool to solve the conundrum of collective learning. We call our solution a *learning history*. (See the exhibit "Creating a Learning History Piece by Piece.")

In the most basic terms, a learning history is a written narrative of a company's recent set of critical episodes: a corporate change event, a new initiative, a widespread innovation, a successful product launch, or even a traumatic event such as a major reduction in the workforce. The document ranges in length from 20 to 100 pages, nearly all of it presented in two columns. In the right-hand

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column, relevant events are described by the people who took part in them, were affected by them, or observed them close-up. Managers, factory line workers, secretaries, and outsiders (such as customers, advertising copywriters, or suppliers) tell their part of the tale. Each person is quoted directly and identified only by title. The quotations are woven into an emotionally rich, cogent story reminiscent of Studs Terkel's unvarnished first-person accounts of American life and society.

**Learning histories raise issues that people want to talk about but have been afraid to discuss openly.**

The left-hand column is a different matter. It contains analysis and commentary by the *learning historians*. This small team is composed of trained outsiders, usually consultants and academics who specialize in organizational learning, as well as concerned and knowledgeable insiders, usually drawn from the company's human-resources department or organizational effectiveness staff. The team has sorted through hundreds of hours of interviews to distill the story in the right-hand column. In the process, it has come up with the text for the left-hand column, which identifies recurrent themes in the narrative, poses questions about its assumptions and implications, and raises "undiscussable" issues that hover just below the surface of the quotations to the right.

Once a learning history is complete, it is used as the basis for group discussions – for those involved in the event as well as for those who might learn from it. For instance, a learning history about one division's successful product rollout may be used to spark conversations in another division that is about to launch its own new product. The members of the second division are asked to read the learning history, marking portions of the text that excite, upset, or otherwise engage them. These people meet in small groups, holding in-depth conversations about the thought processes that led to the first group's success. The goal of the meetings is to gain a better understanding of the critical choices that the second group faces in planning new actions. Thus a learning history is as much a process as a product. (By contrast, traditional consulting reports are often distributed throughout an organization. Some are read; most are shelved.)

As for the product, its "jointly told tale" format may seem unique, but it is actually based on an ancient practice: community storytelling. Since the beginning of civilization, tribal peoples have gathered together, perhaps around a fire, to retell stories of important events: wars, changes in leadership, or natural disasters. During these gatherings, many individuals would offer their recollections (what we might call *perspectives*), and a shaman – the learning historian – would comment on the narrative, guiding a discovery process to bring the story's significance to light. The group would hear a multifaceted tale with one directed purpose. Its members have thus reexperienced an event together and learned its meaning collectively. Indeed, the group has *created* this meaning together.

Are we suggesting that this timeless storytelling form will prove powerful in a corporate setting? Preliminary results indicate that the answer is yes. To date, more than 15 learning-history projects have been conducted, mainly at large U.S. companies trying to make sense of major, controversial incidents in their recent histories.

**As in the old practice of community storytelling, people reexperience an event together and learn its meaning collectively.**

In one case, an auto manufacturer's product-launch team broke internal records for speed to market and quality; a subsequent learning history illuminated the new kinds of cross-functional interrelationships that had led to those results. In another case, a learning history examined the transformation effort at a *Fortune* 50 company, in which many entrenched business units had been eliminated, others had been combined, and several new ones had been introduced. Fallout from the transformation had left thousands of employees struggling with questions about the culture of the new organization and the role of managers within it. The learning history helped many people move forward by revealing the unspoken challenges with which the entire organization was wrestling – including how to act entrepreneurially in a company with a bureaucratic legacy.

## Why Learning Histories Work

In general, we have observed that learning histories have several positive effects. First, and perhaps most important, they build trust. People who believe their opinions were ignored in the past come to feel that those opinions have been validated when they see them in the document (no matter who expressed them). People who have felt isolated come to believe they are not alone in their efforts to carve out a better future for themselves and the company. Finally, the group discussions that accompany the learning history provide new opportunities for collective reflection. They help people clear the air about their own concerns, fears, and assumptions, allowing them to develop a higher level of confidence in one another. As trust grows, it creates an environment more conducive to learning – especially collective learning – because such learning depends on the candid sharing of ideas.

Second, learning histories seem particularly effective at raising is-

sues that people would like to talk about but have not had the courage to discuss openly. The document, with its anonymous commentary from participants in the right-hand column and its pointed prompting in the left-hand column, provides the basis for more open conversations about difficult issues. In one learning history, a long-standing rivalry between two plants in a manufacturing company came to the surface in a way that demonstrated how both sides had, in effect, colluded to keep that rivalry going – at the expense of the quality of the machines they produced together.

Third, learning histories have proved successful at transferring knowledge from one part of a company to another. Instead of merely copying the lessons others have learned (which may not be appropriate for the new situation), readers of learning histories can discover the reasoning and impulses that led to those lessons, and apply the insights to the way they implement their own initiatives.

As an example of this phenomenon, consider the case of a learning history that was created for an oil refinery in the Midwest. For several years, the plant's managers and employees had sought better ways to control operating costs, to no avail. A breakthrough finally occurred when a cross-functional team decided to get to the bottom of a problem with an overheating compressor. In the course of discussing, planning, and executing a solution for the compressor, the team also developed a new maintenance strategy that helped solve a wide range of equipment problems at the refinery and ultimately saved $1.5 million. The purpose of the learning history about the breakthrough, however, was not to describe the technical solution per se. Instead, the 20-page document was distributed to the plant's 600 employees, and to a number of the company's refineries abroad, in order to demonstrate that innovative solutions could be forged internally.

"The learning history was extremely important to our proactive manufacturing effort," says one manager at the oil company. "It was a way for everyone – operators and managers alike – to recognize that a more proactive manufacturing approach had a shot, and maybe they should contribute to it. For the next two years, we referred back to the learning history at key moments. And we generated 50 more such innovations at the refinery."

Finally, learning histories help build a body of generalizable knowledge about management – about what works and what doesn't. Learning histories are commissioned to analyze one event, but their lessons often supersede it. For example, one recurring lesson is that "hard" results, such as financial returns or technical objectives, are frequently a function of "soft" issues, such as a company's culture. Indeed, the learning histories written to date have shown that in reengineering, redesign, or other change initiatives, the most critical factor for success is the quality of human interaction in the organization – which often depends on the humility and openness of the leaders who direct the effort. Learning histories contain other recurring themes as well – so many, in fact, that these documents may someday be routinely included among the textbooks and treatises in business schools and libraries, to be used as a source of insight for those engaged in developing the science of management.

## The Future of Learning Histories

Without question, the learning history is emerging from its experimental stage. We will know more about this tool's effectiveness in several years' time, when we can revisit companies that have been through the process. Have the lessons of this newfangled document – rooted in an age-old tradition – continued to have an impact on those companies? Only experience will tell. After all, experience *can* be the best teacher, in both our individual and organizational lives.

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