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Today's business challenges demand a new kind of learning—one that goes beyond "solving problems" and instead focuses on imagining possibilities and generating new ways of looking at the world.

Creating Appreciative Learning Cultures

FRANK J. BARRETT

The current groundswell of interest in creating learning organizations is no surprise, given the depth and rate of change in the post-industrial revolution. The old mechanistic ways of thinking, appropriate for the industrial age, no longer suffice. Those who write about learning organizations contend that modern organizations must create contexts in which members can continually learn and experiment, think systemically, question their assumptions and mental models, engage in meaningful dialogue, and create visions that energize action.

Indeed, many of these ideas are already in practice: innovations in organizational design, attempts to create novel strategies, and cultures of continuous improvement. Organizations are dismantling traditional boundaries of hierarchy and functional divisions separating specialists. Managers coordinate diverse skills and multiple knowledge specialties, integrating streams of technologies in an effort to create innovative products and services.

Executives are beginning to see that perhaps their most important task is the creation of learning cultures—contexts in which members can explore, experiment in the margins, extend capabilities, and anticipate customers'

latent needs. Managers of high-performing organizations find themselves experimenting with their companies' social architecture in an effort to foster innovation and learning. As Peter Senge contends, successful organizations are ones that innovate rather than merely adapt; they "learn how to learn."

Ever since John Dewey distinguished between thinking and rote memorization, learning theorists have argued that there are different kinds of learning. In this vein, Peter Senge distinguishes between adaptive and generative learning. *Adaptive learning* focuses on responding to and coping with environmental demands in an effort to make incremental improvements to existing services, products, and markets. It is similar to what Chris Argyris calls "single loop learning," which focuses on solving current problems without questioning the framework that generated those problems.

Innovation, however, requires *generative learning*, which emphasizes continuous experimentation, systemic rather than fragmented thinking, and a willingness to think outside the accepted limitations of a problem. It goes beyond the framework that created current conditions that adaptive learning takes for granted.

Senge contends that generative learning requires a different mind-set. This article asserts that generative learning involves an *appreciative approach*—an ability to see radical possibilities beyond the boundaries of problems as they present themselves in conventional terms. High-performing organizations that engage in generative, innovative learning are competent at appreciating potential and possibility. They surpass the limitations of apparently “reasonable” solutions and consider rich possibilities not foreseeable within conventional analysis.

The term “appreciative” has two meanings. First, as Geoffrey Vickers wrote, “appreciative systems” are a culture’s system of values, beliefs, and expectations that guide perception and action. The appreciative system “resides not in a particular set of images, but in a *readiness* to see and value and respond to its situation in a certain way.” In Vickers’ scheme, a culture’s valuing processes are self-reinforcing systems that generate anticipation, expectation, and perception, and therefore hasten the anticipated results.

The second meaning comes from the root of the word—“appreciate”—*to value what is best about a human system*. In this sense, it refers to a system’s capacity to deliberately notice, anticipate, and heighten positive potential. Appreciation is the ability to both see beyond obstacles, problems, and limitations, and to generate hope in the human capacity to achieve potential.

THE PROBLEM WITH PROBLEM SOLVING

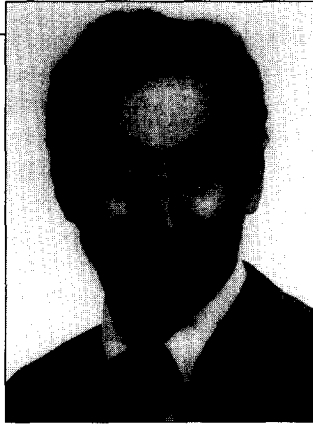
In the rational tradition of the post-Enlightenment era, we have developed a capacity to analyze situations and solve problems: We notice what is wrong, search for causes, and propose solutions. This mechanistic approach to inquiry hinges on the belief that problems can be isolated, broken down into parts, repaired, and then restored to wholeness. Unfortunately, the isolated parts often appear to have no interconnection. While analytic problem solving has led to many of the advances we enjoy to-

day, this approach to learning has limitations:

DWELLING ON PROBLEMS IS INHERENTLY A CONSERVATIVE, LIMITING APPROACH TO INQUIRY. We often approach problems from the very mind-set that created them in the first place. Accepting the constraints that generated the problem rarely leads to a permanent solution; instead, it often leads to patterns of coping. People learn to live with diminished expectations, enduring the limitations that generated the problems that they continue to anticipate. They learn to do what is feasible, rather than inquire into creative possibilities. Operating from a problem-solving mentality risks reaffirming the status quo.

A PROBLEM FOCUS FURTHERS A DEFICIENCY ORIENTATION. Operating in a problem-oriented framework, we assume that something must be wrong somewhere in the system. Our deftness with problem-oriented language draws attention to the inevitable breakdowns. In fact, managers often learn to think of themselves as problem solvers, basing their self-worth on what problems they found and what solutions they proposed. As a result, they fail to develop a way of talking about the strengths of a system. Organizations that expend great energy fixing what is wrong often create the sense that no matter how many problems are solved, something is bound to go wrong soon. Such an approach might generate a cadre of problem experts and heroes. But it can also lead to a sense of hopelessness and powerlessness: no matter how well we do, something will always go wrong.

ANALYTIC PROBLEM SOLVING FURTHERS A FRAGMENTED VIEW OF THE WORLD. Because problem solving involves isolating complex things into small parts, organizational members become experts in smaller and smaller parts of a problem. As a result, they sometimes ignore the systemic, interactive nature of the world. Systems theory teaches that actions have consequences that are distant in time and space. An approach that seeks to solve isolated problems often causes new problems elsewhere in the system; organizations become “addicted” to fixing problems. Further, when their analytic problem solving fragments their view, organizations create in-



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dependent experts. Instead of seeing whole processes, these experts become specialists in parts of the processes; they develop separate technologies that are not compatible and master languages that others cannot understand.

PROBLEM SOLVING RESULTS IN FURTHER SEPARATION BETWEEN STAKEHOLDERS. A problem-oriented mind-set often does not facilitate a cooperative approach to learning. If a breakdown occurs, the fault lies elsewhere. When inquiry is focused on fixing someone else's problems—combined with the goal of arriving at the "correct" solution—people often develop defensive postures, seeking to escape blame, competing for the honor of being the one who solved the problem. Such defensive spirals cause greater separation between people than the problem itself did, making it difficult to build trust. People become invested in defending their positions, rather than in asking themselves how their thinking is creating the problem at hand.

Defensive posturing does not encourage experimentation or creative thinking. People are more concerned with avoiding blame than with discovering new approaches. This can lead to excessive competition, a phenomenon that many, including W. Edwards Deming, feel is a serious impediment to learning. Kofman and Senge write that "our overemphasis on competition makes *looking* good more important than *being* good. The resulting fear of not looking good is one of the greatest enemies of learning." As a result, we become masters of what Chris Argyris calls "skilled incompetence," experts at protecting ourselves from the risk of learning and failing, but blind to our own incompetence.

To see how pervasive problem orientation is for managers, consider the following real-life case. Car Care, a fictitious name for a prestigious automotive repair franchise in the eastern U.S., surveyed its customers for service satisfaction every month, issuing the findings to each site manager. The manager received a report that lists the percentages of satisfied and dissatisfied customers. Every site within this company had a customer satisfaction rating higher than 90 percent, and most were 95 percent or better. The remainder of the

monthly report was a detailed breakdown of the categories of complaints made by customers: incorrect estimate of repair, timeliness of repair, demeanor of employees, etc.

Though the manager received this detailed analysis of the problems experienced by the three to ten percent of customers who registered complaints, there was no description whatsoever of the factors and characteristics that satisfied the vast majority. With little notice taken of what was going well, very little attention was given to enhancing the strengths and competencies of the system—in spite of the fact that the majority of the customers were satisfied with service. Also, since managers' raises were partially dependent on lowering the percentage of dissatisfied customers, they focused on fixing deficiencies.

Some managers were so concerned about lowering the percentage of complaints that, during months when the complaints decreased, they sometimes inflated the percentage of complaints because they feared that employees would become complacent. Employees became more interested in avoiding blame than in improving processes. Some became hesitant to share relevant information with their managers for fear that incidents would be interpreted as problems. Everyone focused on eliminating what was wrong, not enhancing what was going well.

APPRECIATIVE INQUIRY

If that kind of problem-solving mentality leads to Peter Senge's adaptive learning and reestablishing the status quo, what kind of thinking leads to generative learning and innovation? Problem solving, as Senge writes, is different from creating. A problem solver tries to make something go away, while a creator tries to bring something new into being. Karl Jung wrote about how his patients overcame dysfunctional patterns and self-defeating routines by bringing "something new into being," in this case a new perspective:

All the greatest and most important problems in life are fundamentally in-

soluble . . . They can never be solved, but only outgrown. This "outgrowing" proved on further investigation to require a new level of consciousness. Some higher or wider interest appeared on the patient's horizon, and through this broadening on his or her outlook the insoluble problem lost its urgency. It was not solved logically in its own terms but faded when confronted with a new and stronger life urge. (*Psychological Types*. London: Pantheon Books, 1923.)

High-performing organizations have learned to escape from problem-solving patterns of inquiry, finding ways to nurture "a new and stronger life urge" that inquires into new possibilities. Appreciative inquiry begins with the assumption that something in the organization is working well. When engaged in appreciative learning, managers attempt to discover, describe, and explain those exceptional moments in which the system functioned well—those moments when members were enlivened and their competencies and skills activated.

The art of appreciation is the art of discovering and valuing those factors that give life to the organization, of identifying what is best in the current organization. Such gestures are contagious; they create what Senge calls "generative conversations," as members' inquiries expand from valuing the best of "what is" to envisioning "what might be." While problem solving emphasizes a dispassionate and unbiased separation between observer and observed, appreciation is a passionate, absorbing endeavor. Appreciation involves the investment of emotional and cognitive energy to create a positive image of a desired future.

THE COMPETENCIES OF APPRECIATIVE LEARNING SYSTEMS

Appreciative learning cultures accentuate the successes of the past, evoke images of possi-

ble futures, and create a spirit of restless, ongoing inquiry that empowers members to new levels of activity. These cultures develop specific competencies—the resources necessary to support the survival and flourishing of a system:

1. *Affirmative Competence.* The organization draws on the human capacity to appreciate positive possibilities by selectively focusing on current and past strengths, successes, and potentials.

2. *Expansive Competence.* The organization challenges habits and conventional practices, provoking members to experiment in the margins, makes expansive promises that challenge them to stretch in new directions, and evokes a set of higher values and ideals that inspire them to passionate engagement.

3. *Generative Competence.* The organization constructs integrative systems that allow members to see the consequences of their actions, to recognize that they are making a meaningful contribution, and to experience a sense of progress.

4. *Collaborative Competence.* The organization creates forums in which members engage in ongoing dialogue and exchange diverse perspectives.

Affirmative Competence

Affirmative competence is the capacity to focus on what the organization has done well in the past and is doing well in the present. In nurturing affirmative competence, leaders of a high-performing organization celebrate members' achievements, directing attention to members' strengths—the source of the organization's vitality. For an illustration, consider the sports stories highlighted in the box [on next page].

Both Wade Boggs and Lou Holtz have a highly developed power of appreciation. Boggs deliberately ignores debilitating de-

tails such as the distraction of an unsupportive crowd, the overpowering strengths of the opposing pitcher, the difficulty of hitting at night, or his tendency to dip his shoulder on occasion. Similarly, Holtz, as a leader, fosters a sense of affirmative competence in his team by encouraging them to disregard all the possible hindrances and obstacles that could divert attention and sap energy. By refusing to focus on the strengths of the strongly favored opposition, he provokes the team to collaboratively create a success script, to imagine all of the team's strengths and competencies. Nor can he be accused of excessive "pollyannaism." By selecting details from *actual* past performances, both he and Boggs have evidence to support their anticipatory scripts.

What makes these stories examples of appreciative learning systems? They focus on peak experiences from the past. By focusing on actual successes and deliberately ignoring hindrances and breakdowns, they hasten the very results they anticipate.

In fact, researchers in a number of different fields have affirmed the transforming power of expectation. In medicine, the *placebo effect* is very well documented. Patients often show marked biological and emotional improvements simply because they believe they are receiving helpful treatment, even if they have been given sugar pills. The noted author Norman Cousins put this principle to use consciously. Suffering from a debilitating illness, he reportedly healed himself by altering his own mood. For days, he made himself laugh by watching comedy movies and humorous television re-runs. Rather than focus on the debilitating effects of a disease which the doctors had given up hope of curing, he created his own sense of, in his words, "great expectations" that stimulated his recovery. By deliberately experiencing joy, hope, creativity, and playfulness, and refusing to let himself dwell on negative thoughts or self-doubt, he artfully controlled the images that he anticipated. By creating his own positive placebo, he cured himself.

Remarkably, this powerful anticipatory effect is not limited to our own expectations.

THE WINNING POWER OF AFFIRMATION

Wade Boggs, third baseman for the New York Yankees, winner of five batting titles in 12 years, videotapes all of his at bats. The morning before a game, Boggs arrives early at the ballpark and watches videos of his past at bats against that day's opposing pitcher. However, Mr. Boggs does not watch *every* at bat. He watches *only* those in which *he made solid contact with the ball or got a base hit*. When asked why he watches only those instances of successful performances, he notes that this positive reinforcement prepares him mentally to perform well. When he steps up to the plate against that day's pitcher, his confident mental state, reinforced by the selective imagery he has focused on, leads him to perform successfully.

Lou Holtz, head football coach at the University of Notre Dame, possesses a unique ability to instill confidence in the teams he coaches. While coaching at Arkansas, Holtz suspended three star players before an Orange Bowl game against Oklahoma for improper conduct in a dormitory incident. His team, listed as 23-point underdogs, felt that they had no hope of winning. The night before the game, Holtz called a team meeting and told the players that no one was going to leave the locker room until each individual came up with a list of specific reasons why Arkansas would win the game. Arkansas beat Oklahoma in one of the biggest upsets in Orange Bowl history, 31-6.

When others have positive expectations for one's performance, it positively shapes the outcome. Research on self-fulfilling prophecy and the Pygmalion effect has shown that when teachers are led to believe that one group of students is more intelligent and capable than others, the positive expectation group outperforms the other group, even though in actuality the students are randomly distributed.

These experiments have been replicated many times in work groups as well as in classrooms, so much so that some have called for a moratorium on the experiment because of the debilitating effect on those randomly and unknowingly assigned to the low expectation group. The anticipation and expectation of competency sets up a self-reinforcing loop between the teacher/manager and the student/employee as they shape one another's behavior. The teacher's expectations hasten the results they predict: The teacher is cued to notice competence and reinforces good performance, attributing any poor performance to some outside factor, which in turn triggers the student to perform at a high level, reaffirming the teacher's high expectations. High

performance organizations tap into the power of expectation loops, finding subtle ways to invoke positive anticipation by focusing on success.

Possibly the best known example of this anticipation effect is in athletic training and sports psychology. In addition to having the necessary physical attributes, professional athletes may have learned to hone this affirmative competence, the capacity to project a detailed positive guiding image as if it were already true. As in the examples of Wade Boggs and Lou Holtz, studies of bowlers, golfers, and swimmers demonstrate that groups successful at selective self-monitoring, deliberately focusing on successful outcomes, perform at much higher levels.

The studies also suggest that there is a difference between dwelling on eliminating obstacles and conjuring an image of success. It is not as effective to create a self-script that says "avoid hitting the gutter ball." The mere mention of the possibility of gutter ball has an alluring quality. Successful self-monitoring athletes are able to focus instead on a script of "hitting the perfect strike."

The findings in all these different fields

suggest that we should pay careful attention to the many cognitive and emotional cues that trigger anticipation in organizational members. Everyday activities—performance appraisals, strategic planning sessions, and managerial decision forums—are full of anticipation and expectations. Shouldn't managers begin to take seriously what appears to be a very powerful influence on members—the

In 1970, before Honda had begun to export cars to the U.S., a competitor analysis would have revealed that U.S. companies had captured the market. Everyone thought in the 1960s that Honda made motorcycles. But because Honda's strategizing focused on the company's strength—manufacturing engines—it expanded into a range of products rooted in this competency, from motorcycles

High-performing organizations...provoke members to stretch beyond what has seemed to be "reasonable" limits, to redefine the boundaries of what they experience as constraining.

projection of strength and competence? There is some indication that high-performing organizations have learned to do just that, to find symbolic ways to communicate and infiltrate their cultures with a focus on the organization's strength.

These organizations exhibit an affirmative competence on a large system level through what strategists refer to as "strategic intent," their capacity to value their core competencies as a basis for strategic action. Traditional strategic planning models that encourage rational approaches—performing market research studies, measuring barriers to entry, considering degrees of fit between existing resources and current opportunities, focusing on ways to overcome the competitor's strengths—send a subtle, conservative message to managers to do what is feasible. High-performing organizations seem to go beyond the feasibility litmus test and focus on the intangible strength associated with the organization's highest accomplishments. Like the bowlers and golfers who deliberately select successful past incidents rather than "rationally" estimating their chances of success—and failure—these organizations evolve an appreciative vision anchored in their past accomplishments.

to lawn mowers to four-wheel off-road buggies. By staying focused on its strength, Honda was able to develop expertise and resources that allowed the company to excel in a variety of areas.

This same focus on strength rather than "feasibility" allowed other organizations to move into vanguard markets: Consider Sony's creation of the 8mm camcorder, Yamaha's digital piano, Casio's small-screen color LCD television, Apple's creation of the Newton. Similarly, 3M's competence with sticky tape allowed the company to imagine ventures into magnetic tape, film, coated abrasives, and Post-it notes. Canon's valuing of its core competence in optics and imaging led it to excel in copiers, laser printers, cameras, and image scanners.

In each of these cases, no market demand existed to be discovered by doing a thorough competitive analysis. If these organizations had focused only on feasibility studies and took action based on what the market would allow, none of these products would have emerged.

Expansive Competence

Too often managers choose to address only those problems that are familiar, those issues

for which a solution is imaginable. High-performing organizations create a vision that challenges members by encouraging them to go beyond familiar ways of thinking; they provoke members to stretch beyond what has seemed to be “reasonable” limits, to redefine the boundaries of what they experience as constraining. Peter Senge writes that when an organization holds a picture of what might be up to a realistic picture of the present, people are naturally energized toward creative thinking.

When organizations challenge members to expand their sense of what is possible, the results are a testimony to the human capacity for learning. According to Dr. Deming, building on John Dewey, humans are born with intrinsic motivation, self-esteem, dignity, curiosity, and naturally take joy in learning. When cultures engage expansive thinking, they encourage members to experiment, to play in the margins. Further, appreciative learning cultures encourage members to make public their expansive commitments. The public nature of the commitment draws people to act in courageous ways:

■ In 1960, when President Kennedy announced that the U.S. would safely land a man on the moon within ten years, many insiders thought he was crazy. They focused on the hindrances and obstacles, since NASA had not yet developed the capability to accomplish such a feat. In fact, the technology and resources did not yet exist. At this point the task seemed impossible. The vehicle could not carry the fuel necessary to propel the entire manned rocket. When a vehicle constructed of various modules that jettison after fuel expenditure was first proposed, it was not well received. Further, no one knew how to achieve a “soft” landing on the moon. A manned mother vehicle that discharged a lunar craft and then orbited the moon was such an outrageous notion that scientists literally laughed.

But as members of the Apollo moon mission began to entertain the possibility of this “absurd” script, engineers began to think differently about old problems, such as what metals could be used and what energy systems might work. Kennedy’s expansive script

created a cognitive clearing, a space within which engineers were free to experiment with new ideas, rather than avoid doing the wrong things. They were able to notice potential technological breakthroughs that previously were closed off.

■ Xerox clearly dominated the reprographics industry in the 1970s. From a rational competitive analysis, it would not have made sense for Canon to enter the field. But Canon focused on their expertise in imaging, and in the late 1970s announced that its goal was to produce a personal copier that would sell for \$1000. Such a public promise is a testimony to expansive competence. Given that at the time the least expensive copier sold for several thousand dollars, such a proposal seemed preposterous.

Indeed, Canon’s engineers, like those working on the Apollo program, had to redefine the copier technology. This impossible script pushed engineers to think differently about the duplication process. After dedicating considerable time and resources in research, they substituted a disposable cartridge for the very complex image-transfer mechanism that Xerox and other companies, including Canon, had employed in their copiers. This gave Canon the edge in pricing. But without this public promise, it never would have happened; such an accomplishment appeared entirely unreasonable only five years earlier.

■ Sony takes this notion of stretching beyond conventional constraints as a core value. Part of Sony’s promise is to lead the customer with service and products, rather than asking them what they want. Sony’s reputation for providing service beyond the customer’s expectation is illustrated by this account:

A Sony customer from Germany was having difficulty with his Walkman while travelling in Tokyo. Discovering that Sony’s headquarters was nearby, he decided to walk over and see if he could get it serviced. Unfortunately, it was a Saturday afternoon and the offices were closed. He was, however, able to attract the attention of an employee who was cleaning the building and made it

understood that his Walkman was broken. The employee motioned for him to wait. The customer saw him make a phone call. Not very long after, he was met outside the office building by a service manager who took his Walkman inside and repaired it. This manager had come from home on a day off at the request of a maintenance worker in order to service this inexpensive product. Sony's expansive, provocative promises to the customer encourage the extra effort to make a meaningful contribution.

■ GM's Saturn plant has made an expansive promise to treat the customer with respect and honor. Last year it discovered that 1,800 new cars had been filled with the wrong kind of anti-freeze. Most companies would have recalled the cars and refilled the engines. At a cost of \$12.8 million, Saturn replaced the cars with new ones. Saturn is convinced that even though this was a costly decision, it won them more customers.

Making expansive commitments pulls people to experiment with actions they normally would not consider. In an effort to encourage experimentation, high-performing organizations are careful not to punish failure. Jack Welch, CEO of General Electric, is aware of the transforming power of creating expansive scripts:

The standard of performance we use is: Be as good as the best in the world. Invariably people find the way to get there, or most of the way. [Note the optimism, the belief in peoples' capacity.] They dream and reach and search. The trick is not to punish those who fall short. If they improve, you reward them—even if they haven't reached the goal. But unless you set the bar high enough, you'll never find out what people can do.

Generative Competence

High-performing organizations not only develop expansive scripts that inspire members' best efforts, they also create integrative systems that allow members to see that their ef-

forts make a difference. The systems include elaborate and timely feedback so that members are able to sense that they are contributing to a meaningful purpose. In particular, it is important for people to experience progress, to see that their day-to-day tasks make a difference. When members experience that their efforts are contributing toward a desired goal, they are more likely to feel a sense of hope and empowerment.

■ Techtronics, a high-tech firm that makes oscilloscopes, has a simple but profound mission: to delight its customers. This generative purpose has inspired some very unconventional actions. For example, each product has a toll-free number printed on the side for service calls. When a customer calls with a problem, the phone does not ring in public relations or customer service; it rings on the shop floor and is answered by the employees who actually worked on the product in question.

This serves two purposes that reinforce the belief in higher ideals of serving customers. First, the customer talks directly to those who have the expertise in dealing with the product. Second, employees have the experience of knowing that their work is making a direct contribution; they are in direct touch with the customers actually using the products. When the employees talk to the customers, they receive immediate, unfiltered feedback. They learn what customers have found useful or problematic so that they can apply this knowledge to future designs. The customer is not some disembodied, anonymous abstraction embedded in slogans posted on company walls or a percentage that appears in quarterly reports. The interactions affirm the sense that ultimately their work impacts someone else's life.

■ In the 1980s, Honda decided that they wanted long-term committed relationships with suppliers, rather than looking only at how cheaply they could make products. Honda encouraged Unipart, one of its largest suppliers, to study the manufacturing methods of Yachiyo Kogyo, a component supplier.

Unipart sent some employees to study the Japanese company's methods and trans-

formed their 60-year-old factory in Oxford as a result. Unipart organized their employees into work groups, replaced “piecework” pay rates with salaries based on abilities, and clustered machines into flexible manufacturing cells. Unipart won orders to supply parts for 100,000 cars a year that Honda intends to build in its British factory, and will be supplying Toyota’s new British plant as well.

Suppliers and manufacturers who need to work more closely together can create a sense of “shared destiny.” The integrative thinking of generative competence breaks through conventional barriers to create new partnerships.

■ Levi-Strauss’s concern with integrative thinking has led the company to create unique relationships with suppliers, customers, and employees, producing “a seamless web of mutual responsibility and collaboration.” Levi-Strauss has developed an electronic data-interchange system, appropriately known as Levi-Link. The organization receives point-of-sale information from the stores’ cash registers, including specific information on products, sizes, fabrics, and styles. This information then generates reorders, invoices, packing slips, and notification to retailers of future shipments. Account representatives make sure that the stock is replenished and coach retailers in “visual advertising” to improve their displays. In factories, employees can track a product from conception to point of sale. They have access to large data bases usually only available to top managers, including information on orders, inventory, and financial information.

■ Motorola is committed to providing employees with experiences that contribute to continuous learning, even if in the short term it seems to exact a higher cost. In an effort to overcome functional over-specialization, the company invests considerable resources to ensure employees have access to larger system dynamics. When new products are under consideration, members from all specializations spend considerable up-front time discussing and negotiating details, including costs and specifications for new products. People from marketing, sales, design,

production, accounting, and purchasing meet as a team to create what they call a *contract book process*. They negotiate contracts with one another that specify the dimensions and commitments involved in creating a new product.

On the face of it, this extra time often appears wasted, because so many resources are invested before design even begins and there is no guarantee that the new product will ever get to market. But in the process, members learn about one another’s areas and begin to think in terms of the systems required to make a new product succeed. These activities discourage fragmented thinking; the employees are engaged in seeing whole systems dynamics and participate in progress toward a larger project.

■ GE has engaged a system of “process mapping.” Managers, employees from various functions and ranks, customers, and suppliers get together to map entire work processes from start to finish. This is a time-intensive procedure. It took more than one month for GE’s Evandale plant to map the entire process of making turbine shafts for jet engines. The mapping has allowed the team to tackle sources of imperfect parts and arrange a more continuous flow throughout the factory. The results paid off: They achieved a 50 percent reduction in time and a \$4 million drop in inventory.

In another example, GE’s appliance division was dissatisfied with the time it took to respond to customer demand for dishwasher models. Although it takes only hours to build a dishwasher, it took about 16 weeks to change the pattern to match customer taste in style and pattern. After mapping the entire process on the wall (it took 500 maps), the cross-functional group was able to see information flows and breakdowns. As a result, the distribution center now receives production schedules in a way that allows it to inform truckers well in advance when the delivery will be ready. This simple change saved \$3 million in inventory. They were able to reduce cycle time by 90 percent and increase product availability. Non-hierarchical, cross-functional collection of data allows members to see whole processes, where and how infor-

mation is generated, and who needs the information.

Appreciative learning systems exhibit a generative competence—a capacity to allow

Ed Schein, dialogue is a “central element of any model of organizational transformation.”

High-performing organizations create appreciative learning cultures that hold a dis-

High-performing organizations...create access to decision-making forums by fostering norms that legitimize members' right to question and provoke at all levels of organizational activity.

members to experience the impact of their contributions toward a larger purpose. High-performing organizations foster an awareness of systems dynamics among their members. They have access to critical information on progress toward goals, critical quality issues, customers' satisfaction, and suppliers' unique demands. The organization creates partnerships that disrespect traditional boundaries so that stakeholders feel responsible for whole, identifiable tasks and experience a shared destiny in meeting organizational goals.

Collaborative Competence

Collaborative competence refers to the power of dialogue to transform systems. William Isaacs writes that the purpose of dialogue is to establish a field of genuine meeting and inquiry, to create a container in which people can explore the assumptions that inform their actions. Dialogue is an elusive but vital process that transforms its participants. The belief in the importance of dialogue reflects a sense of hope, a belief that through interaction new ideas will emerge.

Frequently, managers seek to deliver monologues, make assertions, then withdraw into some invulnerable space. Appreciative learning cultures make efforts to foster dialogue, creating arenas of accessibility in which members are included in the evolution of policies and strategies, in which members can actively respond to one another. According to

respect for hierarchy and other boundaries to inclusion and involvement. They seek to deliberately create access to decision-making forums by fostering norms that legitimize members' right to question and provoke at all levels of organizational activity. By creating systems that foster dialogue about possible actions and initiatives, they encourage members to think creatively, question commonly accepted definitions, and go beyond previous conceptions. By legitimizing conversations about organizational vision and direction, they allow for joint discovery.

Appreciative learning cultures create multiple forms of responsiveness, remain accessible and open to the emergence of new voices and perspectives, and are willing to have their thinking interrupted. They create contexts in which members have a sustained presence and are free to respectfully vocalize perspectives without restraint or fear of reprimand or censure. Jack Welch learned about the value of dialogue:

I learned pretty early on that videotapes and speech reprints alone are of little value. Because people don't use them. They're not alive or dynamic. The idea is to convene a group, use the videotape [of a Welch speech] as a catalyst, and then have a discussion. Well, what managers would do is just show the tape. There would be no communication with the people. Nobody

talked to them. Worse than that, with their body language some would communicate their own reaction to the tape—that it was bullshit.

In an effort to encourage dialogue and bravery among GE employees, Welch began holding Workout sessions at GE in 1988. Concerned that there was not enough openness and candor among employees, he wanted to create a way for employees to collaboratively think about and improve work processes.

Modelled on the New England town meeting, a group of 40 to 100 employees from various ranks and functions go off-site for three days. The boss begins by proposing an agenda of things to work on, specifically to elicit ideas about how to improve work processes and efficiency. The boss leaves and a facilitator works with small cross-functional groups to tackle the boss's agenda. For one and a half days they make suggestions, discuss ideas, debate, and prepare to present their ideas. On the third day, the boss, unaware what the group has discussed, sits in the front of the room as each team spokesman goes through the list of ideas. The boss has three responses: he can agree, he can disapprove of the idea, or he can ask for more information within a given deadline. Cross-functional groups are often commissioned to gather data on a particular problem.

While the suggestions are frequently critical of the boss and of current policy, they have generated many innovative and cost-saving ideas. This process is a good example of making deliberate efforts to include members in dialogue, to actively elicit their ideas in an environment which encourages them to risk speaking out about their suggestions.

Technician Al Thomas led one such team at GE Plastics' Bukville, Alabama, plant which makes Lexan, a polycarbonate used in auto bumpers and milk bottles. The team's mission: to increase the "first pass yield"—the percentage of resin that ends up as salable pellets without having to be melted and run through the factory's extruders again. "There were no home runs," Thomas said, but the team hit 26 singles. They installed a computer

terminal on the extrusion floor to give workers early warning of problems upstream where resins are made. They realigned pipes that pour pellets into cartons to reduce spillage. They vetoed the procedures manual; a Post-it note on one page read, "This procedure is totally unnecessary and useless." Hourly workers, not engineers, are writing a new version. The team met daily for three months and spent about \$10,000. When they were done, 37 percent of the waste was gone. And, says Thomas, it was fun: "We learned a lot without bosses looking over our shoulders."

Creating collaborative systems that allow for dialogue involves promoting the articulation of multiple perspectives and encouraging continuous, active debate. Consider the example of Motorola's contracting process discussed earlier. They explore what a design should look like and what resources are needed to support a project's success from the vantage point of multiple perspectives. Designers learn to consider marketing demands and therefore no longer think only like designers; sales learns about production needs and eventually begins to anticipate these needs themselves. Since customers and suppliers are often included in these early phases, everyone has access to the larger purpose of their efforts.

Levi-Strauss's commitment to fostering diversity is evidenced in their efforts to create cross-cultural relationships. After hearing complaints about promotability from minorities, they conducted off-site sessions in which they paired white male managers with minorities or women and created situations in which they could learn about the tacit assumptions that uphold racial and gender prejudice. They began to hold regular open forums among diverse groups that have led to a series of initiatives to promote diversity among all levels, including offering career-development courses for women and minorities.

The high-performing organization is also aware that the hierarchical distinctions of titles, roles, and rewards often block participation and involvement. Ben and Jerry's Ice

Cream has imitated the Modragon Co-Op in Spain in an effort to integrate all layers of the organization, minimize hierarchy, and create equity. It is policy that top managers at the company never make more than seven times what the lowest paid employee makes. By linking raises at the top to raises at the bottom, the organization fosters the sense that when the business prospers, the employees prosper also.

In the same vein, W.L. Gore & Associates structured their organization in the form of a lattice with no departments, managers, or formal titles. They have eliminated the title "employee" because it suggests a lower status and instead grants everyone except the president and secretary-treasurer the title "associate." They are committed to empowering their "associates" to "use [their] freedom to grow." Further, there are no reserved parking spaces except for customers and people with disabilities, and there is no reserved lunchroom for "upper management."

Gore also goes to great lengths to develop collaborative learning relationships for its employees. Each associate has someone in the company who agrees to be his or her sponsor, a mentor who acts as coach and advocate and takes a personal interest in the associate's development. Performance reviews are done not by the boss, but by compensation teams drawn from workers throughout the associate's work site. The sponsor, as advocate, collects data that documents the associate's contribution to other associates as well as to customers. One of the criteria upon which each associate is evaluated is the willingness to guide others' development.

CONCLUSION

With the advent of the post-industrial age, knowledge and learning have become the new form of capital. Less than half a century ago, work was conceived as physical labor and raw muscle. But in a form not remotely imagined by Taylor or Marx, the most impor-

tant skill of the new worker is knowledge. It is no longer enough for employees to work physically hard in order to generate profit.

This shift has generated nothing less than a revolution in the way organizational structures are designed and the way we define the task of managing. The old command-and-control models for managers are being replaced by a new set of tasks that fosters high-commitment work arrangements. The challenge for post-industrial organizations is to create contexts in which members continually learn and experiment. With the globalization of the economy and increased competition, organizations cannot survive only on their past successes. They need to continually be innovative, to strive for the creation of new ideas and new products. In short, the business of the knowledge economy is the creation of new knowledge.

And yet to say that organizations need to engage in continuous learning risks hiding an important distinction. It is not enough for organizations to respond, adapt, and cope with the pressures of change. The push for innovation requires a different kind of learning, one that goes beyond adapting to challenges and solving problems and instead focuses on imagining possibilities, on generating new ways of looking at the world. This is appreciative learning—the art of valuing and inquiring into possibility. Creating the radically new, not just adapting and responding to problems as they present themselves, innovative organizations go beyond the perceived constraints associated with adaptive learning. Appreciative learning cultures nurture innovative thinking by fostering an affirmative focus, expansive thinking, a generative sense of meaning, and creating collaborative systems.

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