Using Action Learning to Build Innovative Corporate Cultures

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Creativity and innovation are related but different concepts. Both individual creativity and organizational innovation are influenced by corporate culture, but different factors may be involved. Key components of creative/innovation in corporate culture are identified, along with two kinds of supports and barriers in the organization: transformational and transactional. However, knowing what culture should look like does not mean that the organization knows how to build that culture. Strategies for establishing creative/innovative culture are identified, with an emphasis on Action Reflection Learning — a development process in which corporate talent learn by working collaboratively on real business challenges, and use their learning projects to nurture creativity and build innovation in the organization. This session describes how action learning can be designed to support creativity and innovation.

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USING ACTION LEARNING TO BUILD A CORPORATE CULTURE OF CREATIVITY AND INNOVATION

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MiL Institute has pioneered in designing Action Reflection Learning to engage participants and their organizations in challenging fundamental views about strategy, work, and leadership. As MiL looks toward its future, what can we learn from scholars and practitioners about building cultures of creativity and innovation; and how action learning can be designed to support innovation?

Some organizations compete directly through innovation; but even companies that may not be considered highly innovative often want employees to creatively solve problems and innovate in routines and processes that enable higher levels of productivity, reduced cycle time, or efficiencies in product and service development. Companies encounter challenges when they were not originally designed with a focus on innovation. These companies may find it hard to reconcile the demands of creative people and innovative processes with legacy systems, manufacturing demands, and command-and-control bureaucracies.

Given these challenges, how can companies develop a culture and practices that support creativity and innovation? Learning for creativity and innovation in organizations is often a slow process based on iterative cycles of experimentation. Action learning is used to develop individual executive talent, but it is also undertaken to effect broader organizational change. However, the benefits of action learning do not as frequently extend beyond individual or, at the most, project group development. How can action learning be designed and what should an organization do to effectively use action learning to go beyond individual or project group learning, and to use the program to develop a broader, deeper organization culture of creativity and innovation?

What Does a Culture of Creativity and Innovation Look Like?

The terms “creativity” and “innovation” are sometimes used interchangeably, but they do mean different things. Creativity is defined by Amabile (1997, p. 40) as “the production of novel, appropriate ideas in any realm of human activity.” Creativity is described in terms of individual capabilities. However, the organization plays an important role in cultivating and supporting creativity, especially through work climate. Innovation thus involves group and organizational capabilities needed to produce, market, and sell the fruits of creativity.

In this paper, Strategic Leverage through Learning© is used to synthesize and organize outcomes that characterize a culture of creativity and innovation; along with transformational and transactional variables that affect the building of this culture. The

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1 This paper is based on a presentation given at the Global HRD Forum in Korea, November 2008, also published as “Developing a Culture of Creativity & Innovation,” Korea Journal of Organization Development (Dec. 2008), pp. 1-24.
framework is also used to show how action learning can effect change through both program
design, and through ways that the organization attends to transactional and transformational
variables that build and support the desired culture.

Strategic Leverage through Learning distinguishes between two kinds of variables that
influence organizational change (Burke & Litwin, 1992):

- **Transformational** variables that are affected when a company interacts with the
  external environment in ways that trigger change in mission, strategy, leadership, and
culture
- **Transactional** variables that operate at the work climate level, i.e. management
  practices, structure, systems, work-unit climate, skills, motivation, and needs.

Gephart and Marsick (2002) adapted the Burke-Litwin model to look at system dynamics that
influence strategic group and organizational learning. Gephart and Marsick added a set of
interim change outcomes — learning, knowledge and expertise creation, commitment,
innovation, and optimal alignment — that represent critical capabilities needed for effective
performance in a rapidly changing environment.

Gephart and Marsick typically customize their model and instruments in order to
customize a baseline assessment that provides a profile of existing capabilities, strengths, and
weaknesses. This is used to identify gaps that guide choices about strategies and
interventions. For example, leaders need to set a vision of this culture that is suitable for the
organization in question. Key stakeholders need to be involved in deciding how the
components of creative/innovation culture fit with a particular organization’s strategy,
structure, customers, and employees. After implementing solutions, customized measures and
metrics are used to track change against goals and to make course corrections (Gephart &
Marsick, 2003). This framework and approach is quite consistent with action research and
action learning.

Using this framework, what does a literature review tell us about a culture of
creativity and innovation? Simply put, in terms of desired outcomes, the organization would
be one in which new ideas would be abundantly present. Diversity is key to innovation.
While many kinds of identity diversity help unlock thinking and views, recent research on
diversity by Paige (2007) suggests that cognitive diversity is especially important because
different ways of thinking are applied to particular challenges and tasks. Leonard (1998)
points to the idea of “creative abrasion,” that is, ways that differences are recognized and
managed rather than suppressed. She suggests that people with “T-shaped skills” are
especially valuable in this role, i.e., people with enough expertise in a particular area to be
generative with respect to the task combined with enough breadth of experience across many
areas to facilitate conversations and actions that bridge, and take advantage of, differences.
Cultures of innovation support continuous learning, reasonable risk taking, and
experimentation. People are optimally aligned around a vision without being rigidly
controlled or segmented. Ideas can flow across boundaries within the organization, and
across the value chain. People are intrinsically motivated and rewarded through opportunities
for creativity, growth and entrepreneurship.

In what ways do these cultures support creativity and innovation, and reduce barriers
to such a culture? Key to transformational change is alertness to changes in the environment:
customer preferences and habits, new technologies, changes in policy or markets, etc. The
strategy must be responsive to such changes and clearly stated so that people and parts of the
organization can channel creativity and innovation toward common goals. Leaders model
innovation, risk taking, learning, and openness to diverse views. The culture supports freedom and autonomy (although aligned with goals and values) and provides opportunities for people to work together across boundaries so that diversity of views and experience can be effectively drawn upon.

At the transactional level, supervisors are key. They need to set clear goals, support open interaction, and communicate clearly and often. Creative people need socio-emotional support and work groups that both encourage one another and challenge one another’s views. Innovative cultures are often structured in ways that are flexible, decentralized and nimble. People are told that creativity and innovation are important. Communication systems enable people in different parts of the organization to interact frequently in relationship to shared goals. Appropriate learning systems are used, e.g. learning reviews, cross-functional teams, and leadership development opportunities (including action learning). Processes are put in place that help bring new ideas to market. There is access to needed resources, including appropriate technologies.

How can organizations build these kinds of cultures? See Figure 1. What we have learned through our research (Gephart and Marsick, forthcoming) is that while transformational change can be linked directly to change in organizational culture, typically, change in transactional variables are easier to enact and do make changes in desired outcomes expected from a particular organizational change. These changes in interim outcomes, in turn, can be leveraged to catalyze change in transformational variables such as leadership or culture. These transformational changes, in turn, make it easier to put in place and support additional changes in transactional variables. Feedback loops of this kind are key to helping the group and/or organization learn. Action learning programs are ideally suited to using project work to effect transactional changes that in turn can build transformational culture change, as is discussed next.
Using Action Learning to Build a Culture of Creativity and Innovation

Learning for innovation is typically integrated with work, often informal, and directed as much at sense making and meaning making as it is toward knowledge and skill development. Ideas are sought from outside the company and cultivated among employees within the company. A study of learning to change the culture of a firm from a commodity culture to innovative, niche-oriented culture, for example, shows that transformation to a culture of creativity and innovation takes place over time through iterative cycles of experimentation that involve: setting a new vision, changing the strategy, leaders modeling new behaviors, changing visible features of the culture, new work practices and processes, and continuous learning throughout the organization (Gephart & Marsick, forthcoming).

Action learning — with roots in action research — can accelerate learning for innovation because it is built on learning by doing and experimentation. Programs offer what Yorks and Marsick (2000) describe as a transitional space in which new behaviors and capabilities can be developed that can then be “transplanted” into the broader organization to seed desired change. What examples can be found of organizations that have used AL in these ways?

PepsiCo used AL to develop its sales leaders’ business acumen and innovation skills (Cone & Woodward, 2007). They designed “a learning process rather than a single learning event, one that entails multiple phases of activities over time both inside and outside the traditional workshop environment” to sustain innovation (Ibid, p. 28). Through work on real challenges, the company expected to increase relevance and “reinforce their senior leaders’ expectations for new thinking on current customer challenges” (Ibid). PepsiCo partnered with Innovation Associations and Destination ImagiNation, Inc. (the latter, a not-for-profit creativity and problem-solving organization). High profile executives identified projects and acted as sponsors. Participants first worked on a business simulation to increase business acumen and practice innovation, received feedback on a pre-work innovation assessment, were trained in innovation models and tools, and learned teamwork and collaboration skills. Teams developed solutions to their challenges, supported by HR, and presented ideas to senior executives who evaluated the presentations, provided feedback, and funded ideas they rated highly. Funded teams were reasssembled to implement their ideas. “The program has gained a reputation within PepsiCo as highly challenging, and the Action Learning projects, which have been an extraordinarily effective learning device, in many instances have generated measurable success and positive impact for the customer and PepsiCo.” (Ibid, p. 33) PepsiCo hoped to post project lessons so that the entire organization could learn from what the teams achieved.

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2 For those not familiar with action learning, participants work in small groups to take action and learn how to learn from addressing the challenge. The challenge should not be one for which an expert answer exists and need only be discovered. Good AL challenges are typically ones that people have grappled with and have not been able to solve, often because reasonable people disagree over what should be done and the solution involves many parts of the organizational system. The team could work on a common team project, in which case, the senior leader “charges” the team and acts as their “sponsor.” Alternatively, each individual could identify her own pressing challenge on which she wants to work that does not need a sponsor. A learning coach may help participants work on the project, and also, take the time they need to learn (O’Neil & Marsick, 2007). Learning coaches do not act as process consultants or expert trainers even though they may be able to do so. Learning coaches use their expertise (e.g., group dynamics, facilitation) to help participants take charge and learn from experiences; they do not to “teach” or “steal the learning” from participants.
Innovation is also key to Cisco’s success. They adopted an Innovation Framework that includes the following steps:

1. **Find.** Leverage internal venturing and social networks to uncover and filter ideas for Cisco’s next billion-dollar business. (2) **Filter.** Evaluate and validate new ideas. (3) **Initiate/Accelerate.** Scale a new idea into a viable business. Take products and solutions ‘across the chasm’ as rapidly as possible. (4) **Graduate/Eliminate.** Measure the success of emerging technologies to decide if they are to be included in or eliminated from the Cisco solutions portfolio. (Neal & Cavallaro, p. 108) [Italics added by this author]

In 2006, Cisco launched its Action Learning Forum (ALF) that “provides high potential leaders with opportunities to accelerate the development of their general management and leadership skills by working on projects of high strategic importance to Cisco” (Ibid). High potentials are nominated for ALF and assessed using 360 feedback. Participants are assigned to six competing cross-functional global teams. The program is high stakes: “Leaders are scrutinized while strategizing and executing against globally complex, forward-facing business opportunities.” The company looks to ALF to develop talent and to develop “processes for innovation to be successful in order to keep our pipeline of new products and services vibrant.” (Ibid, p. 109). **Outcomes** are evaluated on project vision, operating plan, revenue projections, expense forecast, and the team’s ability to influence leadership on project merits. **Impact** is measured on new ideas generated and capabilities demonstrated. Periodic culture surveys are tracked against program results, and leaders are assessed against Cisco’s Collaborative Leadership Model (C-LEAD). Cisco looks to ALF to help shift the culture toward: “collaborative leadership (versus strict command and control), learning orientation, execution through others, acceleration of impact through strategy and organizational capability building, and innovation through capturing disruptions in the market, industry, or company (continuous change)” (Ibid, p. 111)

Through its AL program, a medium-sized construction company (George and Harding) “produced over 100 ideas for improving company performance,” many of which were implemented. The company’s chairman thinks the program has “given his company a 12-month lead over its competitors” because it gave middle managers “time to think” about strategic issues and empowered them to collaborate with the Chairman in overcoming personal and political barriers to change” and implementation of lean production (Davey et al., 2000, p. 1) The program encouraged everyone to contribute ideas for removing many barriers to innovation.

The above examples point to ways that particular companies have used AL to develop talent and build a culture of creativity and innovation. How, more generally, can AL best be designed to accomplish these twin goals? Kuhn and Marsick (2005) argue that innovation can be built into the capabilities developed by the AL program — sensemaking, strategic thinking, critical thinking, divergent thinking, conceptual capacity, and a malleable (flexible) learning orientation. This is accomplished through selecting the right participants, designing innovation into projects and the program, and using the projects to push the culture toward innovation. Programs take place over time, so participants can apply learning immediately at work. Design then includes:

- Framing the projects in ways that invite participant leaders to develop ideas by scanning and understanding the external environment and how that affects the company’s strategy, e.g., high-risk, high-gain growth ventures that involve customers
• Modeling by executive sponsors, top team leaders, facilitators and coaches of strategic thinking and innovative behaviors they want participants to develop
• Selecting participants who display potential for creativity, divergent thinking, and innovation — both as individuals and as a cohort
• Learning that supports deep questioning, challenging existing mindsets, crossing boundaries to gather fresh views, critical reflection and dialogue.
• Developing organizational capacity for strategic innovation in the projects, e.g. by changing rewards and incentives, practices, and norms
• Collaboration within the groups that taps into diversity
• Experimentation in project group work, and by extension, out into the organization
• Replication of participant experience with those whom they lead and manage in order to build capacity outside of the program for innovation
• Funding of qualified innovative ideas developed in the projects

Kuhn’s (in progress) latest research confirms the above. Kuhn has found that AL can build innovative organizational culture, but only to the extent that leaders are willing to push against the culture in selecting participants and projects, evaluating project results, and supporting changes proposed through the program.

The insurance company in Kuhn’s study is a mature organization. In companies that wish to use AL to catalyze change, AL projects need to experiment with innovation guidelines that can then be spread throughout the company. Hamel’s (2000, pp. 244-274) rules for innovation illustrate the kind of radical guidelines that companies might adopt in order to develop creativity and innovation: 1) “unreasonable expectations,” 2) “elastic business definition,” 3) allegiance to an inspiring “cause” that goes beyond growth or profits, 4) attention to “new voices” (youth, newcomers, periphery), 5) “dynamic, internal market” for ideas, 6) non-traditional funding paths, 7) internal talent opportunity markets that reward new thinking, 8) “low-risk experimentation,” 9) flexible structure built on small “revolutionary cells,” 10) compensation based on entrepreneurship.

This kind of AL will create “noise” in the organization when current ways of doing things bump up against new ideas, systems, practices, values and norms. An AL program that supports innovation learns from the “noise.” Working with Lyle Yorks and other colleagues, O’Neil and Marsick (2007) have identified different kinds of AL programs. Some programs promote valuable tacit learning within existing cultural frameworks. Others focus more on changes needed through rigorous, scientific project work and/or through personal development based on learning from experience. The kind of AL that supports creativity and innovation emphasizes critical reflection by individuals and the organization on taken-for-granted cultural norms, structures, processes and practices that must change to support creativity and innovation. See Figure 2.
Using the Strategic Leverage through Learning© model described above, we can see that successful projects often require transactional changes; and that learning from these projects can feed forward into transformational changes needed to strengthen innovation. These transformational changes, in turn, may feed back into future work — selection of the projects, modeling of innovation by leaders, appropriate opportunities to take risks, leveraging of diversity, etc. — so that each successive AL project group can further address barriers and supports that affect creativity and innovation.

The AL program becomes a magnifying glass for what has to change, and the leaders in the program help the organization invent and experiment with new visions, strategies, rewards, mechanisms, processes, and structures that build the new culture of creativity/innovation and make sure it is suited to the national culture. This kind of AL is what O’Neil and Marsick (2007) describe as the “critical reflection” model that is used to drive change in groups and organizations, as well as in individuals. The AL program is then used as a “liberating structure” (Yorks & Marsick, 2000) to develop leaders’ capacity to jump start innovation, to try on new behaviors and, through the projects, to push the organization into acting in new ways.
Managing the tension between the old and new ways of working in an AL program helps push individuals, groups, and the organization itself into new practices and what Leonard (1998) called “creative abrasion.” If the AL teams move too far outside the organization’s tolerance level for challenge, they could commit political suicide and risk being ignored by top leaders. If the AL teams are not supported in their ability to challenge the culture to support creativity and innovation, not only will their learning be less than optimal, but also, members may become dispirited and experience a drop in motivation.

References


