



THE LEARNING NETWORK

*Dialogues between senior managers and researchers
in Bristol and Nottingham*



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INTRODUCTION: THE LEARNING NETWORK

In this paper we discuss ways in which organisations are adapting to an increasingly uncertain future. The paper is based on discussions between representatives from diverse businesses and public employers, including invited contributions on leading-edge practice from researchers and practitioners based in several European countries. These discussions took place in the two regions between December 2001 and July 2003, and will continue throughout 2003/4.

The scope of the Network

Reshaping organisations, building new levels of organisational competence and finding new ways to work have become critical factors in determining future competitiveness and performance.

There is continuous pressure to deliver faster and better products and services at lower prices. But price, quality, speed and flexibility will, in the long term, not be enough. They have become "entrance factors": conditions which must be met just to stay in the game.

The key to sustainable success lies in the capacity to continually re-invent products and services in ways which meet changing expectations and opportunities, using the rich potential of management and workforce knowledge, skills and experience more imaginatively and effectively.

Traditional ways of organising workplaces and traditional styles of management cannot achieve this. But there are no blueprints for successful change. Evidence from all over Europe shows just how difficult it is for organisations and people to make these changes.

The aim of the Learning Network since its foundation in 2001 has been to resource change by providing employers with new opportunities to draw on research into leading-edge practice, learn from each other and access high-level expertise and services. Network activities have been designed to create:

- space for senior managers to develop new thinking on the organisational transformations they will be expected to lead over the next five to ten years;
- opportunities for exchanges of experience on effective approaches to change;
- access to academic knowledge and research in user-friendly ways;
- support in identifying and implementing approaches which can be shown to work.

The Learning Network is a UK Work Organisation Network (UK WON) initiative. Established in 1998, UK WON is a partnership between employers organisations, trade unions, universities and other bodies committed to sharing ideas and practice about new forms of work organisation. For more information, and to download several of the publications cited in this report, see www.ukwon.net.

Format

The Networks set out to provide participants with the opportunity collectively to address a number of questions central to future competitiveness and growth:

- how do we develop new ways of working relevant to emerging challenges?
- how do we create conditions for innovation and creativity in the workplace?
- how do we make full use of the intellectual capital within our organisations?
- how do we build effective partnership between management and employees?
- how do we encourage more appropriate workplace cultures?
- how can our organisations learn how to change?

Participants have worked towards answers to these questions over a series of several meetings involving vigorous discussions and exchanges of experience. This includes the examination of 'witnesses' with insight into the transformations required by the successful organisations. These witnesses include senior managers (from the UK and elsewhere in Europe) who have first-hand experience of leading-edge organisational change. They also include academics focussed on building bridges between research and practice.

In the second phase of activities, several Network members hosted themed meetings on issues of shared concern. This provided an opportunity to explore particular concerns in a concrete setting, as well as to meet other members of the host organisation. The themes included:

- valuing people: motivation, recruitment and retention;
- flexible working, diversity and work-life balance;
- home-based working;
- employee involvement.

Parallel meetings took place in Bristol and Nottingham, mainly on identical themes. The two groups also met on two occasions to compare findings. The full programme can be found in the Appendix.

CHALLENGES OF ORGANISATIONAL COMPETENCE IN THE 21ST CENTURY

- In 2020 there will be 8 billion people
 - three quarters will have a secondary education
 - 2 billion will be graduates
 - 1 billion will be graduates living in the industrial world.

- The European population is ageing fast
 - by 2001 the average age of the population in the EU was 43;
 - half the population of Germany will be retired by 2005 and the rest of Europe is not far behind;
 - the budgetary costs of meeting the needs of the elderly population will have a significant impact on the EU and will maintain the low valuation of the Euro;
 - 30 million more migrant workers will be needed by 2020 to replenish the European workforce.

What will be the impact on the global economy, on business and on employment?

Notes from presentation by Dr Oliver Sparrow, Director of the Chatham House Forum, to the joint Learning Network meeting at Mickleton, 3rd December 2001

Consider the world in 2020. What kind of environment will business and public organisations be working in? Where will the jobs be? What kinds of organisational competencies will be needed to adapt and thrive? As Oliver Sparrow¹ argued:

- The world is becoming increasingly complex, unpredictable and dangerous, though there are also increasing opportunities for those in a position to exploit them;
- The world is also becoming much more interdependent and interconnected, and companies in particular have to realise that they have multiple stakeholders;
- Successful organisations will be those which cultivate adaptive and innovative behaviour at all levels.

How will producers of goods and services compete in the future when the ability to continually re-invent goods and services is already at a premium? Successful organisations will be those who are quickest and most effective at bringing the ideas and knowledge of their workforce to the market – but how will we organise work to make this happen?

¹ See www.chforum.org

Indeed who will the workforce be, and where will they work? Organisations are fragmenting, boundaries are becoming blurred. Can organisational structures adapt quickly enough to avoid becoming obsolete in the face of fast-changing technologies, customer demands and employee expectations?

And how will people who have choice be managed? How do we build ways of working which attract talented people and enable them to develop and use their skills and creativity to the full?

The success of organisations in the future will lie in their capacity to use the knowledge locked within their employees. Successful organisations will be those who:

- empower staff and use their knowledge
- develop ideas with thoughtful partners
- enthuse their multiple stakeholders with potential possibilities
- offer a coherent face to scrutinisers
- set the agenda by defining the context within which they work.

People at the top of organisations are typically too far removed from the day-to-day knowledge of how things work to understand what is possible; people at the front line see possibilities but have no framework within which they can animate or inform change. Unlocking the latent potential in their staff remains one of the greatest challenges for management, a fact readily acknowledged by Network participants.

FACING THE FUTURE: THE VIEW FROM THE NETWORK

Change is both continuous and inevitable in any customer-focussed organisation. The need is to build a culture in which change is welcomed as an opportunity both for organisational innovation and for personal development.

Network members have their own change agendas driven by the circumstances of their particular business and sector. Unsurprisingly most Network members identified technological innovation, increased competition and changing customer demand as the main driving forces for change. Controlling costs was inevitably high on the agenda. In addition, changes in legislation and regulatory requirements will place increasing pressure on some companies to change. However the need to recruit and retain talent was common to all.

Several reflections emerge on the predicted drivers of future change:

Mergers and acquisitions demand new organisational structures and cultures

New ownership can positively stimulate new thinking and a critical approach to established practice. It may expose companies to different bodies of experience and cast a fresh light on intractable problems. Equally centralisation may suppress local innovation; existing gains may be lost because current ways of working do not

fit with standardised corporate practice. In one Nottingham company known to The Work Institute, the new owners were unable to comprehend the system of high-involvement teamworking and, even though the existing system was very effective, quickly reverted to traditional production line methods which gave them more of a sense of control.

Technology is a resource for change, but shouldn't become the main driver of change

At best, new technologies develop and are implemented in ways which achieve synergy with job design and work organisation. Information and communication technologies, for example, expand organisational boundaries harnessing a much wider range of talent while at the same time offering individuals more fluidity and freedom in working patterns. The example of the "Virtual Factory", a highly integrated network of manufacturers in North-West Switzerland², was discussed by the Network as an example of the innovative organisational forms made possible by information and communication technologies (ICTs). Likewise Dr Philippa Collins from Heriot Watt University argued that 'agent technologies' have enormous potential to empower employees at all levels of the organisation, providing them with the information and communications they need to perform a much wider range of roles. But she warned that employers rarely allow the full potential of such technologies to be realised.

Evidence from across Europe shows how returns on technological investment are only fully realised when human and organisational factors are built in to the whole process from the design stage onwards. At worst however, technologies are allowed to impose ways of organising work which are disempowering, centralising and disruptive of communication. Parts of the NHS, for example, are introducing software designed to produce the optimal allocation of clinical staff between shifts. However successful rostering involves striking a complex balance between the needs of individual staff and the needs of the service. Informal negotiation and trade-offs play an important role in securing acceptable, win-win solutions, and to ignore the importance of this process risks disempowering and alienating staff.

Similarly there is increasing concern about patterns of working in some call centres, which allow technologies to dictate the rate and style of working at the expense of both customer satisfaction and job satisfaction. As Philippa Collins convincingly argued to the Network, the near-imminent ability of new technologies to replace hundreds of thousands of existing service sector jobs is not in itself a reason why those jobs should be replaced³. Companies which gain

² See Philippa Collins and Adrian Pluess, *Communities of Practice: the Virtual Factory* at www.ukwon.net.

³ Philippa's UK WON theme paper can be found at www.ukwon.net

the greatest competitive advantage will be those with a clear view of how the automation of routine and repetitive tasks can release human capital for customer-facing and developmental roles.

Even technologies with benign uses, such as those which support flexible home-based working, may lead to consequences which require careful regulation. EU guidance agreed with the European employers' associations and trade unions recommends that care needs to be taken to ensure that 'remote' workers are treated inclusively. In particular they should be brought into workplaces regularly to ensure that they are 'in the loop' in terms of communication and networking⁴.

Critically it is not usually technology per se which leads to conflict: rather it is the way in which pre-determined assumptions about work organisation are embedded into the design and deployment of hardware and software. There is ample case study evidence to demonstrate that workforce participation in the design and implementation of new technologies leads to mutual gains, minimising conflict with the organisational and human dimensions.

Predicted business growth creates a need to increase staffing

Growth is both an opportunity and a challenge. Some companies in the Network found that rapid and sustained growth over a number of years outstripped the capacity of management and organisational structures which had failed to evolve at the same rate. Resulting changes, however necessary and beneficial in the long run, can be very painful in such circumstances. Planning for the organisational implications of growth is essential.

Downsizing creates opportunities for reflection and change

For many organisations, downsizing due to technological innovation, merger, competition or rationalisation is a medium-term certainty. Yet East Midlands Electricity and Lloyds TSB demonstrate that a planned approach to the reduction of jobs can provide valuable opportunities for reflection and workplace innovation, generating significant long-term benefits. In both cases partnership – between management, unions and employees – was central to the smoothness and effectiveness of the transition process. In the case of East Midlands Electricity, compulsory redundancies were largely avoided through open and creative dialogue between the different stakeholders including management, unions, subcontractors and individual employees. Moreover the partnership arrangements in the company were subsequently sustained, providing a powerful means of engaging workforce knowledge and experience in the design and implementation of new working practices.

⁴ See *Telework Guidance*, a joint agreement between the CBI, CEEP and the TUC. Published by the DTI (2003).

Competition for staff with necessary skills and competencies

Discussions about the ageing workforce and the growing skills crisis are widely rehearsed and increasingly well understood, by businesses if not by public policy makers. The business case for flexible working has become more and more compelling with Network members such as Bristol City Council, East Midlands Electricity and Lloyds TSB becoming increasingly innovative in their approaches to attracting and retaining talent. For example:

- creating a flexible working environment;
- increasing the number of part time workers and allowing more flexibility in their hours;
- home working and other non-office work based working;
- greater involvement and autonomy;
- formal policies to improve quality of working life.

Inflexible working arrangements which result in the loss of competent employees whose personal circumstances change, or poor quality of working life resulting in the premature retirement of older workers who no longer find work an attractive option, is increasingly recognised by such employers as a costly business failure. Moreover organisations such as Lloyds TSB recognise that workforce diversity (in terms of gender, age, sexuality, ethnicity and culture, for example) can bring important business benefits for innovation and customer relationships. Yet again, recruiting and retaining a diverse workforce means that there is a need to encourage diversity in working arrangements.

A need to develop and make full use of the talents and skills of existing employees

Recruitment and retention measures are necessary but not sufficient to provide the skills and talent required for sustainable innovation and competitive advantage. The problem for many employers is that of encouraging competent staff to utilise their full talent and creative potential – not least because the more able might remain in the organisation for a relatively brief period before they move on. Reciprocity from the employer for motivation and commitment from the employee must increasingly take the form of rewarding work in which the individual is enabled to acquire new competencies, gain experience valued in the labour market and build personal networks conducive to subsequent employment. New forms of work organisation are often at the heart of this relationship, building a work environment in which opportunities for innovation and teamworking offer a high quality of working life in the short term and the experience required for better job prospects in the future: examples can be found in many different types of organisation across the membership of the Network. However organisations must recognise the diversity of the workforce: different people are motivated in different ways. Individuals and

teams need the ability to negotiate their own solutions and ways of working.

New approaches to personal development are emerging in companies such as Orange. These provide innovative experiences designed to enable reflection and encourage cross-functional communication. Such shared experiences lead to greater mutual understanding within the business and thereby give rise to potential process improvements.

Sometimes Network members express concern about what can best be summarised as a 'poverty of aspiration' amongst many actual or potential employees – seeing the workplace only as somewhere to earn money rather than as an opportunity for personal growth and development. There are different views of who to blame for this – schools focussed on achievement targets who fail to inspire their students with a passion for learning itself, governments who have removed reciprocal loyalty from employment relationship in the name of flexibility, or employers who have ignored quality of working life in the interests of short-term profitability. Some sectors suffer a real problem both in attracting and motivating staff. Crucially the problem is less one of 'image' (as many apologists would have us believe), but of the reality of day-to-day working life in jobs which are repetitive, bruising, wearying and disheartening. People's experiences and recounted tales of such workplaces give work itself a bad name.

In short, workplaces need to be redesigned as sites of individual learning and challenge. Changing the way in which people at all levels see work is crucial. This is not just about recruitment and retention - but about developing and utilising the full talent and creative potential of individuals. Likewise it goes well beyond 'work-life balance' (with its connotation that work is something to be endured), seeing work itself as a place for personal growth.

Cloudy skies or bright horizons?

There was wide agreement on one thing: successful workplace innovation will depend on being able to change attitudes and practices at all levels of the company, completely transforming workplace cultures. However Network participants were realistic in their assessment that attitudinal changes can be extremely difficult to achieve. The main challenges they debated are summarised below.

Building partnership between management and employees is an essential resource for workplace innovation

Workplace partnership is not just a means of securing good industrial relations. Rather it is a way of motivating and engaging employees at all levels in contributing to the development and improvement of the organisation. Partnership-based structures in the workplace can become a powerful source of ideas and inspiration, as well as an effective means of identifying and

resolving problems at an early stage. The need is to sensitise participants on both sides to the possibilities of 'win-win' solutions – which are likely to be much more effective, creative and sustainable in the longer term. Bristol City Council, for example, used partnership as a means of developing its flexible working strategy⁵, while for East Midlands Electricity and Lloyds TSB it was at the heart of the restructuring process. Nottingham City Hospital was using direct staff involvement as a means of designing a more comprehensive approach to partnership and participation⁶.

Most of the Network members were developing or exploring partnership arrangements – though in a wide variety of different ways. There is no blueprint to suit all organisations. Rather, as Mary Weir pointed out to a Network meeting, there is an indispensable need for dialogue and a willingness on both sides to experiment and to learn.

Mary, who had introduced partnership and teamworking to the European Gas Turbines plant at Lincoln, placed considerable emphasis on shared responsibility for learning, problem solving and innovation. In contrast to the currently fashionable focus on 'leadership', she stressed the need for partnership-based organisations not to be 'leader dependent' but rather to be able to act responsively and inclusively to problems and opportunities as they arise. Indeed Dave Buchanan, Professor of Organisational Behaviour at De Montfort University, suggested to the East Midlands Network that visionary leadership could be positively dangerous, ignoring both the complexity of change and failing to make use of the less tangible or charismatic resources within organisations. In short, partnership implies the need to distribute leadership widely across the whole organisation, both horizontally and vertically. Likewise Brita-Lena Cederqvist, senior HR manager from Ericsson Radio in Sweden, described how employees at all levels in her company were provided with education in leadership, team development and knowledge management.

Getting senior managers to move away from a short term focus and to develop a longer term vision of the organisation

Immediate problems and targets should not be allowed to prevent time and resources being allocated to strategic initiatives that position the organisation to face future challenges. Balancing short term need with long term capacity building is, in many ways, the essence of leadership in sustainable organisations. Moreover managers should not be able to evade responsibility for change by hiding behind the organisational development function of HR:

⁵ For an account of the Bristol City Council case see: Cressey, P. (2002) *Women and atypical working in the United Kingdom: the prospects for positive flexibility*, in "Labour Market and Social Protection Reforms in International Perspective" H. Sarfati and G. Bonoli, Ashgate.

⁶ See the article by Rosemary Exton in the UK WON Journal, Issue 1 (2003). Available at www.ukwon.net.

workplace innovation should be a shared responsibility across the company. Commitment and support for organisational change at board level certainly helps to overcome obstacles. But endorsement for workplace innovation and employee involvement from the top is not sufficient: it must also be highly visible. In the words of one South West Network member: "CEOs need to *live* the values they wish their organisations to adopt". Exemplars are needed at the most senior levels.

Overcoming middle management resistance to new ways of working and employee involvement

Hostile managers, perhaps threatened by loss of power, can sabotage measures to introduce new forms of work organisation and increase workforce involvement. This conclusion, already supported by a significant body of research, was amplified by a range of case evidence from Network participants. For example, Nottingham City Hospital's innovative Staff Involvement Roadshows met with very different responses from line managers in different parts of the Trust, some enthusiastically supporting participation by their staff, some actively blocking it to an extent which cannot wholly be explained by service needs.

Likewise many of the Network organisations can demonstrate Board level commitment to policies for flexible employment and work-life balance. However most would admit that it has not been easy to apply the policies equitably across the organisation, and that some managers are reluctant to accept the business case.

Rosemary Exton⁷, a senior trade unionist at Nottingham City Hospital, describes this as the "barrier reef": the converging aspirations of frontline staff and the Board blocked by the myopia of middle management. In his presentation to the South West Network John Purcell, Professor of Human Resource Management at the University of Bath, similarly stresses the need for "organisational justice" in equitable application of policies. Front line managers exercise considerable discretion in interpreting and implementing organisation-wide policies, and this has unpredictable and serious effects on performance. Policy implementation by management should not be taken for granted but needs to be carefully resourced and measured. It must be embedded in organisational systems and procedures at all levels, for example through performance appraisals for line managers. Creative ways need to be found to influence the discretionary behaviour of front-line managers – whose management style often reflects the way they themselves were managed. Breaking this pattern – or removing what Niclas Adler of Chalmers University calls "the constraints of your own history" – therefore becomes a key requirement for successful workplace innovation.

⁷ UK WON Journal, Issue 1 (2003). Available at www.ukwon.net.

Persuading employees to accept more responsibility and ownership of business objectives

As P-O Bergstrom from the Swedish trade union L.O. argued at an East Midlands meeting, employees who share responsibility for tasks such as planning, problem solving and innovation as members of an empowered team enjoy a higher quality of working life than those who work in more restricted jobs – providing they are given the resources to fulfil those tasks effectively⁸. The problem is often that of helping employees to understand the benefits of more responsibility – such as less supervision, job enrichment and a higher quality of working life. Staff and trade union involvement at the earliest design stages plays a key role in reducing uncertainty and building commitment. Transparency is also critical – East Midlands Electricity's open book policy is a good example of how to build trust and raise awareness of corporate vision and objectives, sharing business and market data with the workforce in an unprecedented manner⁹. Employees receive payments based on business performance indicators – safety, customer service and cash cost per customer – all measures used by the regulator. This further embeds employees' understanding of the importance of business outcomes.

Taking teamwork seriously

Arguably 'teamworking' as an expression has become almost meaningless: almost any group of people working together in close proximity are described as a 'team', irrespective of the autonomy they enjoy or the way in which they interrelate in performing their tasks. Yet teamworking is quite distinctive from traditional ways of organising work. 'Real' teamworking implies a specific approach to the organisation of work in which team members collaborate to plan and execute tasks, to solve problems and to improve processes without undue hindrance by demarcations or management. It is typically characterised by responsibility for at least the following functions:

- work allocation;
- work pacing;
- staffing issue such as recruitment and training;
- improvements to the process.

Teamworking varies enormously in character from one company to another, reflecting both the type of organisation and the process of learning and dialogue. In any context however, teamworking involves the significant delegation of responsibility from management, a degree of cross-functional working, and the open sharing of information. Teams are also the building blocks on which wider workforce involvement and participation can be built throughout the company. Team-based organisation also enables

⁸ *The Rewarding Work Organisation* by P-O Bergstrom, published by the L.O., provides a useful evaluation tool to assess quality of working life.

⁹ UK WON Journal, Spring Issue (2002). Available at www.ukwon.net.

day-to-day operations to be reunited with innovation. Critically however, teams need to look beyond their own boundaries and to understand their connectedness with the wider organisation.

The Learning Network examined how teamworking had led to significant organisational innovation in one company. Phycomp, a specialist electronics manufacturer in The Netherlands, established its teams as 'mini-companies' in which members became financial stakeholders. This gave the production system as a whole much greater customer focus, while empowering team members with much more control over their working lives.

Making innovation and creativity part of the organisational culture

In several Network organisations, innovation and creativity were perceived as 'core values' and had become embedded within the culture. Managers indicated that an important part of their own jobs was to seek ways of continuously increasing innovation and creativity. Different ways of achieving this included:

- introduction of innovation forums and workshops;
- suggestion schemes;
- training plans;
- introducing the concepts in performance appraisals and team meetings.

However most participants considered that their employees would welcome even greater opportunities for innovation and creativity. Brita-Lena Cederqvist argued that greater imagination was needed to motivate employees to contribute their ideas and knowledge to improvement and innovation. In establishing a new factory on a greenfield site, she described how Ericsson Radio set out to create a working environment in which reflection and creativity are explicitly valued. The shopfloor incorporates a 'Green Room', designed to promote relaxation and creativity, and which is open to any employee at any time for quiet thought and discussion. Each department has also nominated an 'Inspirer' – a volunteer who is trained to "sense the feeling" of his or her workmates and to stimulate new ways of looking at working practices.

ABB Cewe, another Swedish company known to The Work Institute, recognised the need to remove both the physical and organisational space between design and production function. The design department offices were closed and its occupants moved 70 meters down the corridor to the production floor. This meant that frequent design iterations resulting from production difficulties were reduced dramatically: prototype designs could be tested on actual production facilities, and the tacit knowledge of production workers used to identify potential problems in advance. Moreover proximity to design staff encouraged the generation of spontaneous ideas and suggestions for improvement from production workers.

A precondition for a culture of innovation is 'slack' – the space to reflect, discuss and experiment. Lean organisations obsessed with a

narrow focus on productivity, cost control and time management rarely manage to develop and release the full creative potential of their employees.

Knowledge management is not just about databases

Disseminating good practice, learning from mistakes and providing the knowledge resources for innovation are all critically important practices for successful organisations. However there is too much focus on the technologies and systems required to 'capture' and centralise this intelligence on electronic databases. Technology should rather be used to resource the 'soft' processes through which people learn and develop their practices. In short the effective distribution and use of knowledge is as much about the quality of dialogue between employees at all levels of the organisation, for example the opportunities available to them to share and compare experiences, as it is about the sophistication of the supporting technologies.

Taking advantage of outside help – selectively

Using external sources of knowledge and expertise can be enormously valuable – but its critical to know how and when to use such support. Many Network members employed external consultants, although there was a difference of opinion regarding their effectiveness. Most thought they were useful:

- for their specialist expertise;
- as mentors;
- in gaining an external perspective;
- for bringing in fresh ideas and approaches to managing change;
- to speed up the process of change.

On the other hand, several felt that senior management 'needed the comfort of external consultants' and that they might be better off managing their own change initiatives.

Innovative organisations network widely and share resources. Most companies made use of external sources, with varying degree of success. Books and journals could be helpful in offering new ideas, as are conferences and web searches. Associations with universities are useful; for example Professor John Bessant from Brighton University suggested that academic research can help to identify evidence-based organisational design principles, though these need to be adapted to the specific context. However, appropriate sources of help from universities can be hard to find; it can also be delivered in a way that is too academic and insufficiently focused on 'bottom line' issues.

Learning Network witness Niclas Adler (Director of the Fenix Programme at Chalmers University in Gothenberg), argued that universities have a key role to play in providing companies with access to global knowledge. He argues for 'Glocal' innovation systems – essentially local business networks in which universities play a key role as gateways into global knowledge networks. In

short, the need is to combine the immediacy of local relationships and the specific nature of local circumstances with the widest possible access to knowledge. The Fenix programme¹⁰ itself – in which managers study for research degrees while actively engaged in related changes initiatives in their own organisations – is an example of how some universities are moving beyond their traditional roles.

Contact with other employers is an invaluable means of sharing ideas and experiences, of peer-reviewing initiatives and of avoiding the tendency to 'reinvent the wheel'. Although most participants would like to extend their contacts, building external links is difficult and time consuming.

Many managers find the implications of these changes difficult and threatening

Management anxiety and even hostility needs to be anticipated and addressed, in part by re-education and reassurance, but often by a significant redesign of roles and responsibilities. The principle of subsidiarity should be applied: does this decision need to be made at this level or could it be pushed downwards closer to the frontline teams? This releases managers for developmental and strategic functions – which can easily be neglected when managers get too involved in day-to-day issues. As Mary Weir argued, managers must become learners and mentors - not controllers. They often need to be coached in how to let go. Or to quote Harry Gilfillan from Cannon Engineering – a company with a strong teamwork culture – "Systems manage the business, managers inspire the business".

Managing change?

Real change can't be managed: it can only be unleashed. The idea that change can be a controlled process comprising logical, incremental steps still seems to survive in managerial ideology but can rarely - if ever - be found in practice. Indeed change should be seen not as a journey to a given end state, but rather as a process of learning and reflection. The process of changing an organisation teaches you more about it; in turn this refines your change objectives and your understanding of how to transform it. Change therefore becomes a continuous process of innovation and improvement, not a time-limited 'initiative'. Dave Buchanan's presentation to the East Midlands Network emphasised the messiness of change, stressing the number of unknown variables, the ripple effects on other parts of the organisation and the unpredictable impact of organisational politics. Failure to anticipate this messiness and inability to deal with its consequences are, perhaps, amongst the most common reasons for the failure of workplace innovation. In this context Buchanan stresses the importance of a positive engagement with organisational politics¹¹: building networks, working with 'key players',

¹⁰ www.chalmers.se/researchprofile/fenix.html

¹¹ See David Buchanan and Richard Badham (1999) *Power, Politics and Organizational Change* London: Sage.

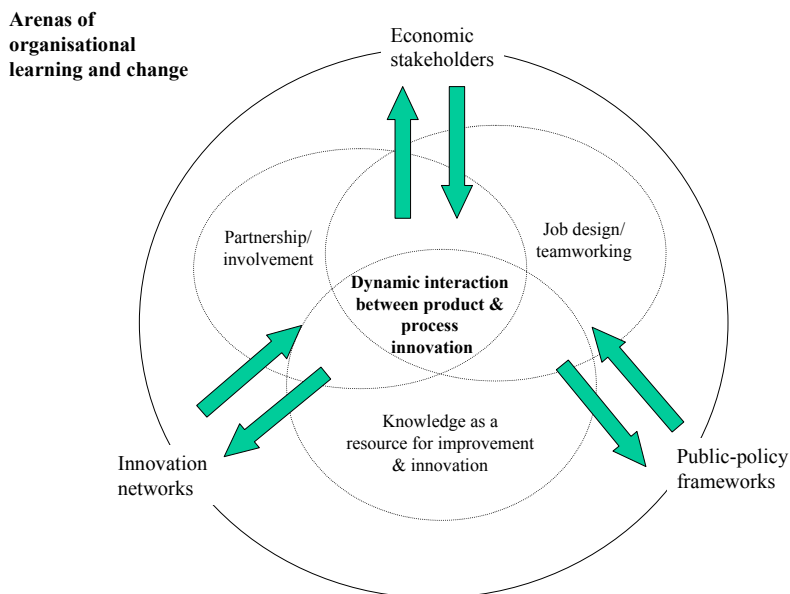
befriending 'power brokers', bending rules and generating positive PR are all necessary tools for securing sustainable change.

CONCLUSIONS

The reflections and lessons discussed in this paper draw on a rich and diverse body of experience, both practical and academic. They express an emerging set of principles about how change can be made effective and sustainable. They also embody an increasingly held set of values based on a search for convergence between the demands of organisational performance and the needs of employees for a high quality of working life, personal development and employment security.

In its research into new forms of work organisation in the European Union¹², The Work Institute has translated such themes into a practical concept of workplace innovation. By way of a conclusion to this report, these findings are summarised below.

This body of research places a considerable premium on the ability of an organisation to harness the tacit knowledge and creative potential of employees as a shared resource. Clearly this involves much more than the ability simply to recruit and retain employees with the necessary aptitudes and competencies. It requires a work environment which fully engages all levels of employees in planning, quality assurance, problem solving and innovation. Building this work environment involves a complex process of dialogue and learning, experimentation and reflection. Work organisation then is a reflexive process, not an end state.



The figure above identifies the three arenas associated with new forms of work organisation, each of which poses a series of challenges to be resolved through dialogue between the different stakeholders:

- Knowledge, innovation and creativity are valued, rewarded and placed close to the heart of the work process at all levels of the organisation.
- Partnership and dialogue establish the preconditions for a workplace environment in which the instigation and ownership of innovation are widely distributed.
- Teamworking becomes a defining characteristic of all aspects of work, both routine and developmental. In this sense, it emerges less as a formulaic model than as an approach to work organisation which broadens job design and challenges both hierarchical and horizontal demarcations in order to optimise levels of agility and innovation. It also provides the day-to-day context for enhancing the quality of working life.

To support innovation through partnership and involvement, organisations need to create what John Bessant¹³ calls 'design space' or organisational 'slack'.¹⁴ However a condition of successful change appears to be that it is multi-voiced, messy and unpredictable. Sustainable organisational change requires sustained innovation and resourcing: there are few effective 'quick fixes'.

Critically the task is not to try and catch up with 'best practice' but to develop a strategy firmly orientated towards the creation of innovative and self-sustaining processes of development. Perhaps one of the most important resources for change is the development of a culture which values research, negotiation, experimentation, critical appraisal and redesign over many cycles. An innovating organisation must also recognise that setbacks are inevitable and that a 'blame culture' only stifles experimentation.

¹² Totterdill, P., Dhondt, S. and Milsome, S., 2002, *Partners at Work?* Nottingham: The Work Institute. Also available at www.hi-res.org.uk.

¹³ Bessant, J. (1983), Management and Manufacturing Innovation: The Case of Information Technology. In Winch, G (Ed.), *Information Technology in Manufacturing Process: Case Studies in Technological Change*. London: Rossendale.

¹⁴ Boer, H. (1991), *Organising Innovative Manufacturing Systems*. Aldershot: Gower.

APPENDIX

The Learning Network Programme

2001/2 PROSPECTUS

Launch Event – *Grasping the Future*

Grasping the Future is a 24-hour residential session to orientate participants to emerging threats and opportunities and begin to identify strategic choices for organisational transformation. By the end of the session participants will have identified a clear agenda to be explored throughout the rest of the Programme.

The programme will bring together Learning Network members from both the East Midlands and the South West, and will take place at the Three Ways House, Mickleton, near Chipping Campden.

Date: 3rd/4th December 2001

Day One

Registration and coffee from 11.30 onwards

12.15 Buffet Lunch

13.15 Welcome and Introductions

14.15 Keynote Speaker Dr Oliver Sparrow *Director, Chatham House Forum*

15.15 Break

15.35 Focus Groups *Making Sense of the Future*

16.40 Reports and Plenary Discussion

17.15 Review of day by Panel (John Bessant, Frank Coley, Peter Cressey, Oliver Sparrow, Peter Totterdill, Bob Wheeler)

17.45 Close

19.00 Drinks followed by dinner

Day Two

09.00 Summary of previous day

09.15 Strategic Choices for Organisational Change Professor John Bessant *Centre for Research in Innovation Management, University of Brighton*

10.00 Focus Groups *What will the successful organisation of the future look like?*

11.30 Reports and remarks by Panel (John Bessant, Frank Coley, Peter Cressey, Oliver Sparrow, Peter Totterdill, Bob Wheeler)

12.00 Concluding Discussion *Key questions for the Strategic Direction Group*

12.45 Conclusions and review of plans for future work.

13.00 Lunch and depart.

The Inquiries

Three highly-focussed "Inquiries" will pursue the strategic questions from *Grasping the Future*, allowing participants to interrogate diverse experts and practitioners.

A Panel will lead the discussion in each Inquiry, ensuring continuity between sessions and building connections with wider research and practice. A note of findings, with links to other resources, will be published after every Inquiry.

First Inquiry How will we compete in the knowledge economy?

East Midlands: 4th February 2002

South West: 5th February 2002

Successful organisations are increasingly those able to turn the tacit knowledge and creative potential of employees into a continuous flow of innovation. How will we create organisational structures, cultures and practices to make this a reality in the new environment?

15.00 Tea, coffee

15.30 Review of findings to date.

15.40 Opening Statements by Panel

16.00 Questions and discussion

16.10 Key Witness Dr Niclas Adler *Director, FENIX Programme, Chalmers University, Sweden*

Questions and discussion

16.50 Key Witness Maarten Verkerk *Factory Manager, Phycomp, The Netherlands and author of "Market oriented production management. From autonomous task group to mini-company"*. Questions and discussion

17.30 Break

17.50 Review of issues by Panel

18.10 Discussion

18.50 Conclusions

19.00 Close of formal session; continuation of discussions over drinks and dinner

Second Inquiry What are the organisational challenges and opportunities posed by technological, economic and social change?

East Midlands: 22nd April 2002

South West: 23rd April 2002

Will 'built to last' organisations be supplanted by virtual structures in the wired world, or will they adapt in new ways? This Inquiry will explore the matrix of organisational and employment choices posed by wider changes.

15.00 Tea, coffee

15.30 Review of findings to date.

15.40 Opening Statements by Panel

16.00 Questions and discussion

16.10 Key Witnesses Adrian Pluess *Virtual Factory Northwest, Switzerland.*

Questions and discussion

16.50 Key Witness Dr Philippa Collins *BT/Heriot Watt University*

Questions and discussion

17.30 Break

17.50 Review of issues by Panel

18.10 Discussion

18.50 Conclusions

19.00 Close of formal session; continuation of discussions over drinks and dinner

Third Inquiry Can we build organisations which are agile and clever enough to survive the uncertainties of the 21st Century?

East Midlands: 13th May 2002

South West: 14th May 2002

Given both the scope and speed of change we can expect over the next decade, organisational innovation will need to be continuous and intelligent. How can we sustain this level of agility and how can we work towards an informed approach to change? How can we build effective partnerships with employees in such an environment?

- 15.00 Tea, coffee
- 15.30 Review of findings to date.
- 15.40 Opening Statements by Panel
- 16.00 Questions and discussion
- 16.10 Key Witness Brita-Lena Cederqvist, Ericsson Radio, Sweden
Questions and discussion
- 16.50 Key Witness Mary Weir Working Knowledge Associates
Questions and discussion
- 17.30 Break
- 17.50 Review of issues by Panel
- 18.10 Discussion
- 18.50 Conclusions
- 19.00 Close of formal session; continuation of discussions over drinks and dinner

Concluding Event

Dates: 26th/27th June 2002

This event is a 24-hour residential session which will draw together key findings and enable participants to draw clear conclusions about strategic choices for organisational transformation. The event will bring together Learning Network members from both the East Midlands and the South West, and will take place at Three Ways House, Mickleton, near Chipping Campden.

2002/3 PROSPECTUS

East Midlands

Inquiry

The Impact of Organisational Behaviour on Business Success

30th October 2002

This Inquiry will be led by Professor Dave Buchanan, a renowned thinker in the field of strategic change processes, and will explore the real experiences of organisations in getting beyond the hype to achieving effective and sustainable change.

Special Event

Who Killed the Team?

26th November 2002

A preview of the award winning Partners@Work Theatre Company's latest production which explores the difficulties of team development.

***Visit to Nottingham City Hospital* Employee Participation and Rewarding Work**

11th March

Guest Speaker P-O Bergstrom of the Swedish Trade Union Confederation will offer an international perspective on the key learning points that can be drawn from research and experience relating to employee participation in organisational change. Contributions from management and trade unions at the hospital will analyse issues relating to an initiative designed to increase levels of staff involvement.

***Visit to East Midlands Electricity* Flexible Working – the Business Case**

3rd June 2003

Guest Speakers Dave Newborough (EME) and Steve McPherson (BT) will show how different approaches to flexible working can improve performance while at the same time enhancing job satisfaction, recruitment and retention.

South West

Inquiry

The Impact of Human Resource Policies on Business Success

31st October 2002

This Inquiry will be led by Professor John Purcell, a renowned researcher in the field of human resource development, and will explore the impact of HR policies on organisational performance and innovation.

Special Event

Who Killed the Team?

27th November 2002

A preview of the award winning Partners@Work Theatre Company's latest production which explores the difficulties of team development.

Visit to Pall Ltd, Ilfracombe

Valuing People

10th December 2002

This visit to a Network member's factory will consider practical issues relating to attendance, motivation and retention in the wider organisational context, including problems resulting from repetitive work.

Visit to Bristol City Council

Job Location

12th February 2003

This Network member's approach to issues such as home working and work-life balance will be analysed in the context of demands for improved standards of customer service.

Visit to Lloyds TSB

Diversity

13th May 2003

The visit will explore ways in which organisations can learn to value diversity and how employees with different cultural, social and behavioural practices contribute to the development of excellent working relationships.

Visit to Orange

Advancement Programmes

8th July 2003

How to keep graduates and other high potential employees engaged and stimulated, thereby retaining them in the organisation and making the most of their talent. This Network member is recognised not only as a brand leader but as a leader in the development of younger, talented people.