How Do Organizations Learn?

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How Do Organizations Learn?
Let’s Begin with How Organizations DON’T Learn

Organization launches annual research on comparative country analysis

10 years after the launch, an independent evaluation recommends that the rankings be discontinued—citing flaws in the methodology, “black box” data gaps and “cherry picking”

Over the years, reports suggest that “political” influences impact some countries’ rankings

5 years after the independent evaluation, a newly appointed top economist with responsibility for overseeing the research, states that “political motivation” of staff may have contributed to a decline in the ranking of a country; Audit finds “no evidence of interference”

The critical top economist resigns the same year after the organization’s leadership disavowed the remarks

2 years later, the organization announces massive fraud and irregularities in its data handling—affecting at least four countries and suspends publication of its rankings

The PM of one of the top 10 shareholders reportedly lobbies for a change in the methodology which favors the country’s ranking
How Do Organizations Learn? Let’s Begin with How Organizations DON’T Learn

The Fox in the Henhouse Syndrome

Congressman Charles Dent (R-Pa): Organizations are often not impartial when investigating charges of fraud, corruption and waste by various whistleblowers, and there was an example at an organization that, according to the press, immediately dismissed a contract officer in one of its shareholder countries when that person raised the issue of fraud in a contract.

The organization holds a transparency and integrity gala as it pursues bailout funding from US Congress.

Administrative Tribunal finds that the organization’s Office of Institutional Integrity is biased and incompetent in response to a complaint. The filer of the complaint is subsequently transferred to the Ethics Office.

Senior Advisor to a VP found to have helped to award a series of contracts to chapters of one of the big four accounting firms in exchange for a job for his son; three years after a suspension without pay, the person is reinstated.
“The greater the secrecy, the more likely a leak”

A research economist accuses the organization of suppression of a study showing that a material share of its lending to the countries most in need shows up as deposits in tax havens.

The study examines the financial flows from a sub-set of countries that make the greatest use of the organization’s lending. It then turned to the Bank for International Settlements, which is a Geneva-based institution often described as the central bankers’ central bank, for data on bank deposits in tax havens.

The BIS collects data on bank deposits from the residents of 200 countries in 43 international financial centres and makes available confidential data on bilateral deposits from individual countries to researchers.

The study shows that in a three-month period when a country receives foreign aid disbursements equivalent to 1% of its GDP, an amount equivalent to an average 7.5% of the funds received show up as deposits in tax havens. There was no equivalent rise in deposits in financial centres that were not tax havens, such as France, Germany or Sweden.

“The Economist” argues that the premature departure of the organization’s top economist is related to the suppression of the study.
What Makes a Learning Organization?
What Makes a Learning Organization?

Clarity of Mission
Ensuring that staff are unified in alignment behind the organization’s mission and goals.

Strong Leadership
Supporting staff in their efforts to continuously advance, innovate and build a culture of success.

Experimentation
Providing staff with the freedom to pursue risks and innovate.

Knowledge Transfer
Aligning systems to maximize knowledge transfer and exchange among staff.

Teamwork and Collaboration
Ensuring a culture that facilitates collaboration and promotes teamwork across the organization.
## Xerox’s Problem Solving Process

<table>
<thead>
<tr>
<th>Step</th>
<th>Question to Be Answered</th>
<th>Expansion/Divergence</th>
<th>Contraction/Convergence</th>
<th>What’s Needed to Go to the Next Step</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Identify and select problem</td>
<td>What do we want to change?</td>
<td>Lots of problems for consideration</td>
<td>One problem statement, one “desired state” agreed upon</td>
<td>Identification of the gap “Desired state” described in observable terms</td>
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<tr>
<td>2. Analyze problem</td>
<td>What’s preventing us from reaching the “desired state”?</td>
<td>Lots of potential causes identified</td>
<td>Key cause(s) identified and verified</td>
<td>Key cause(s) documented and ranked</td>
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<td>3. Generate potential solutions</td>
<td>How could we make the change?</td>
<td>Lots of ideas on how to solve the problem</td>
<td>Potential solutions clarified</td>
<td>Solution list</td>
</tr>
<tr>
<td>4. Select and plan the solution</td>
<td>What’s the best way to do it?</td>
<td>Lots of criteria for evaluating potential solutions</td>
<td>Criteria to use for evaluating solution agreed upon</td>
<td>Plan for making and monitoring the change Measurement criteria to evaluate solution effectiveness</td>
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<tr>
<td></td>
<td>Lots of ideas on how to implement and evaluate the selected solution</td>
<td>Implementation and evaluation plans agreed upon</td>
<td></td>
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<td>5. Implement the solution</td>
<td>Are we following the plan?</td>
<td>Implementation of agreed-on contingency plans (if necessary)</td>
<td>Solution in place</td>
<td></td>
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<td>6. Evaluate the solution</td>
<td>How well did it work?</td>
<td>Effectiveness of solution agreed upon</td>
<td>Verification that the problem is solved, or Agreement to address continuing problems</td>
<td></td>
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How Do The Leading Organizations Learn?

Airbus’ Decision Making Process

Front End of Innovation:
- Trends
- Operational Challenges
- Changing Markets

Back End of Innovation:
- New Services
- New Features (Aircraft)
- New Productions (Plants)
- New W-o-W (Office)

Desireability
Feasibility
Viability
How Do The Leading Organizations Learn?

Investments in Research and Development

Annually in USD

- Amazon: $22.6
- Google: $16.6
- Microsoft: $13.0
- Apple: $11.6
- Facebook: $7.8

As a Percentage of Revenue

- Facebook: 19.1%
- Google: 15.0%
- Microsoft: 14.5%
- Amazon: 12.7%
- Apple: 5.1%
The Innovative Organizational Mindset

- Time, Space, & Structure
- Leaders as Change Advocates
- A Process of Continual Reinvention
- Individual & Institutional Knowledge
- Common Language
- Challengers & Questioners
- Failure as a Learning Opportunity
- Small Experiments with Radical Intent
The Next Generation of Learning Organizations

The Five Key Elements

1. Digital Transformation
2. Human Cognition Improvement
3. Man and Machine Relationship
4. Expanded Ecosystems
5. Management Innovation
Translating that to the Bank’s Context: What We \textit{Shouldn’t} Do

We do \textbf{NOT} learn by misrepresenting facts or data

We do \textbf{NOT} learn by failing to learn from our mistakes

We do \textbf{NOT} learn by claiming success where it does not exist  
\textit{(e.g. “we have tackled extreme poverty”)}

We do \textbf{NOT} learn by doing the same thing over again and expecting different results  
\textit{(to quote Albert Einstein)}
Translating that to the Bank’s Context: What We Should Do

- We **DO** learn by doing quality ESW, PCRs, Audits and Evaluations
- We **DO** learn from other organizations
- We **DO** learn by truly becoming a Knowledge Bank
- We **DO** become a Knowledge Bank by understanding problems, designing solutions and approaches with a proper log frame and excellent execution.
Developing a Learning Organization Makes Business Sense

92% of learning organisations are more likely to innovate in their industry.

58% are more prepared to meet future demands of their industry.

Yet, 1% of an employees’ work week is dedicated to training and development.3