

Benchlearning

Good examples as a lever for development

Foreword

In the mid-1990s Bengt Karlöf was engaged in a benchmarking project that took a somewhat unusual turn. After analysis of the client's own operations, visits to partners and conclusions about cause-and-effect relationships, there was enough time and budget left over to involve a larger number of employees as well as union representatives. The project comprised a telecom operator, a large whiteware supplier and a firm in the building trade that specialised in electrical installations. Everybody involved in the process agreed that a tremendous amount of learning had taken place. The conclusions from the study gave them a new perspective on their own operations and the conditions that prevailed in a competitive climate. That in turn led to reappraisal of a number of dogmas which had hitherto been obstacles to modernising their organisation and methods.

Bengt Karlöf and Kurt Lundgren met for the first time in Stockholm in 1996. Kurt had just published his book *Livslångt lärande* (Life-long Learning). An exceptionally constructive dialogue ensued on the basis of Bengt's experience with benchmarking and Kurt's specialty, the economics of learning. It was the first of a long series of meetings which eventually led to a joint application to the Swedish Council for Work Life Research for a pilot project on *Benchlearning*.

Marie Edenfeldt Froment and Bengt Karlöf met for the first time in 1997. Marie was then working for a company that arranged conferences, and in that capacity she interviewed Bengt prior to a lecture he was to give on *Benchlearning*. At that time there was nobody responsible for Benchlearning in Bengt's newly started company Karlöf Consulting; the upshot was that Marie was hired and later became a partner. An experimental Benchlearning project was launched at about that time, financed by the EU as part of the Leonardo programme. It involved five companies, one each in Britain, Denmark, Finland, France and Sweden. A recent evaluation of the educational innovation effect of the project gave a score of 25, reckoned on five parameters with a 1-5 scale for each. That has inspired us with confidence as we set out to promote the use of Benchlearning in Sweden and other countries.

Bengt had approached the Council for Work Life Research at an early stage, being strongly convinced of the merits of the method. A somewhat sceptical attitude on the council's part, together with some initial difficulty in distinguishing between Benchlearning and benchmarking, led to a dialogue that lasted a couple of years, but eventually support, both financial and psychological, was forthcoming.

Why did we write this book?

We have met with appreciation of the principles of Benchlearning wherever we have spoken of, demonstrated or otherwise introduced the subject. There is an intuitive understanding of Benchlearning as an opportunity to achieve what everybody talks about but nobody has quite been able to accomplish: the learning organisation. In addition to learning and efficiency, Benchlearning aims as an underlying concept at influencing people's attitudes so that they will always ask themselves: "Who has solved this problem before, and who does it better than we do?"

There seems to be a built-in human mechanism that gives conceit priority over willingness to learn. But although the attitude that "we are biggest, best and most beautiful" prevails in some cultures, there is also another parallel attitude which says

that there is always somebody out there who does things better and has already solved the problems.

Several factors have contributed to the writing of this book. Ever since Bengt Karlöf in collaboration with Svante Östblom wrote *Benchmarking – vägvisare till mästarskap i produktivitet och kvalitet* in 1993, there has been widespread interest in the final section of that book which dealt with Benchlearning. Foreign publishers got in touch to signify their interest in a forthcoming book on Benchlearning – largely because benchmarking had already become something of a "commodity" by the early 90s. The idea of Benchlearning attracted the attention of business-oriented people as well as of those whose primary area of responsibility is human resources. They instinctively understood the potential of Benchlearning as a way of creating a symbiosis between successful short and long term business operations on the one hand, and human development and learning on the other.

One of the reasons why the appearance of this book has been so long delayed is that its subject is interdisciplinary to a very high degree. It is not enough to have an in-depth knowledge of business or to be an expert on education or psychology. These three subjects must interact in a coherent pattern, and it turned out that expertise in adult education is in very short supply. Despite all talk of the blessings of competence development, we found it exceptionally difficult to locate sources of structured knowledge of the conditions that affect occupational learning by adults. The meeting between Bengt Karlöf, Kurt Lundgren and Marie Edenfeldt Froment proved to be a turning-point – the mutually fruitful combination of skills that made a book possible.

Support from the Council for Work Life Research was of course a decisive factor. By supporting pioneering projects in the field, the council also created the incentive that was needed to produce a book on Benchlearning.

An author who sets out to write a book must first think through the subject, organise the presentation and, perhaps most of all, undergo an intensive process of learning. Writing a book is an act of confidence. Although much that is written is trivial – especially in the field of management – we hope that this book will contribute new knowledge that will enrich the working life, not only of executives and specialists but also of all other employees.

Organisation of material

The discussions we have had while writing the book have been exceptionally fruitful and have achieved just what we wanted – understanding across traditional disciplinary boundaries and strong motives for Benchlearning as a symbiotic method of uniting business and people. This can justifiably be termed a win-win situation: the employer gains greater efficiency, and hopefully also a change of attitude that leads to a self-improving business, while the employees are rewarded with greater job satisfaction through variation and learning, as well as acquiring insight into what is important to the business.

We have tried hard to make this book readable. We did not want to produce a thick tome which would be dutifully bought but would then stand on a bedside table or bookshelf without being opened more than once or twice. So we have aimed to make the presentation concise and stringent.

We hope that we have succeeded in our aim, and that readers will find the contents accessible and valuable to their business and the people who work in it.

* Published in English by John Wiley & Sons Ltd, London 1993 as *Benchmarking – a signpost to championship in productivity and quality*.

Introduction

Benchlearning can be described as a combination of business development and organisational learning. That is a combination which has long been desired but which has proved hard to achieve. The mystery of the lack of education by example has made it desirable to include a fairly extensive theoretical section covering business development and management in general as well as knowledge formation in particular.

There is a widely recognised need for organisational learning and greater efficiency in the organised world. That includes not only business enterprises but also the public sector and voluntary organisations. Improvements in industrial productivity have grown progressively less significant during the 20th century, because industrial production has accounted for a steadily shrinking share of GNP, and now represents less than 18% of GNP in the most highly developed industrial countries. The law of diminishing returns has operated here. An obvious consequence of this is a decline of interest in further attempts to improve productivity in industry.

Instead, administrative work and production of knowledge have become more and more important, and that explains the desirability of organisational learning as a basis for further enhancement of efficiency. This applies of course to industrial production, but just as much to all administrative and marketing work, whether it is done in the public sector, in voluntary organisations or in commercial enterprises of various kinds.

In recent years, moreover, learning has emerged as a new central paradigm for the development of companies and other organisations. The dramatically rising importance of human capital, or intellectual capital, to the success of enterprises has attracted wider attention, and research programmes have displayed the same trend. The aim is to try to understand how learning can be influenced and what bearing it has on the success of a company or organisation.

Our aim in this book is to throw light on the history and theory of management and how it relates to various theories of knowledge formation, and to cite some case histories by way of illustration. We attempt here to explain why Benchlearning is a method that is particularly well suited to the contemporary scene, and to describe in concrete terms what happens in a Benchlearning project. We have chosen to organise the book in three sections:

1. Changes in the conditions under which business operates and the growing importance of the human factor (chapters 1-2).
2. Theories of and approaches to knowledge formation and their relevance to Benchlearning and organisational learning (chapters 3-5).
3. Benchlearning in practice. We describe the structure of the method and the steps in the process, citing examples and experience from two Benchlearning projects – one from a member company of the Ericsson Group, and one from a Scandinavian government agency (chapters 6-7).

We wish to emphasize that *change* is not always the right answer. It is necessary to identify when change is needed as well as when things should *not* be changed. It has been an axiom (a self-evident truth) in management in recent decades that change is the normal state of affairs and is a Good Thing. That has been repeated so many times that it has come to seem unchallengeable – which of course is not the case. Constant change causes discontinuities, requires new learning, and can actually do harm by nullifying advantages of scale and of skill.

Learning must therefore also take account of situations where changes ought *not* to be made, and Benchlearning can help to do that. Measuring your performance against some comparable quantity as a good example enables you to judge the extent to which learning and change are needed. One might say that it teaches you about the need to learn and to make changes. Thus continual improvement is not necessarily the same thing as continual change: it is simply an improvement in your knowledge of what needs to be changed and when, and what does not need to be changed.

As we point out repeatedly in this book, Benchlearning performs several functions. In the first place, obviously, it aims to help organisational units to find their own answer to the question: "How do you know that your operation is efficient?" All responsible executives, no matter what they are responsible for, will be required more and more often to answer that question. The fact that by far the largest share of responsibility within organisations is subject to the laws of planned economy makes it both desirable and necessary to be able to calibrate efficiency (the correlation between value and productivity) against some other operation to find out how well the operation is actually being run. When we talk about planned economy we are referring to cases where some part of an organisation has a monopoly on supplying something to the organisation as a whole or to another part of it, so that the users do not have a free choice of alternative suppliers. You can read more about this in the first two chapters.

Another essential function of Benchlearning, of course, lies in what you can learn from a good example. The logic of the "reversed burden of proof" makes it irresistibly attractive to press for change if you can show that someone else is doing the same thing better. The benchmarking ingredient of Benchlearning has proved its effectiveness time and time again in a large number of projects where those concerned have not been content just to compare key indicators but have gone on to investigate cause and effect.

The third important function of Benchlearning is the changes in behaviour and attitudes that result from looking at others as a mirror image of oneself. Our intention is to encourage our readers – and the organisations in which they work – to get away from the classic attitude of autarky and to adopt the principle that there is always someone out there who is doing the same thing better, or who has done it before, and from whom useful lessons can therefore be learned. In the opening chapters we shall attempt to convince our readers that learning is not only beneficial to individuals but is also of tremendous importance to the economic success of organisations.

Contents

Foreword

Introduction

1. Observations on management
2. The benchmarking legacy
3. Fundamentals of knowledge formation
4. New requirements for corporate development and knowledge formation
5. Benchlearning and modern knowledge theory
6. Benchlearning in practice
7. The method step by step

Epilogue

References