

LEADERSHIP 2000

The Teaching Organization

In these competitive times, a learning organization isn't enough. Here's how winning companies such as GE and AlliedSignal have become teaching organizations, in which leaders pass along their knowledge every day.

By Noel M. Tichy and Eli Cohen

Since the early 1990s, a number of companies have invested vast amounts of money trying to become learning organizations. Hopefully, they did a good job because to survive in the future, they have to learn one more big lesson: A learning organization isn't enough. They need to become teaching organizations.

The concepts underlying learning organizations are valuable. But to succeed in a highly competitive global marketplace, companies need to be able to change quickly; their people must be able to acquire and assimilate new knowledge and skills rapidly. Though learning is a necessary competency, it's not sufficient to assure marketplace success.

We have looked at winning companies—those that consistently outperform competitors and reward shareholders—and found that they've moved beyond being learning organizations to become teaching organizations. In fact, we believe that when a learning organization comes up against a teaching organization, the teaching organization will win every time. That's because teaching organizations

are more agile, come up with better strategies, and are able to implement them more effectively.

Teaching organizations do share with learning organizations the goal that everyone continually acquire new knowledge and skills. But to that they add the more critical goal that everyone pass their learning on to others.

In teaching organizations, leaders see it as their responsibility to teach. They do that because they understand that it's the best, if not only, way to develop throughout a company people who can come up with and carry out smart ideas about the business. Because people in teaching organizations see teaching as critical to the success of their business, they find ways to do it every day. Teaching every day about critical business issues avoids the fuzzy focus that has plagued some learning organization efforts, which have sometimes become a throwback to 1960s- and 1970s-style self-exploration and human relations training.

A teaching organization's insistence that its leaders teach creates better leaders because teach-

ing requires people to develop a mastery of ideas and concepts. In a teaching organization, leaders benefit just by preparing to teach others. Because the teachers are people with hands-on experience within the organization—rather than outside consultants—the people being taught learn relevant, immediately useful concepts and skills.

Teaching organizations are better able to achieve success and maintain it because their constant focus is on developing people to become leaders. An organization's current leaders are creating the next generation of leaders by teaching people about the critical issues facing their business and by teaching them how to anticipate changes and deal with them. Consequently, teaching organizations have a steady supply of talent to keep the momentum going.

The best leaders are the best teachers

When we set out to write *The Leadership Engine: How Winning Companies Build Leaders at Every Level* (HarperBusiness, 1997), companies around the world were fumbling all over themselves to find the right tools to deal with globalization, technological change, and consumers' rising demands. The many that failed were paying the price. GM, IBM, American Express, Westinghouse, Kodak in the early 1990s, and AT&T and Apple in the latter half of the nineties all said good-bye to their senior leaders and hired new ones. The capital markets were responding to poor corporate results and sending the message to add value or the companies' top leaders would be replaced.

In writing *The Leadership Engine*, we examined some of those failures and compared them with such successes as General Electric, Intel, and Compaq. We concluded that the capital markets were only partly right; leadership was the problem, but the markets were wrong to focus only on top leadership. In the companies we studied, sustained success was a function of leadership throughout. Winning companies win because they have solid leaders not only at the top, but also at all organizational levels.

When we asked why these winning companies had a lot of leaders at all levels, we discovered it was because they deliberately worked at it and had made developing leaders a critical competency. We found that to be true consistently in our re-

search of successful organizations no matter what their size or line of endeavor. Whether they were huge *Fortune* 500 corporations or not-for-profit social agencies, there was one universal characteristic. It was that everyone, including and especially top leaders, were committed teachers. They had developed leadership engines—systems for creating dynamic leaders at all organizational levels. They made themselves into teaching organizations.

Many executives think that they don't have the time to teach because they're too busy dealing with the immediate issues of running a business. But the best leaders we know are, not coincidentally, the best teachers. Larry Bossidy—who transformed AlliedSignal and led it to become the best performing company on the Dow Jones Industrial Average within five years of his arrival in 1991—accomplished his successes largely by being a dedicated teacher. Bossidy didn't transform Allied by replacing senior managers. He diagnosed the company and decided what had to be done. He taught the senior leaders about strategy and spent hundreds of days teaching other people throughout the company. In his first year on the job, Bossidy reached 15,000 AlliedSignal employees personally.

Now, Bossidy is teaching his people how to create a growth mindset and deliver on it. Many people think that AlliedSignal can't be a growth company any longer because many of its businesses are in mature markets. But Bossidy thinks that defeatist attitude carries the seeds of its own fulfillment. So, he is teaching people at Allied to see that growth is possible anywhere and that if they go looking for it, they'll find it.

Other highly effective leaders known for their teaching include Roger Enrico of PepsiCo, Andy Grove of Intel (see *Training & Development*, May 1997) and the late Roberto Goizueta of Coca-Cola. By holding classes and workshops regularly, those leader-teachers serve as role models for everyone in their organizations. Their example emphasizes the importance they place on teaching and encourages others to teach. But even more important than the teaching they do in classrooms is the teaching they do in the course of the daily management of their companies. Bossidy, for example, uses the strategy, budget, and employee-review processes to coach the managers who participate in them. After each meeting, he writes each manager a

letter that reviews the meeting and states explicitly what he liked and didn't like about the manager's plans. Bossidy also writes what he expects to happen as a result of the meeting. If a manager doesn't understand or disagrees, he or she gets back to Bossidy immediately.

Similarly, Carlos Cantu, CEO of ServiceMaster says, "Every single person has to come away [from a meeting with him] with something positive." His objective is that the people who are responsible to him feel they gain something from the experience.

No blueprint

So, how do you create a teaching organization? What does one look like? The answer is that there is no single blueprint. Teaching organizations require the personal input and dedication of the leaders within them. Therefore, each one is unique in that it's based on the knowledge and experience of its leaders and the realities of its business environment. One premier example is General Electric.

Jack Welch has been lauded as one of the great business minds of the century. Many people saw General Electric as an institution that was *too* successful and too big for it to need change or be changed. But Welch had a very different point of view of GE when he became CEO 17 years ago. Since then, he has creatively destroyed and rebuilt the company. The result is a market value around a quarter of a trillion dollars—the most valuable company on Earth. But, though many people laud Welch's leadership qualities, others miss that he's also a great teacher. He may head a company with annual sales closing in on \$100 billion, but he spends 30 percent of his own time teaching and developing others. Equally important, he has made sure that the rest of GE's leaders are also teachers.

The result of Welch's teaching—and the reason GE has achieved marketplace success—is that the company has an abundance of leadership talent. *BusinessWeek* recently ran a list of the 20 executives "most sought after" by search firms looking for CEOs; five were at GE. That's even after several of GE's brightest stars had been plucked away in the '80s and '90s—including Bossidy; John Trani, now of Stanley Works; Glenn Hiner, now of Owens Corning; Harry Stonecipher, now of Boeing; and Norman Blake, now of USF&G.

Welch was involved personally in transforming GE's Crotonville management development center—directing it less toward packaging information and teaching job skills and more toward testing, coaching, and developing leaders. Twice a month, without fail, he goes to Crotonville to teach and interact with new employees and experienced managers. He also teaches constantly through direct feedback and coaching to leaders throughout the company.

Welch also built a system at GE in which leaders teach other leaders. It has the following basic elements.

A leadership pipeline. Every professional-level employee at GE has a career map that describes where they are in their career relative to positions they've had and may hold in the future. The map includes an assessment of their skills and the specific skills they'll need for the next positions. It also describes primary job assignment, stretch assignments, and formal development and coaching opportunities through which the skills can be acquired and demonstrated. Such tools, to varying degrees, are commonplace in many companies. The difference at GE is how they're used. Managers at every level look at their staffs' maps and use them as the basis for coaching. Everyone at GE understands that the environment will change and that career maps aren't set in stone. But they do provide a context and starting point to develop technical and leadership ability. They also set expectations for what the company wants each employee to achieve at any given point in his or her career.

A main purpose of the maps, along with GE's other HR processes (more on those later), is to keep the leadership pipeline full—a matter GE takes seriously. Dick Stonesifer, who started at GE as a mechanic and became head of GE's \$6 billion appliance business by the time he retired in 1996, says, "One of my most important jobs, and one of the things I evaluated people on, was whether there were four people who could [step in suddenly and] fill someone's position."

He explains: "This wasn't about some type of emergency planning, because you don't need four people to fill a job. The point was that you need bench strength; you need people who are that good to run parts of your business and, eventually, they will take bigger jobs in the company. But if you aren't worried about having people who are that good,

you'll never improve your business."

That type of thinking is almost a religion at GE. With Stonesifer, a failure to show your faith usually meant career disaster. He says, "If I had a great manager who didn't have strong candidates that could do his job, I'd make a very explicit deal. I'd say, 'You have six months to find people—from outside or inside—who can perform at a higher level or [you can] develop it in your own people. I'll provide any help you need. But if those people aren't here in six months, I'm going to get rid of you because I can't have you making the numbers but not getting people ready to lead.'"

Coaching key leaders. Although GE works hard to develop leaders at every level, the top 500 get special attention. Welch is fanatical that the talents of that distinguished group be upgraded constantly. He demands that whenever one of the

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500 positions comes open, several internal and external candidates are examined. That lets him and other senior leaders constantly benchmark GE's talent.

Each of the top 500 leaders regularly receives brutally honest, laser-sharp feedback on their hard-business performance and soft people issues. Welch gives feedback to each of his staff in a two-page, handwritten report on his or her performance and attaches last year's note that's annotated to show what has or hasn't been done. He provides more feedback during annual stock-option awards and salary adjustments, which he accompanies with a face-to-face discussion. The discipline of putting his thoughts in writing forces Welch and his staff to focus on the feedback. It also leaves no room for distortion and misinterpretation. That process cascades so that Welch's staff provide the same level of in-depth, personal coaching to their staff, and so on down.

For example, in the early 1990s, Welch began rating managers on a 2-by-2 grid showing their performance relative to quantifiable targets and the extent to which

they "lived" GE values. The tool was effective, and now all of GE's 500 officers use it to evaluate and coach their people.

Organizational structure that encourages leadership development. One of Welch's early activities was to dismantle GE's bureaucracy. In place of 240 profit centers, he created 13 global businesses, each of which now reports to the office of the chairman—Welch and two vice chairmen. Together with other senior executives, these people form the 25-person Corporate Executive Council, which meets four times a year to share experiences and plan for the future. At the sessions, these "best leaders" expand their own abilities by learning from each other. Because they're all working on company-wide issues, their thinking about the company and their own businesses is also enhanced. And there's no hierarchy; everyone is expected to contribute.

The CEC structure (think of it as a hub-and-spoke system with the office of the chairman at the center) has been replicated all over the company. GE Appliances has its own business executive council, and GE Capital has set up 27 different businesses—in part to give each unit small-company speed and flexibility and to provide more leadership positions. Though the specific forms may be different, the underlying premise is the same: Bureaucracy stifles people's ability and desire to lead. The CEC-style structure and each business unit encourage people to take the initiative. Several times a year, it lets them stretch their own leadership by thinking more broadly. At these sessions, senior leaders can assess, coach, and teach junior leaders. HR systems and processes. GE's entire HR system is geared to developing leaders and emphasizes the need for leaders to teach other leaders. Selection for a management job early on in one's career is based on demonstrated leadership talents. Once you manage others at GE, you are evaluated on how well you develop them. Your compensation and career opportunities reflect that.

GE also uses several other HR processes to help leaders teach, such as new-manager assimilation. When a leader is about to take a new job, a professional (usually an HR manager) interviews each of the people who will report directly to the new manager. Next, the HR person discusses the findings with the new manager, who then holds sever-

al sessions with his or her new staff to talk about the state of the business and to share his or her personal views on business and leadership.

A good example of that is described by Tom Tiller, who worked in GE Appliances for Stonesifer. The new-manager assimilation interviews for Tiller revealed that people, including the top team, had been demoralized by continued plant closings. So, Tiller used assimilation meetings to discuss that issue and teach people what he knew about turning around bad situations. Basically, he says, he found that people like to be winners and be in organizations where positive things happen. So, in the midst of the cutbacks, GE needed to focus on creating new products and getting people excited about the future. At first, his team members doubted that could be done. But, through the process started in the assimilation meetings, Tiller brought them around to accepting his leadership point of view on how to create positive energy. Nine months later, Appliances had one of the most successful product rollouts in GE's history.

Becoming a teacher

In building a teaching organization, leaders must draw on the unique strengths and talents within their organization. There are, however, certain characteristics that we've found mark all teaching organizations. The most important factor is whether individual leaders are prepared to do it. Specifically, they must

- consider developing leaders a core competitive competency
- develop teachable points of view on how to operate and grow the company, and how to teach others to be leaders
- design and execute methods of teaching on a wide scale, and make sure the teaching goes beyond technical skills to include developing and honing leadership abilities.

Here are those characteristics in more detail.

Developing leaders as a core competency. Most companies view their competitive strengths in terms of the ability to devise smart strategies and efficiently deliver the goods and services that customers want. Teaching organizations also seek winning strategies and brilliant execution, but they view the cause-and-effect equation differently. They start with the premise that people devise the strategies

and implement the execution. Then, they focus equally on developing people.

Leaders with that point of view make decisions differently from people using other metrics. That means not only that the choices they make are sometimes different, but also that the way they arrive at those choices is different. Because decision making is an important leadership skill, leaders in a teaching organization teach others by opening up the decision making process so that everyone can see how and why they reached a particular decision.

Debra Dunn, general manager of Hewlett-Packard's video communications division, is an excellent example. Survival in the hotly competitive markets for video broadcast servers, cable modems, and wireless data communication technologies requires that HP's employees exhibit a lot of what we call, "edge." In other words, they must be willing to face reality

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and make clear, definite decisions about which new products HP will invest in. One reason Dunn has been so successful is that she has never had trouble making those types of decisions. She also knows that for her businesses to be successful, she has to help the people who work for her develop that ability as well. Dunn is deliberate in doing that. "First," she says, "I am very open and honest and direct about whether I see people as having the raw material to develop this edge. Second, I use my decisions as a way to coach, showing people how I understand things at a very detailed level. That includes how I think about the market and about communicating things up and down inside our company."

More than a year ago, Dunn and her staff were reviewing the various businesses they were trying to build. In one business in particular, Dunn felt that HP didn't have a sustainable position and would do better to invest resources other places. She thought that there was a teaching opportunity to help people understand the ele-

ments of a viable strategy and to get the management team to internalize why that's necessary and important. So, she held a series of meetings. "The objective was to convey the path I was going down," she says. "At the first meeting, I got up and took out the strategy statement from a year ago and began comparing its assumptions to the current reality. I said, 'Let's revisit this. Here's the strategy we're pursuing. Here are the assumptions we're making. Here's what the market size was. What do you think the market size is now?'" [Back then], we felt we had to have a major partner to be successful in this business. So I asked, 'Do we have any reason to think that isn't the case now? Do we have a major partner? Do we see a major partner that we might have?' Next, we walked through every element of the strategy, and I asked, 'What are the options?'"

At the end of the discussion, some people still suggested certain partnerships. But Dunn said, "Guys, I think if we're honest with ourselves, we know enough today to assess, with very high probability, what is the likelihood of partnerships with [those] people, and none look probable. . . . I know that some of you think the right thing to do is to continue spending time on this. But I am deciding that we are not going to; we don't have time and can't afford to go down every theoretical path. We have to apply some intuitive judgment."

Dunn's teaching regarding her decision didn't stop there. She decided to make dealing with the pain of her decision part of her teaching. She says that she found the decision painful because she had invested a lot of personal energy trying to make the business work. "I didn't like the conclusion. But that didn't cause me to deny it or hide from it or pretend that reality is different. I knew this could be a mind-broadening area for part of my team. I went out to lunch, I went out for drinks, I spent time. . . helping them understand the constraints."

Dunn's decision had both supporters and dissenters. But perhaps more important than the decision was that she gave her team first-class lessons on how to be a good leader. One, she was clear and logical, looked reality squarely in the face, and weighed each option against her ultimate goal to invest resources where they were most likely to pay off. Two, she won people over and energized them to pursue the course she'd chosen. She displayed, up-close and first-hand,

the leadership quality called edge. She made a tough decision because she felt it was for the good of the company. In a more traditional organization, Dunn might have made her decision differently. If she hadn't been taught and encouraged to have edge, she might not have made the decision at all or might have made it privately to avoid critical questions from her staff. She could have decreed that the division would get out of the business. But in a teaching organization, that would be unthinkable. If an organization places top priority on developing leaders, then its people look for every opportunity to do just that.

Teachable points of view. A commitment to teaching is an important first step to building a teaching organization. But in addition to wanting to teach, leaders must be able to teach, which means that they must have teachable points of view.

Everyone has points of view, and a wealth of knowledge and experience from which we create assumptions about the world and how it operates. We use such points of view every day to orient ourselves in new situations and make decisions about how to proceed. Leaders generally have pretty good points of view. Otherwise, they wouldn't be able to make smart decisions consistently and take the effective actions that made them leaders in the first place. But in order to pass that knowledge on to others, leaders must be able to articulate their points of view in ways that people can understand. In other words, they have to develop their points of view into *teachable* points of view.

Having a teachable point of view is a sign that person has clear ideas and values. It's also a tool that enables him or her to communicate those ideas and values to others. It isn't enough to have experience; leaders must draw appropriate lessons from their experience and be able to make their tacit knowledge explicit.

We sometimes begin workshops by asking people to think about their own teachable points of view. What are the central ideas driving their business? What are their core values? How do they link them together to direct their own actions and energize other people? Then, we have them stand up and give a three-minute presentation. A few participants are great, but most stumble. Why can't these experienced managers articulate their thoughts? Because the ability to do something, even well, and the ability to

articulate how one does it require different skills. For example, a good athlete isn't necessarily a good coach.

Most of us keep our experiences in our hip pockets to use at a later time, but effective leaders keep taking them out and examining them—looking at the lessons they learned and searching for effective ways to express them. Further, they constantly refine their experiences as they accumulate new ones and new information.

Most people have teachable points of view on little things. For example, we frequently hit the save key on our computers, and we can explain why and how that reduces the risk of losing productive work. Effective leaders, however, have teachable points of view on a broad range of less tangible and more complicated topics. They're always coming up with new views because they're always looking to see what can be learned from a situation.

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Cola is a great example of someone who developed teachable points of view and used them—as opposed to using charisma or cheerleading his company to success. When Goizueta became CEO in 1981, he was an underwhelming choice to Coca-Cola veterans and Wall Street. A company built largely on image had just given a 49-year-old, quiet engineer who spoke English with a heavy accent the job of fighting off the threat of a brash and fleet-footed PepsiCo. Goizueta, however, believed that his job was to increase the value of Coca-Cola stock for shareholders, and he was able to teach what was in his head to others. Shortly after becoming CEO, he articulated his point of view on how Coca-Cola would enrich shareholders. He drew on his experience participating in his family's business in Cuba, on the wisdom of his grandfather and Spanish poets, and on his experience leading parts of Coca-Cola's research division. His points of view included how the company would allocate capital and decide on new products—also how to hire, delegate to, and reward talent-

ed managers. He taught senior Coca-Cola managers and other employees through speeches, coaching, and actions. Goizueta's teaching allowed him to run the company in a hands-off style. He was notoriously calm because he had groomed talented managers who could run the business day-to-day. When Goizueta died, the final testament to him as a teacher and to the effectiveness of his teachable points of view was the smooth succession of Doug Ivester.

As we outlined in our article in the May 1997 *Training & Development*, leaders need to have teachable points of view in these areas:

- Ideas. An enterprise starts with ideas about organizing people, capital, and technology to deliver services or products to customers and value to society.
- Values. Many organizations try to launch new strategies without thinking about how the values and behaviors of its workforce need to change—disastrous. Leaders must help people change. That's why when Ameritech, the Chicago-based former Baby Bell, began to enter highly competitive telecommunications markets, it had to abandon its old, plodding corporate values aimed at satisfying regulatory agencies and adopt new ones that prized speed and service.
- Energy. In a competitive marketplace, people are constantly buffeted by changes caused by competitors, technology, consumers, and a host of other things. Leaders find ways to turn those changes into positive, energizing events rather than confusing and demoralizing ones.
- Edge. Edge is the willingness to make tough decisions. Leaders have clear points of view about how to face reality, incorporate information, and make and communicate decisions.

Institutionalized methods of teaching on a wide scale. When a company recognizes that developing a lot of leaders is a strategic imperative, then its teaching isn't haphazard or targeted to just a few high-potential players. A company that has chosen to become a teaching organization has formal processes and channels for making sure that teaching takes place throughout.

Because circumstances change quickly in business these days, the company with the fastest and best response is the one that wins. In order to meet the challenges, a company needs all of its people aligned and pulling in the same direction. Every-

one must understand and internalize the company's business purpose, operating ideas, and values. Command-and-compliance hierarchies are too slow, and they don't work as well. Welch was able to pull off GE's major culture shift only when he put in place a systematic program to teach new values and operating norms. The original vehicle, Work Out, reached 200,000 people in the first few years. Welch has repeated the pattern of wide-scale programs again and again to advantage, each time learning from the last experience.

The latest incarnation is GE's Six Sigma quality effort. Like Work Out and the Change Acceleration Program that grew out of that, Six Sigma involves teaching GE's ideas and values, such as the importance of having Six Sigma quality (no more than 3.4 defects per million) in all processes. The concept is simple: In the world's current deflationary environment, the cost efficiencies of Six Sigma are a competitive advantage. Further, Six Sigma will aid GE's transition from a product company to a service company by assuring customers about the value of a long-term agreement with GE. Six Sigma training shows how the GE values of boundarylessness, speed, self-confidence, stretch, and simplicity are important. The tight deadlines and high performance expectations of Six Sigma projects encourage people to operate within those norms.

Welch is running Six Sigma with incredible speed and making it the responsibility of tens of thousands of GE leaders to teach others. He has created a stable of black-belt Six Sigma teachers and decreed that anyone wanting to be a senior leader at GE has to be a Six Sigma expert with a proven record of developing Six Sigma knowledge and capabilities in others. The black-belt leaders teach the fundamental Six Sigma goals, rules, and values to hundreds of people, who then design quality projects that engage thousands more. Project teams implement Six Sigma projects, while the black-belt teachers offer coaching and assistance. Though quality-improvement programs have had mixed results at many companies, GE's is going gangbusters. Prudential Securities analysts are projecting a \$10 to \$12 billion increase in net earnings due to the program over the next five years.

Another leadership example is Bob Knowling, who went from Ameritech to US West in February 1996, as vice president of network operations—which

meant he would lead more than 20,000 employees in a company that was up to its eyeballs in trouble.

Knowling describes what he saw when he walked in the door: "The company was experiencing service performance problems. Many customers had to wait more than 24 hours for a repair. New service orders and activation took an unacceptably long time to deliver.... My first week on the job, it was apparent that nobody had been accountable for a reengineering effort...[and] it was acceptable to miss budgets. Service was in the tank; we were overspending our budgets by \$100 million. Yet, people weren't losing their jobs and still got all or some of their bonuses."

Knowling came in with a simple point of view: Hold employees accountable for meeting customers' expectations and for their own commitment to the company. He began teaching people what he meant by "walking the talk." Rather than spend

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time at Denver headquarters, Knowling told his boss that he was going "to put on fatigues and get out with the troops." After removing some senior people on his team, Knowling spent several hours with the people who worked for them, explaining the firing decision and discussing how they could improve the situation. He brought in people from the outside to help create a new leadership cadre. To get people's attention, he did things in an unorthodox fashion—such as holding phone-call meetings at 6 a.m. to review service performance. His message to the troops: "You're going to serve customers between 8 a.m. and 5 p.m., so the call happens at 6 a.m." When it proved difficult to have the right data at 6 a.m., Knowling relented and moved his conference calls to the lunch hour.

Having literally awakened his top team, Knowling turned his attention to spreading the word throughout the company and doing it quickly. Working with his

senior group, he mapped out a program called Focus Customer, which was designed with the twofold purpose to deal with the technical issues of fixing problems and to deal with the emotional issues of fear, distrust, and feelings of chaos. Like most successful wide-scale teaching efforts, Focus Customer was action-based. Knowling and the top team brought together more than 100 of the company's leaders to analyze and understand the most pressing problems. Then, they went back to their departments with a 10-week deadline for taking on a significant project that would engage their people and help solve the identified problems.

The results of Focus Customer include such projects as

- mapping the root causes of repeat customer complaints, and helping people in the field diagnose and deal with the causes
- changing the scheduling process of service operators to reduce overtime and the amount of time a customer is put on hold
- improving the scheduling of repair trucks to reduce dispatches.

Overall, the projects have produced tens of millions of dollars in benefits for the first year of the program, with more projected for next year. Moreover, 100 people felt that they'd reclaimed leadership ground, and acquired a new appreciation of (and practice with) the skills they'd need to keep exercising that leadership. Knowling is now expanding the effort to include more people. His next target is the more than 2,000 supervisors on the front lines. He's starting a program in which they will develop their own points of view on how to manage change and on the most important priorities for their part of the business. Then, they'll teach that to others while launching important projects to get the changes rolling.

We've seen similar processes in other settings. At Royal Dutch/Shell, for example, the committee of managing directors is a small group of people who lead more than 100,000 people spread across 100+ countries. In 1995 and 1996, the committee took the top 50 people in the company through a series of meetings and workshops, in which they challenged the company's direction and developed a new point of view on where it was going. Over the course of the next year, they used that to transform some of Shell's key businesses. Now, in an effort called Focused Results Delivery, Shell is engaging close to

25 percent of its vast workforce by pulling together various business or geographic units to work on what leaders want to teach the employees. They, in turn, put what they learn to use in a real project. The approach gives thousands of Shell employees common goals and ways to achieve them—plus the projects will net hundreds of millions of dollars in such countries as Argentina, Australia, and Brunei.

It takes a teaching organization

The learning organization may be a popular model in business circles these days, but becoming a teaching organization is what truly makes a company a winner. Building one requires commitment and determination on the part of a company's leaders. They must be willing to invest not only the resources of the company, but also themselves. They must put in place serious career development mechanisms for people at all levels of the organization, not just at the top. They must build operating

structures, create incentives, and instill cultures that encourage teaching. They must also develop broad-scale programs to quickly teach ideas and disseminate new ways of thinking and working.

Most importantly, leaders must be dedicated teachers. They must be willing to open up and share their experiences. They must make the effort to distill from those experiences their own teachable points of view—not only about how to make money in the marketplace, but also about leadership. Last, they must teach. They must use every opportunity to impart their knowledge and understanding, and act as role models for other teachers.

That may sound like a tall order. But for leaders who are dedicated to winning—and who understand that success is the product of having a lot of leaders throughout an organization—it's the smartest way to operate. Building a learning organization may make your company more successful than it is now, but it won't be able to match the number and talent of

leaders in a teaching organization.

Warren Bennis notes that the basis of leadership is the ability to change the mindset, the framework, of others. To paraphrase Larry Bossidy: When you want to know how you are doing as a leader, consider how you are doing as a teacher. □

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