

the strategist

Why history matters

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It is said that if Hitler had studied the campaigns of Napoleon, he would never have attacked Russia. He made the same mistakes and the results were no different. Both were decimated by Marshal "Frost" and General "Ice" and made ignominious retreats.

Like living organisms, some organisations evolve to adapt to what they observe and experience. But having a nervous system and an organizational memory stocked with data is not enough; the learning organisation must also have the right reflexes - in other words, the right corporate culture - to respond appropriately to a rapidly changing environment.

"The effective learning organisation is one in which users consider the group as the first choice for communication, a place where people have come to see the value of giving and taking knowledge," says Peter Senge, author of *The Learning Organisation*.

"Learning occurs when people engage in complicated undertakings and find a way to reflect on how they're doing it." Learning from significant events is core to the functioning of a learning organisation. With the term "lesson learned" I refer to any positive or negative experience or insight that can be used to improve the performance of the organisation in the future.

A learning history process emphasises capturing and reporting "noticeable results". When an organisation achieves something that meets or exceeds expectations - improving business results, implementing policy changes, altering behaviour patterns and so on - that is evidence of important changes.

Much more difficult but equally important is learning from events that did not meet their objectives. Why should organisations learn?

Unlike human memory, organisational memory is transitional. Teams split, documents get filed in obscure places, and people leave, are transferred or retired. Although there are records of the results of a particular event, there remains no record of the process of arriving at that result. Since events get repeated, it is likely that mistakes too get repeated.

Documented records of lessons learnt allow the new team to review earlier events and make their strategy in the light of earlier experiences. The reflection-feedback-learning cycle allows transfer of knowledge and replication of results to take place. Many companies have saved millions of dollars through learning from the past. These cost reductions have been in diverse areas like product development and marketing, plant operations and maintenance, and HRD. BP Amoco in a 1998 audit, estimated over \$100 million of added value from such exercises. Motorola pioneered television manufacturing in the 1940s and ten years later TV sales were more than half of its total revenue. By the 1960s, though Motorola's TV business was still profitable, it was increasingly seen that the market was saturated and Japan was going to dominate the market.

In the 1970s Motorola exited TV manufacturing and the company's resources were deployed in developing new high-tech products, ranging from cellular telephones to space satellites, which were responsible for Motorola's growth in the 1970s and 1980s.

Today at Motorola, TV manufacturing is history, but not the lesson learnt. The lesson learnt, which is now a "core value", is Continual Renewal. Motorola's lesson from history, which is drilled into all recruits, is "sometimes the critical decision is not when to enter a market but when to get out".

The television story is just one example of how Motorola leveraged its history to inculcate its core values in its employees. The US Army employs a 10-minute "action review". After major engagements, it establishes what was supposed to happen, what actually happened and what could have been done better, key lessons to pass on. This information is widely disseminated by the department of defence. In many companies like BP, Shell and Motorola, learning from history is not a marginal activity to be engaged in when one has spare time, it is also no longer a concern of a handful of "experts" isolated from the mainstream of the business. It permeates throughout the organisation.

Why don't we learn from the past?

Managers are trained to be forward looking. Reflection and learning from it is not natural to them, nor is it taught at business schools. Learning activities, especially learning from failures, flourish in an organisation with a culture that encourages and rewards sharing of information. At the outset of the project, which is to be recorded, one of the team members should be nominated to undertake the collection of documents and artifacts as well as record the process of decision-making. On completion, there should be a review session at which all participants reflect on the event and articulate the lessons learnt. The core lessons learnt should be short - one or two pages supported by key documents.

In case the study cannot be planned in advance, as in the case of natural disasters, PR fiascos and the like, the participants must sit together soon after the event is over to reflect and record.

After the plant of a large Indian company was flooded resulting in heavy losses, a video film was made on its reconstruction for future use.

This video is now considered a classic in crisis management and is part of several courses in safety and crisis management besides internal learning.

Buckminster Fuller used to say that if you want to teach people a new way of thinking, don't bother trying to teach them. Instead, give them a tool, the use of which will lead to new ways of thinking.

Learning from history is one such practical tool. If companies do not learn from the past, then it's back to Santayana. They might not just "repeat" or "repent" but might become history.