



# LfE: the business case in a nutshell

*Why does learning from experience matter?*

We all know that experience can be more valuable than taught knowledge: lessons learned from experience are what makes a senior partner more capable than a clever new graduate. In any job, experience is often more relevant and more memorable than information from a textbook, and it is increasingly recognised that the combined experience of an organisation's staff can be its most valuable business asset. But it is an asset that most organisations ignore, and only build up — and build on — by chance: they let opportunities to learn go to waste, and they leave knowledge locked up in the heads of individual people instead of sharing it with others who could turn it to better business advantage. As the CEO of Hewlett Packard once said "If HP knew what HP knows, we would be three times as profitable."

*Surely we do it already?*

We learn from our experience by reflecting on what has happened. For most of us as individuals this is almost automatic. But organisations do not learn automatically: they need to take a systematic approach. The Learning Toolkit explains what this involves, and how to do it: how to learn, how to share the lessons, and how to turn them to business advantage in increased capability, lower costs, quicker work, higher quality, better customer relations and other ways. Learning from Experience is something every organisation can afford, and in today's increasingly competitive, sophisticated and global marketplace it is something none can afford to ignore.

*What's the evidence?*

Organisations as diverse as the US Army and BP Amoco have been using systematic methods to learn from their experience for years, and the benefits have been huge. The US Army credits much of its capability today to lessons it has learned in two decades of 'After Action Reviews' — their technique for learning and knowledge sharing — carried out at all levels from platoon sergeant to army commander. In the words of a former Chief of Staff, AARs were "the key to turning the corner and institutionalizing organizational learning." The US Army's approach, adapted to suit a business context, has been taken up widely in US industry. In the UK, BP Amoco adopted it (in modified form) in the early 1990s and they have quantified the benefits. In two years, they cut the average time to drill a deepwater well from 100 to 42 days. Using similar methods, their Alliance partnership with Bovis Lend Lease cut the cost of building petrol stations by 26% (and they have gone on cutting it — by another 30% in the latest re-design, last year). Savings like these have been repeated across BP's operations, and quality has improved too. In 1997, CEO Lord Browne estimated that 5 years of systematic learning and knowledge sharing had generated \$4 billion worth of permanent improvements for the company.

With funding from the DTI, DBA and Gardiner & Theobald have studied the learning methods used by the US Army, BP Amoco and others and developed a flexible repertoire of techniques to suit the UK construction industry — clients, designers and contractors, large and small. These have been tested on real construction projects by six diverse organisations: Amicus Group, BAA, the BP-Bovis Global Alliance, Buro Happold, National Grid Transco and SecondSite Property. The results show that, with the right techniques, learning from experience is straightforward and affordable, and it can produce real business value in all parts of the industry from design to contracting and from housebuilding to pipelaying. Most of the organisations involved in the project are already extending their learning programmes, or planning to do so; the Amicus Group trial, for example, was so successful that the methods they used have been adopted as a recommended standard by 16 other housing associations.

The Learning Toolkit gives detailed, practical guidance on all the processes involved from initial planning onwards, together with case studies on the six trials.

*What do I need to do?*

A learning programme requires minimal capital investment and it can often be set up and run by in-house staff (though specialist consultancy can be very helpful, especially in the early stages). The Toolkit provides the tools. The one vital thing it cannot provide is the drive to make learning happen. Even a systematic approach to learning and knowledge sharing will fail without clear, practical and ongoing support from senior management. Directors and partners need make sure that good staff are allocated to the job and given the resources they need, and they need to show everyone that learning and knowledge sharing are valued and rewarded. Effective learning starts at the top — but it is demand from the bottom that keeps it going. It pays off for everyone.

