

LEADERS SHARE KNOWLEDGE

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The paper will report on the recent DETR Partners in Innovation project that codified and disseminated the learning from the first Construction Pathfinder. John Mowlem & Company, TEN Surveyors' Video Channel, Construction Best Practice Programme, and the Centre for Tomorrow's Company were the sponsors.

By using the Tomorrow's Company *Inclusive Approach* as a guide, this project enabled construction industry companies to develop their internal strategic and management capabilities so as to achieve sustained profitability. This approach emphasizes the importance of leadership and understanding the company's purpose and values, developing a strategic vision, strengthening stakeholder relationships and developing a success model with key business performance indicators.

The companies in the Construction Pathfinder assisted each other by hosting workshops in which they shared with their guests their own experiences in developing innovative and practical toolkits.

The paper will discuss the processes involved in facilitating the sharing of knowledge, its value to the construction industry and the toolkits that have been shared through the process. Mention will also be made of the Harvard style business case study and teaching notes prepared by Cranfield University School of Management.

Keywords: knowledge transfer, learning-sets, stakeholders.

INTRODUCTION

Following the Latham (1994) and Egan (DETR, 1998) reports, most of the focus on improved working methods in the construction industry has been on the design, execution and management of construction projects.

Our approach has been to focus on the management of construction companies on the basis that improvements at the heart of a company will follow through to improvements in construction project methods. In most industries the running of the business and the success of its products are seen to be indivisible – is construction really any different? Probably not.

We all work with the Centre for Tomorrow's Company, which in the mid 1990s developed the Pathfinder concept. This was a means to bring together the managing directors, each with an assistant, of a small group of companies intent on becoming more *inclusive* as defined by the findings of the RSA Inquiry into Tomorrow's Company (RSA, 1995). The findings showed that inclusive companies achieve sustained profits. Such companies have good leadership and well understood purpose, values and strategic vision that are known by those who deal with the company, as well as their own employees. These companies operate through good stakeholder relationships and have success models against which performance is measured. The companies forming the Pathfinder learning-*set* also share their own

experiences of practices that have helped them develop sustainable business. The first Tomorrow's Company Pathfinder held in Bristol had among its members the construction company, Ernest Ireland, which is part of John Mowlem & Company plc.

We decided to work together to introduce the Pathfinder methodology into the construction industry by creating a Construction Pathfinder. The idea was adopted by the Construction Best Practice Programme as one of their responses to achieving the Egan agenda (DETR, 1998).

As the Construction Pathfinder was being established we successfully applied to the Department of the Environment, Transport and the Regions for funding under the Partners in Innovation project. We were supported in our application by John Mowlem & Company plc who provided industry funding and by TEN, the Surveyors Video Channel, which recently became part of the Einstein Channel - part of Einstein Group.

This funding enabled us to codify and disseminate the knowledge that was being shared by the participants in the Construction Pathfinder and by those who were assisting the group. Written outputs were publicized at an industry conference and are available on the web. Video programmes about the Construction Pathfinder both provided the in-kind industry contribution and assisted in the dissemination work.

We were assisted in this work by Cranfield University School of Management who produced two 'Harvard style' teaching case studies.

The process was not without its difficulties but we now believe we have some understanding of the essential aspects of creating an environment in which knowledge can be shared within the construction industry. We present this paper so as to share our experience and to encourage development of greater understanding of the processes involved.

As the Construction Pathfinder was based on the findings of the Inquiry into Tomorrow's Company, the paper starts with some information about the Centre for Tomorrow's Company. This is followed by a description of the Construction Pathfinder. Next we review the matters that most interest us: the specific features of a successful learning-set and how we intend to adapt our approach in the future. We complete the paper with a review of the outputs of the first Construction Pathfinder and draw our conclusion.

TOMORROW'S COMPANY

In the mid 1990s the Royal Society of Arts, Manufactures and Commerce under the chairmanship of Charles Handy, decided to instigate an inquiry into Tomorrow's Company. The two year long research project was conducted by senior executives from twenty-five of the UK's top businesses under the leadership of Sir Anthony Cleaver, then chairman of IBM UK. The inquiry team's main objective was a practical one: to stimulate corporate performance by re-examining the sources of sustainable business success.

The project involved face-to-face consultation with more than eight thousand business leaders and opinion formers. This was supplemented by interviews with chairmen and chief executives of major companies representing a cross-section of industry sectors, case studies focusing on board-level measures of success, market research on the

global competitiveness agenda and boardroom values and a continuing review of secondary sources.

The findings are well summarized by the following quotation from the final report:

“TOMORROW’S COMPANY values reciprocal relationships. It thinks win-win, understanding that by focusing on all those who contribute to the business, it should improve returns to shareholders without in any way diminishing the company's accountability or focus on returns.

“YESTERDAY’S COMPANIES are locked in adversarial relationships. They think in terms of zero-sum, imagining that if they were to make customers, employees, suppliers or the community more important, the shareholders would be the losers.”

An inclusive approach

The key finding of the project was that the firms that will sustain competitive success in the future are those that include all their stakeholder relationships, and use a broader range of measurements of success and focus less exclusively on shareholders and on financial measures in the way they think and talk about their purpose and performance. Most significantly, the report explained that Tomorrow's Company:

clearly defines its purpose and values and communicates them in a consistent manner to all those important to the company's success;

uses its stated purpose and values, unique own success model from which it can generate a meaningful framework for performance measurement;

values reciprocal relationships, understanding that by focusing on and learning from key contributors to the business, it will best be able to improve long-term returns to shareholders;

works actively to build reciprocal relationships with customers, suppliers and other key stakeholders, through a partnership approach;

expects its relationships to overlap and acts, with others where necessary, to maintain a strong *licence to operate*.

From an inquiry to a centre

Many of the companies involved in the inquiry came to the conclusion that the changes implied by the adoption of an inclusive approach were too important to be left to chance and, therefore, determined that there should be an organization to campaign for them. Others attracted by the publicity surrounding the report's publication joined them. As a direct result, the Centre for Tomorrow's Company came into existence in 1996 with a mission to inspire and enable companies to compete with the world's best through the adoption of an inclusive approach.

The Centre has become a think tank and catalyst, researching and stimulating the development of a new agenda for business.

CONSTRUCTION PATHFINDER

The Centre for Tomorrow's Company's experience is that bringing companies together to share their knowledge and experience is a powerful stimulus for change and it established the Tomorrow's Company Pathfinders for this purpose.

Until the Construction Pathfinder, the essence of the Tomorrow's Company Pathfinder concept was the sharing of experiences between participants who came from different industries and from different size companies to form a learning-set. It is easy to appreciate that the managers of growing companies valued learning about ways to manage their increasing responsibilities from managers of larger more mature businesses. This was reciprocated by managers of slow-to-move larger organizations who appreciated learning about entrepreneurial skills from the owner managers of smaller companies. Everyone benefited from the cross fertilization of ideas across industry sectors (Groom, 1998).

A Pathfinder confined to one industry is different. There were questions as to whether a Construction Pathfinder would be successful. It was suggested that the ideal for the construction industry would be cross-sector Pathfinders each with one or two construction companies. However, to involve ten construction companies would mean establishing five, or more, cross-sector Pathfinders. The available resources meant that this was not a possibility.

A typical Pathfinder is organized around six core workshops that are run over a period of about a year. These workshops are concerned primarily with making available tools and techniques that managers can use to assist in making their operations more inclusive. The workshops are also used to provide the basis for sharing experiences and practices. A self-assessment process, in which each individual company evaluates the health of its relationships with its key stakeholders - customers, employees, suppliers, investors and the community in which they operate - facilitates this. The process invariably shows a wide diversity of strengths and weaknesses among the companies taking part.

Those companies that are strong in a particular relationship are encouraged to run workshops for the others about how they developed the practices that gave rise to this strength. These are known as host/guest workshops. Companies are willing to do this because they know that the other participants in the group will reciprocate with similar workshops in the other areas.

Additionally, the programme for the Construction Pathfinder was designed to involve inputs from non-construction companies such as the Foundation Members of the Centre for Tomorrow's Company. This enabled the transfer of knowledge and experience from outside construction into the industry.

Those companies who experienced the full programme have declared the Construction Pathfinder a success. This has caused us to reflect on the process.

LEARNING SETS

The use of learning-sets is not unique to Tomorrow's Company and the better they are understood the more useful they will be to others who want to transfer knowledge. A significant factor seemed to have been the codifying of information as part of the DETR project that was run in parallel. Funding for such activities is not normally included for a learning-set so we decided to try to analyse what have been the significant features that brought this success.

In the next part of the paper we set out our thoughts and findings with the aim of encouraging others to enter the debate we are undertaking.

We suggest that successful learning-sets require:

- committed members
- willingness to share
- participation from each company at a similar level
- trust and openness
- diversity of experience
- assistance with codifying information
- support while implementing the knowledge received.

It is probable that without one, or more, of these factors the success of a learning-set will be diminished.

For the Construction Pathfinder the following is our experience:

Committed members

Learning-sets take time. The main cost is the time of those who take part. Any fee paid for the activities is only a small proportion of the cost for participating companies. Success for all depends on the inputs made by others. Consequently success requires committed members.

Those who stayed the course had expressed their commitment to the Construction Pathfinder as soon as they heard about the proposal. Some companies considered joining, attended a session and then withdrew. This was a distraction for those who were committed and slowed down progress. Most who left, had expressed doubt from the beginning. This makes us question whether offering the opportunity of a ‘taster’ is worthwhile.

Willingness to share

It is self-evident that host/guest workshops require companies who are willing to give information to others. Sharing also requires that participants are willing to receive – i.e., that they are willing to listen to, and learn from, other participants. Our experience leads us to suggest that companies who are not willing to do this should be discouraged from joining a learning-set.

Participation from each company at a similar level

The Construction Pathfinder learning-set focuses on the management of construction businesses. Consequently it is for managing directors and their colleagues – people who will help with implementation. The involvement of others is possible through the host/guest workshops, which are often provided by specialists, such as human resource directors. While someone else from the business can replace the managing director, it seems this will be acceptable to other members of the group if the replacement is of sufficient standing to be able to provide high-level inputs. Experience of other Pathfinders has shown that constant switching of the person attending results in the business concerned gaining little from the Pathfinder.

Trust and openness

Real exchange of valuable information does not happen until trust has been established. We believe that this happens quite quickly when members of a learning-set share values that include the importance of trust, integrity and openness. Running the Construction Pathfinder under the auspices of the Centre for Tomorrow’s Company provides a value framework that participants expect each other to espouse. They still need time to get to know one another but the process is relatively speedy. It

helps that as facilitators we do not seek the exchange of information before participants have had time to get to know each other.

It would seem to us that a similar level of initial trust would arise in the construction industry between members of a professional organization or if members already knew each other from membership of a club or organization. The disadvantage of these groups is that the members will often have very similar businesses, and there will be less that is different to share between each other.

Diversity of experience

The power of the methodology seems to derive from the participants challenging each other's paradigms of what makes a business successful. The greater the diversity in the group, the more likely the paradigms brought to the table are different.

Assistance with codifying information

This is very important and is missing from most group learning methodologies.

Many situations arise where it is possible to listen to people explaining about new practices they have implemented. However, it is very difficult to then implement a similar process without some guidance. We found that the codifying of information was extremely valuable to the group; they had the essential tools written down and could refer to them. Generally when knowledge transfers between businesses it is not implemented in exactly the same way as in the initial company. Having a written toolkit gives the learning company something to work on, something to adapt to meet their precise needs.

The host companies also found having their practices codified of great value as it assisted them in spreading best practice in their own businesses.

In some cases the questions posed by us when writing up the toolkits and case studies led to the instigating businesses questioning and improving their processes.

Support while implementing the knowledge received

A learning-set gives companies adopting newly learnt practices the opportunity to refer problems to someone who has experience of the methodology including the difficulties as well as the benefits. It is also possible that two or three companies are implementing the same tool at the same time and can discuss their difficulties together as well as with the instigator of the toolkit.

ADAPTING OUR APPROACH

We ran the Construction Pathfinder in the same way as other Tomorrow's Company Pathfinders. This was on the basis that companies would join who wanted to know more about the inclusive approach because they felt a need to make substantial improvements to how they ran their companies. This caused several companies who considered that they were already very inclusive in their operations to reject the Construction Pathfinder.

The fully inclusive company does not exist but some companies are more inclusive than others. We found that those who became engaged in the Construction Pathfinder were generally already somewhat inclusive in their approach to business and wanted to gain information about practices that would assist them continue and develop along these lines and improve sustained profitability.

It became clear that while our inputs about values, purpose, envisaged future, stakeholder relationships, success model and leadership were valued, in most cases they echoed what firms were already attempting to do. The participants valued our inputs because they introduced some new ideas about matters that were important to them. They were also valued as the basis from which host/guest workshops sprung.

The Construction Pathfinder was a learning experience for us. While our next Construction Pathfinder will be facilitated in much the same way as the first, it will not be promoted as a way construction companies can make radical improvement. Instead we will focus on encouraging those who value the approach to gain from the experiences of companies who share similar ideals.

THE OUTPUTS

The main DETR Partners in Innovation outputs were made available across the construction industry as toolkits and brief business case studies. An output that particularly pleased us was the two teaching business case studies prepared by Cranfield University.

Teaching business case studies

One is to be anonymous for commercial reasons but we can tell you a little about the other. It is based on the experience of the architects Damond Lock Grabowski as they decide how to implement the adoption of a new technology platform in their business – should it be part of the existing business or be the basis for a separate new venture?

MBA programmes and the specialist Masters construction programmes have few UK case studies and even less construction related ones in the European Case Study Clearing House, so it is good to add two more. Those lecturers whose universities take the Surveyors Channel Videos will be able to further enhance their students' learning experience by using clips from the video on the same subject published by the channel (see note in References).

The brief business case studies and the toolkits

At the time of writing the case studies and toolkits had been published by the Construction Best Practice Programme and distributed at a national conference on 3rd April 2001 at which the successes of the Construction Pathfinder were shared with an audience of industry players, government officials and academics. By the time of the Arcom Conference they will also be available on the Construction Best Practice Website (www.cbpp.org.uk).

The range and content of these outputs was very varied as can be seen from the list below:

Some of the case studies were supported by toolkits:

Case study: Process Mapping in Turner & Townsend;
Toolkit: Process Mapping. *This is also the subject of a Surveyors Channel Video TEN Surveyors Channel Video November 2000 (Construction Option).*

Case study: Team Performance Measurement in Turner & Townsend;
Toolkit: Team Performance Measurement;

Case study: People management and 360° Appraisal in Skanska;
Case study: 360° Appraisal as practiced by Damond Lock Grabowski;

Toolkit: Web-enabled 360° Appraisal. *This will only be available on the CBPP Website.*

Other case studies related to the participants were:

Business Development at Building Performance Group;

Measuring Success as practices by Damond Lock Grabowski;

A new Business Venture at Damond Lock Grabowski;

Client Surveys at Damond Lock Grabowski;

Development of a New Technology Platform by Damond Lock Grabowski
This is also the subject of a TEN Surveyors Channel Video September 2000 (Construction Option).

One case study related to an externally hosted guest workshop:

Leadership following a presentation by Syd Pennington, Royal Sun Alliance.

The remaining toolkits were introduced to the participants as part of the facilitation:

Stakeholder Measures (72 questions);

Vision: Uncovering 'Core Ideology' (Purpose and Values);

Vision: Creating an 'Envisaged Future';

Vision: Strategy Making to Fulfil the Vision;

Best client.

The enormous range of outputs means that we used a variety of methodologies to produce them and to define these would go beyond the scope of this paper.

Some of the case studies and toolkits are particularly focused on the specific requirements of the construction industry, but many would be equally valued by companies outside the industry. This suggests that we are right to believe that improvements in the outputs of the industry depend on improvements in general business management methods as well as improvements in construction project management.

CONCLUSION

Our experience suggests that the use of learning-sets within the construction industry can be a very valuable way of transferring knowledge. Learning sets can be used for both construction-focused issues and for general business management knowledge and experience. The knowledge can be used within a group and, if funding is available, it can be disseminated more widely. Consequently we would like to see more research to bring greater understanding of what makes a successful learning-set.

We suggest this research should focus on the essential components of a successful learning-set. It would also be valuable to devise ways of measuring the success of this methodology. Are they more cost effective than other learning methodologies? Do they lead to increased profitability? Is this profitability sustainable? In what situations do they work best? The questions are endless.

Our conclusion is that learning more about this methodology is an important component to achieving a more successful construction industry.

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Note: Details of both TEN and Einstein videos are available from The Einstein Channel, 15-17 Jockey's Fields London, WC1R 4BW