



The Fifth Discipline

The Art and Practice of the Learning Organization

(The summary is based on selected chapters of the book.)

by Peter M. Senge

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Take-Aways

- “Organizations learn only through individuals who learn.”
- To alter deeply ingrained practices, leaders must change how they think.
- Employees are becoming “knowledge workers,” so companies must become “learning organizations.”
- This shift requires five disciplines: “personal mastery,” “mental models,” “shared vision,” “team learning” and “systems thinking.”
- Systems thinking is the fifth discipline: It integrates all other disciplines.
- Systems thinking entails looking beyond components to the whole.
- When you see the whole, you can stop reacting to events. Start forming your future yourself.
- People work for more than money – they also seek intrinsic satisfaction.
- Approach your life as a creative work. Allow your personal mastery to guide you.
- If you don’t correct false beliefs, you’ll end up making mistakes.

Rating (10 is best)

Overall	Applicability	Innovation	Style
9	8	10	9

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Relevance

What You Will Learn

In this Abstract, you will learn: 1) How learning organizations function; 2) Which five disciplines nurture organizational learning; and 3) How to think in terms of systems.

Recommendation

Little can be written that hasn't already been said about Peter M. Senge's classic on organizational learning. So let's keep this review simple: If you haven't read this book, read it now. When this seminal work appeared in 1990, it was truly ahead of its time in identifying and describing the learning organization. But today, this concept has become a central component of organizational development, and if you somehow missed Senge's prescient analysis of the evolution of business, work and employment, you're more than a step behind. Why? Because Senge has the rare ability to break new ground in theory and then apply these abstract advances to concrete practices that businesses can emulate. When *getAbstract* calls this book a classic, don't think of unread dusty tomes that merely look impressive on a shelf. This is a book that should be read, and perhaps re-read, by anyone who earns a living in the corporate world.

Abstract

The "Learning Organization"

As employees evolve into "knowledge workers" – those who develop and apply knowledge – companies must keep pace by becoming "learning organizations." In such companies, workers aim to learn and grow collectively, trying out different and broader ways of thinking to realize their organization's potential. According to a report by Stanford Research Institute International, learning organizations have three characteristics that "create meaning and set perspective": First, they possess "vision, values and integrity." Second, they encourage dialogue among employees. Finally, they promote "systems thinking" – focusing on the big picture instead of seeing mere sections. The report also identified important elements for integrating learning into everyday work, for example encouraging reflection on deep-seated assumptions and worldviews, and engaging in "action learning," where workers study their own actions to improve productivity. For optimal performance, organizations need to incorporate these principles into their corporate cultures.

Organizations work the way they do because of how people think and interact. So, to change entrenched but ineffective policies and practices, people have to transform their thinking. In turn, if employees revolutionize how they work together, they can forge "shared visions, shared understandings and new capacities for coordinated action." This change of mindset is instrumental in becoming a learning organization.

The "Five Learning Disciplines"

Organizations can become learning organizations for two main reasons. First, as human nature drives people to seek ways to overcome problems, these organizations successfully "tap people's commitment and capacity to learn." Second, for employees work is more than just means to an end; they want to gain intrinsic satisfaction from their undertakings.

"True pro-activeness comes from seeing how we contribute to our own problems."

"Herein lies the core learning dilemma that confronts organizations: We learn best from experience but we never directly experience the consequences of many of our most important decisions."

“The key to seeing reality systematically is seeing circles of influence rather than straight lines.”

“Small changes can produce big results – but the areas of highest leverage are often the least obvious.”

“At the heart of a learning organization is a shift of mind – from seeing ourselves as separate from the world to connected to the world.”

“A learning organization is a place where people are continually discovering how they create their reality.”

A learning organization that can provide this kind of satisfaction consists of five key “component technologies.” They are listed separately, but, in fact, they operate together:

1. “Personal mastery” requires individuals to constantly clarify their visions, develop tolerance and take a neutral view of reality. This forms an organization’s and an individual’s spiritual cornerstone.
2. “Mental models” involve recognizing and scrutinizing your assumptions about how the world works, since these affect the actions you take.
3. “Shared vision” requires that members of an organization share a commitment to its overall “goals, values and missions.” Promoting a common vision among staff members involves more than just a bland mission statement.
4. “Team learning” means that members of a group progress together. Amazing teams aren’t born – they must grow in unison and learn how to achieve extraordinary results. Team learning leads to more effective learning since the group’s combined intelligence is greater than the intelligence of any single individual.
5. “Systems thinking” promotes the understanding that business and human life are systems, where single components affect the other elements of the set. Too many people focus on “snapshots of isolated parts” and, in effect, don’t see the forest for the trees. Systems thinking integrates all five disciplines into an organized structure.

These five technologies represent the essential “disciplines” of a learning organization. Individuals and companies need to master all five if they want to develop organizations that are capable of learning. The disciplines are also crucial for nurturing the learning individual within an organization.

The Barriers to Learning

In a troubled company, warning signs are usually visible long before things get out of hand. But managers and employees may be blind to these indicators, because of the way they think about their jobs and how they deal with organizational problems in general. Such “learning disabilities” can exacerbate issues and can prevent companies from reaching their potential. Some disabling attitudes include:

- “I am my position” – Employees think solely about their jobs, without recognizing how their work interacts with other elements in the organization.
- “The enemy is out there” – Employees blame others when things go wrong, rather than looking at what they or their firm are doing to contribute to the problem.
- “Fixation on events” – Many people focus on short-term factors or events, rather than recognizing that most problems arise from “slow, gradual processes.”

Trapped in Old Thoughts

A simulation called “the beer game” offers a good example of how narrow mindsets can hamper an organization. Teams of players represent beer retailers, wholesalers, distributors and manufacturers. Depending on their roles, players either manage their beer stocks or their brewery’s beer production. In some stages of the game, customer demand for a particular brand of beer suddenly skyrockets. Then, over a period of time, the number of orders returns to the original level. Generally, each group increases its orders or production to compensate, resulting in an oversupply and major losses. Communication between links in the supply chain is not allowed, leading to confusion and finger pointing. Players look frantically to their team members, trying to figure out how to clean up the mess – or even where it stemmed from. At the end of the game, a debriefing session takes place. The players become aware of how “structure influences behavior,” and how their actions extend far beyond their positions or parts of the system. The next lesson is

“A learning organization is an organization that is continually expanding its capacity to create its future.”

“Pushing harder and harder on familiar solutions, while fundamental problems persist or worsen, is a reliable indicator of non-systemic thinking.”

“By using the systems archetypes we can learn how to ‘structure’ the details into a coherent picture of the forces at play.”

“Systems thinking shows us that there is no outside; that you and the cause of your problems are part of a single system.”

that “production and distribution systems are inherently prone to cycles.” So, instead of responding to events, the participants learn to react to variable trends.

As this example illustrates, “reactive” or knee-jerk responses to events can produce inadvertent consequences that grow as they move through the system. It is better to look for longer-term trends and then evaluate their consequences. The best practice is to use “systemic structure” explanations, which focus on the causes of behavior patterns. Once you understand these reasons, you can come up with solutions that have a broader, more enduring and more powerful effect.

To be able to recognize these underlying systems, a person needs to change his or her thought process and apply systems thinking to see wholes instead of mere elements. Stop viewing people as powerless “reactors” and recognize that they are actually “active participants in shaping their reality.” This also compels organizations to stop focusing solely on the present and start laying a path for the future.

“Dynamic Complexity” and Natural Archetypes

To switch to systems thinking, start by acknowledging that many situations involve “dynamic complexity.” This means that an action may have an immediate effect on one part of the system, but a different and maybe gradual effect on other parts; it may also have one set of localized consequences and another completely different set in a distant part of the system. Two examples of dynamically complex challenges are “balancing market growth and capacity expansion,” and trying to figure out the best combination of “price, product, quality, design and availability” for a target market.

Open your eyes to structures to which you have been oblivious. Seeing the underlying patterns is a major step toward freeing yourself from “previously unseen forces.” You can spot these configurations by noting certain recurring events, such as the “limits to growth” archetype. This model creates fast initial success, but it sets in motion a series of secondary effects that eventually curb growth.

For example, a company grows very rapidly when it is small, providing everyone with opportunities for promotion. All its employees are highly motivated. But then, as the organization develops, its products or services may saturate the market. It may become more bureaucratic, damaging individual morale and limiting further growth. Pushing growth is not the way to solve this problem. Instead, you should get rid of the factors that curb growth and seek ways to find “leverage” – slight but well-targeted actions that lead to significant and long-term changes. Buckminster Fuller, a systems visionary, likened this to a boat’s trim tab – a petite “rudder on the rudder” that helps shift the direction of the vessel.

Personal Mastery and Mental Modeling

Once you adopt systems thinking, try to develop personal mastery and mental modeling.

A learning organization depends on individual learning; consequently, personal mastery is critical. Although this mastery requires the development of competence and skills, it goes beyond that. Mastery requires you to approach your life as a “creative work.” If you can do this, you can respond to situations resourcefully, rather than reactively. This creative approach calls for constant clarification of what you value. Managers must develop this approach, but it is also meaningful for all employees, since an innovative outlook helps empower everyone in the organization. Achieving personal mastery also means having an individual vision that gives you direction and purpose, including a commitment to your organization and to its vision and goals. And it means being able to incorporate “reason and instinct,” two abilities that help you see things in a holistic way.

“People with a high level of personal mastery share several basic characteristics. They have a special sense of purpose that lies behind their visions and goals. For such a person, a vision is a calling rather than simply a good idea.”

“In the learning organization, the new ‘dogma’ will be vision, values and mental models.”

Developing accurate mental models is another important step in effective learning, because these models shape what you see and therefore how you react to events. Your mental models include your assumptions, values, beliefs and worldview. If you have false convictions and don't correct them, you will end up making mistakes when you act. If you take steps to modify your beliefs, then you can make better choices.

Royal Dutch/Shell's managers did this when they changed their stance on global geopolitics and the oil industry during the OPEC embargo in the early 1970s. They gave their local operating companies more power at a time when other oil companies continued to rely on centralized control. This strategy enabled Royal Dutch to respond to the turbulence of the period more effectively, because it gave up the traditional command structure and control dogma.

A Shared Vision

Whereas individuals need to develop the skills of personal mastery and mental modeling, an organization has to work to promote a shared vision to its employees. With a shared vision, the members of the organization have a similar understanding of the company's purposes, ideals and values. A common goal is extremely important for the organization, because it provides “focus and energy” for learning.

Such a vision should be positive and intrinsic, as it uplifts people in your organization. They feel they are working toward a larger purpose, reflected in the company's products or services. They don't feel as though they are just working for “the” company; the organization becomes “their” company. If a firm is to become a learning organization, people need this kind of drive toward a shared goal. A common vision also motivates people to become better team players.

Team Learning

Team learning involves a few pivotal principles: Teams have to learn to “think insightfully about complex issues,” using the ability of many minds working together to outgun a single mind. The teams need to work together to produce “innovative, coordinated action,” much in the way that a sports team can achieve greatness when the players combine as one.

Team members should engage in dialogue, as well as discussion. In dialogue, group members look at complex issues from various points of view, whereas in discussions, individual members try to present and gain support for their own positions. Each team should foster the ability of its members to work together with other groups, so the learning organization has a range of teams learning and working together.

Contrary to popular belief, “great teams are not characterized by an absence of conflict.” In fact, a clash of ideas is a sign that team members are learning together. A team whose members are comfortable expressing differing views is on the right path to creative thinking. The conflict itself proves that the group is coming up with new ideas that no individual could have produced.

About the Author

Peter M. Senge is the Director of the Center for Organizational Learning at MIT's Sloan School of Management, and a founding partner of a consultancy in Framingham, Massachusetts, and Toronto, Canada.