



The Case for Systemwide Learning

by Peter Stroh

In his book *Synchronicity*, Joseph Jaworski describes two scenarios developed by Shell in the early 1990s. "New Frontiers" depicts a world where "rich and poor alike recognize their economic, social, and environmental interdependence" and have taken steps to balance the gaps between them. "Barricades" suggests a world where current differences between rich and poor grow even wider, resulting in islands of wealthy people surrounded by a sea of social, political, and environmental degradation. How can we influence the structures that shape our future so that we create new frontiers instead of construct barricades?

The dual challenges we face of managing increased interdependence and rising divisiveness require that the business, government, and nonprofit sectors learn from each other and work together in ways that benefit all. Perhaps the pivotal factor is our ability to understand and experience the value in our interdependence. In order to facilitate this appreciation, organizations—and sectors—must combine their talents and resources through a process of systemwide learning and development. This collaboration is necessary because no one institution has the motivation, resources, or credibility to address the problems and opportunities that affect them all.

There are signs that such collaboration is emerging. A recent *New York Times Magazine* cover article (August

24, 1997) reports on a new civic energy that is helping welfare reform succeed in Wisconsin. The article cites experts who feel that for welfare reform to have a positive impact throughout the country, the "effort will require the attention of governors, bureaucrats, employers, advocates, and especially the frontline workers." In addition, in recent years, new partnerships have

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sprung up between environmental groups and companies, and between companies and government, to further the synergistic thrust of sustainable development. Another example is institutional hybrids, such as private nonprofit organizations, which have become major forces in healthcare and higher education. A recent proposal suggests how such organizations might manage prisons while facilitating true prisoner reform.

Leading companies are beginning to recognize that, without a strong commitment to the social and environmental infrastructure, the market

economy will decay under growing political, social, and ecological pressures. Jaworski believes that corporations will play a key role in building the "new frontier." Thus, some companies like Marriott are leading the way in supporting social reform by hiring and training former welfare recipients, while others like Monsanto are aggressively pursuing the benefits of implementing a sustainable development strategy. To be sure, businesses have many resources. However, the pressures of global competition and short investment horizons tend to reduce companies' incentives to make the investments necessary both for their own long-term survival and for the sustainability of life around them.

In his book *The End of Capitalism*, Lester Thurow expands his analysis beyond the individual firm by stating that "the intrinsic problems of capitalism visible at its birth (instability, rising inequality, a lumpen proletariat) are still there waiting to be solved, but so are a new set of problems that flow from capitalism's growing dependence upon human capital and man-made brainpower industries." Thurow goes on to note that "Ideology is moving toward a radical form of short-run individual consumption maximization at precisely a time when economic success will depend on the willingness and ability to make long-run social investments in skills, education, knowledge, and infrastructure."

Thurow believes that government will have to play a central role in supplying the human skills, technology, and physical and social infrastructures crucial to the success of 21st-century capitalism. Peter Drucker also believes that "government has a big role to play in social tasks—the role of policymaker, of standard setter, and, to a substantial extent, of paymaster" ("The Age of Social Transformation" in *The Atlantic Monthly*). At the same time,

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Drucker points out that government has been almost totally inadequate in running social services. He cites the importance of a third sector, the nonprofit or social sector as he calls it, to enhancing human health and well-being and—equally pivotal—creating responsible citizenship.

Each of the three sectors has a role to play: Businesses provide the goods and services we need; government establishes and monitors the rules to maximize capitalism's benefits and balance its limitations; and the nonprofit sector ensures that people lead the first two institutions toward the ultimate ends of human and environmental welfare. Consequently, each sector has a learning agenda—in some ways unique to each and in other ways similar for all.

Sectoral and Cross-Sectoral Learning Agendas

One challenge for business is to learn how to translate social and environmental values into sustainable competitive advantage: that is, transforming undesirable costs into unassailable benefits. For example, Florida Power and Light Company reduced costs for disposing of scrap material by 77 percent over four years and simultaneously created a business to process these materials that yields over \$2 million a year in profits.

The challenges for government include focusing on results, clarifying and executing the jobs it does best, and delegating remaining tasks to other sectors supported by the appropriate frameworks and resources. For instance, welfare reform, however motivated by human fears and resentment, has the potential to direct government toward its key strengths of policymaking and standard setting.

Challenges for organizations in the nonprofit sector include cultivating a creative versus a reactive orientation toward suffering, and learning to part-

ner with other organizations both within and outside their own sphere. Foundations, a crucial funder of nonprofits, can learn to become more accountable for the social investments they make, while becoming more proactive in bringing the three sectors together toward common ends.

The challenges of managing both increased interdependence and rising divisiveness require that all three sectors—business, government, and nonprofit—seek ways to work together and learn from each other.


Opportunities for a common learning agenda across the three sectors include:

- Understanding the strengths and learning challenges of different sectors and learning to see complex societal problems through the lenses of organizations and sectors other than one's own.
- Sharing the strengths of one sector's way of doing things with other institutions in the service of their objectives and, conversely, learning to value and adapt the benefits of another sector's way of thinking and acting. One example is bringing increased business discipline to public and nonprofit sector management within the context of those

organizations' different objectives. Another is transferring from the nonprofit to the private sector the ability to motivate volunteers based on a commitment to shared values.

- Collaborating around social and environmental issues, using the strengths of each sector.
- Creating and managing effective institutional hybrids such as private nonprofit organizations.

Progress on the learning agendas can be enhanced by practice in the five disciplines of organizational learning described by Peter Senge in *The Fifth Discipline*. *Personal mastery* can empower people, particularly in the public and nonprofit sectors, to base their actions on what they want to create. *Shared visioning* can help expand the aspirations of people in the private sector and align people in all three sectors around a sustainable quality of life for all. *Mental modeling* facilitates appreciation of both one's own and other's perspectives on what is important and how goals can be achieved. *Team learning* enables people to integrate each other's perspectives. *Systems thinking* provides people with powerful new tools to understand and address the complex problems we all face and must learn to solve together.

In summary, the challenges of managing both increased interdependence and rising divisiveness require that all three sectors—business, government, and nonprofit—seek ways to work together and learn from each other. Success will ultimately be determined by the salience of shared purposes and our willingness to do whatever is necessary to achieve them. 

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