



Case Study

Read this case study and answer the questions that follow.

The Danish company Oticon is an oft-cited real-life example of a learning organisation. The company is one of the world's five largest producers of hearing aids, with about 1,200 staff. It has its own basic research and production facilities and stresses the high engineering and design quality of its products. Competition intensified during the 1980s and the company began to lose market share. Lars Kolind was appointed chief executive in 1988. In 1990 he concluded that a new approach was needed to counter the threats from larger competitors who were becoming stronger. Oticon's only hope for survival and prosperity was to be radical in all aspects of the business. The changes were intended to turn Oticon from an industrial organisation producing hearing aids into a service organisation with a physical product.

Work is organised around projects. The project leader is appointed by management and has to recruit a team. Employees choose whether or not to join and can do so only if the current project leader agrees. Previously, most people had a single skill; now all have several. Chip designers have skills in customer support, for example. Employees can work on several projects at once. These arrangements allow the company to respond quickly to unexpected events and to use skills fully. Different backgrounds mean more insights.

Previously, Oticon had a conventional structure, now it has no departments, and no hierarchy. There is no formal structure, just teams. Kolind refers to this as 'managed chaos'. The company tries to overcome the dangers of this by developing a very strong and clear purpose and mission, 'to help people with X problem to live better with X', and a common set of written values. Examples include, 'an assumption that we only employ adults (who can be expected to act responsibly)', and 'an assumption that staff want to know what and why they are doing it', so all information is available to everyone (with a couple of legally excepted areas). There are no titles – people do whatever they think is right at the time. Again the potential for chaos is averted by building underneath the flexible organisation a set of clearly defined business processes, setting out how they are to be carried out. 'The better your processes are defined, the more flexible you can be.' The absence of departments avoids people protecting local interests and makes it easier to cope with fluctuations in workload.

Oticon has redesigned the workplace to maximise disturbance. It refers to this as the mobile office, in which each workstation consists of a desk without drawers (this means nowhere to file paper). There are no installed telephones, but everyone has a mobile. The workstations are equipped with very powerful PCs through which all work is done. Staff have a small personal trolley, really for personal belongings only, which they wheel to wherever they are working that day (adapted from Boddy and Paton, 1998).



Task

- 8.4 (a) How do the structure and practices of Oticon enable 'learning'?
- (b) Do you think such changes could be introduced to all organisations with positive results?