McKinsey & Company

Building a learning culture that drives business forward

Too often, training programs fail. Here's how businesses can create a learning culture and invest in the capabilities that will help individuals and organizations thrive.

by Matthew Smith and Elizabeth Young McNally

In this episode of *The McKinsey Podcast*, Diane Brady speaks with Elizabeth Young McNally and Matthew Smith about how individuals and organizations can build skills and create a learning culture. An edited transcript of their conversation follows.

Diane Brady: Hello and welcome to *The McKinsey Podcast*. I'm Diane Brady. We all think we can learn. But it's more of an acquired skill than you think. And there is a reason why most company learning programs don't work. Joining me today are two McKinsey partners who can tell us a lot about the fundamental and underappreciated skill of learning, not just how we improve that skill as individuals, but also how we nurture it in others, and how we create a real learning culture in our companies. Elizabeth Young McNally is a global leader of the McKinsey Academy out of Stamford, Connecticut. And Matthew Smith is McKinsey's chief learning officer based in Paris. Liz and Matt, welcome.

Matthew Smith: Thanks, Diane.

Elizabeth Young McNally: Thank you.

Diane Brady: Let's start by talking a little bit about where you sit in this universe. Tell us what you do. Matt, I'll start with you.

Matthew Smith: I am the chief learning officer here at McKinsey. What that means is I look after the learning and development of all of our 30,000-plus colleagues globally. That involves deeply understanding what the needs of our people are in terms of the capabilities they need to be successful, not only within McKinsey but also in their broader careers.

And then I turn that into a set of offerings that they can take advantage of—like leadership-development programs, internal and external courses—and make sure that we're meeting those needs. That's my job in a normal year.

In this very abnormal environment that we're in now, where obviously many people are not able to go to in-person programs or attend live learning sessions, we've also been working very hard to ensure that

all of our offerings are fit for the moment that we're in. We've been doing a lot over this past year in particular to pivot much of what we do to digital and distance formats.

Diane Brady: I know from remote schooling that it's a challenge to transfer to a digital environment. Before I go on to Liz, it sounds a little like you crowdsource programs. That's not quite accurate, is it?

Matthew Smith: Well, I wouldn't say we crowd-source. But we try to get the best of what's offered externally and combine that with things that we create ourselves for our own people. I'll give you an example. A skill like how to lead a McKinsey project team or how to solve problems in a very McKinsey-specific way, that's not something that we can just source from the outside world.

It's something we have to build for ourselves, for our own people. But, on the other hand, if we're trying to teach people how to code in Python or the fundamentals of machine learning and artificial intelligence, there's actually a lot of great material out there.

Over the past few years, there's been just an explosion of external content available on sites like Coursera and Udemy and LinkedIn. We want to tap into that. We want to make sure that we offer our colleagues a mix of internally created programs for that very McKinsey-specific content, as well as the best of external content on skills that we don't really need to reinvent the wheel on.

McKinsey Academy and capability building

Diane Brady: Liz, let's go to you. Talk about the McKinsey Academy and what drew you to that.

Elizabeth Young McNally: Sure. McKinsey Academy is our entity at the firm for building our clients' capabilities. We help organizations achieve and sustain transformational impact by building the individual and organizational skills in areas that are required to sustain the transformations we do.

So, for example, if we're serving a client on a digital transformation, we can embed McKinsey Academy offerings around the skills that those leaders will need to be able to lead and sustain that transformation. And similar to firm learning, it comes from the same core hybrid approach of blending together virtual programs, digital programs, reinforcements, field works, and other elements to enable our clients to acquire, apply, and sustain the skills that they will need.

Diane Brady: I'm intrigued. I was looking at your military background, which I often associate with leadership. Is that something that's informed a little bit about how you approach the job?

Elizabeth Young McNally: A hundred percent. I went to West Point, which is one of the world's foremost, if not *the* foremost, leadership institution. The leadership lessons I learned in the military had a fundamental effect on me and how I serve clients and think about leadership development.

What I would add, though, is the military is not just a leadership organization. It's fundamentally a learning and capability-building one as well. Look at how much time militaries spend on building skills. Fundamentally, that is the bread and butter of what militaries do as well. And so it has prepared me for this role, not just from the leadership angle, but also for an appreciation of how important good capability building is.

Learning how to learn

Diane Brady: I'm a curious person. I ask a lot of questions. And ergo I think of myself as a good learner, but not necessarily so. Matt, what are the fundamental tenets of learning how to learn?

Matthew Smith: This is a topic I'm really passionate about. Because I think what you just said, Diane, "learning how to learn," is a phrase that we don't hear enough these days. There's a lot of talk about the need for people to have a learning mindset or build new skills. But there's not enough attention on the fact that learning itself is a skill.

Diane Brady: But we think we have it already, right?

Matthew Smith: We all think we have it. So we might say, "I'm a fast learner" or "I'm a slow learner" or "I learn in this way or that way." But, actually, a lot of the underlying research—there are several strands of research—shows that people can actually build skills to learn new skills.

We think of this as one of the most fundamental capabilities that a person can develop for themselves. It makes you better at getting better at things. It makes you better able to adapt to the changing environment that we all face these days. This idea of learning as a skill, in and of itself, is a fundamental one, and one that we talk to a lot of our clients about and, frankly, a lot of our colleagues as well. Because they're also curious. They want to learn. But they need to be taught. Back in school, you might have thought about this as study skills. How do I organize myself in order to get my schoolwork done? But there's a much more sophisticated version of that when you think about adult learners that I think we all need to invest in more.

How organizations can promote learning

Diane Brady: I'm curious, Liz, when you look at companies, what's usually missing?

Elizabeth Young McNally: There can be a few different things missing. The interest matters, of course. But one of the most important hallmarks at the company or the organizational level is a long-term growth orientation that naturally favors learning.

I can share some anecdotes that really help to bring that to life in terms of what some of those ingredients are. Some elements that I have seen in organizations that are successful at doing this start with storytelling and role modeling by senior leaders that learning and long-term perspective are important.

How are they talking about that and demonstrating in their actions that they're doing that? Secondly, are they putting their money where their mouth is? Are they investing in the types of learning programs,

'One of the fundamental lessons I learned at West Point was you have to really learn to follow in order to learn to lead. There was quite a deliberate approach in terms of how that's done.'

—Elizabeth Young McNally

reskilling programs, even explicit in expectations of time spent on learning?

How are they doing that? How are they, in what we often call moments that matter—the beginning of a meeting or the end of a meeting—driving a culture and language of learning so that you're constantly saying, "What are we missing?" or "How can we consider how to do this differently?"

How are we creating psychological safety so that people feel comfortable sharing ideas? And, finally, what are the formal processes that you use as well? You know, in the army they had something called the Center for Army Lessons Learned. It was a formal organization that was meant to capture learnings and then make sure the organization adapted.

Diane Brady: Like an off-site where you'd all gather together and do a weekend program. Is that what it is?

Elizabeth Young McNally: Well, that, but they would also even deploy into the battlefield to capture the lessons in real time. So it was both. But it was more of what is the formal mechanism to ensure that the learning and the continuous improvement actually happen and that there is a learning loop.

Those are just some of the examples of elements that I've seen organizations use to help, at the company level, think about learning. We talk a lot about the individual. But the other one is really the team. Is the team environment set up to enable learning too?

Becoming a better learner

Diane Brady: I want to get a little more of a sense of the two of you as individuals. Because you are both people who I'm sure adapted a lot of these lessons to your own life.

Liz, in terms of some of the key lessons that you've learned either from your work at McKinsey, the military, et cetera, what have you found to be effective techniques that really helped you become a better learner?

Elizabeth Young McNally: I'll share a relatively profound one to start, which—again, one of the fundamental lessons I learned at West Point— was you have to really learn to follow in order to learn to lead. There was quite a deliberate approach in terms of how that's done.

Over the weekend, I happened to be listening to a talk given by the president of Stanford University. And it was interesting. He was talking to a number of

individuals who had just won a scholarship. And, of course, they're eager to go and change the world. He made this comment about, "How did you have the excitement and urgency, but also some patience, to learn how things are done in order to then go and change them? How do you combine the urgency of now with the patience to learn to follow before you can lead?"

Diane Brady: So before going to Matt, learning to follow is more about listening than talking. What is learning to follow?

Elizabeth Young McNally: Learning to follow is listening before talking and learning how to be a contributor so that you can then lead. There are a few ways you can learn how to follow. Number one is to really appreciate and value time spent as an individual contributor and how even you can be a leader in that moment, but also that there is a role to learn the ropes first and to be intentional as you're doing so.

And constantly noticing other elements of leadership around you and how you're going to use those to help you become a better leader is important as well, but also this real sense that you need to understand and appreciate those other roles as you take on a greater leadership role yourself.

The 'building blocks' of learning

Diane Brady: Matt, you're a very intentional learner. I know that because I've taken one of your courses at McKinsey, which I did not finish. I'm catching up because it is so fascinating. Talk about the lessons you've learned to make you a better learner. You certainly seem to be a voracious reader of management-thinking and leadership books.

Matthew Smith: Well, first I have to ask you, Diane, what did you learn from the course even if you didn't finish it? Because now you've piqued my curiosity.

Diane Brady: This voracious way in which you take outside information and you adapt it to your own life is one thing that's very powerful. The power of

getting people within the program to mentor each other is not something I've seen.

I'm so used to modules being: here's a video, now click through, click through. To make it a collective exercise I found very useful because I was able to interact with other people, even remotely. I also think that reminders around playing to your strengths and the prioritization and some of the techniques and tips you used were great.

To be honest, I let my work agenda get in the way of making the course a priority. So thank you for taping these things going back. That was a lesson learned for me. I have taken a lot out of it. I think that I'm better at prioritizing and making sure that I get the things done that need to be done before I get involved in busywork, which is certainly something we all do.

Matthew Smith: Well, first of all, Diane, it's wonderful to hear the feedback. What we just did there is actually one of the things that I would recommend doing. We actually did a couple of them just in that little moment. Number one, I asked you to reflect on what you actually learned. What you did when you answered was you reinforced the learning for yourself.

Because you made sense, you put pieces together, and you said it out loud to another human being, that actually reinforces a lot of how learning happens for each of us. When we talk out loud to others, we deepen the channels in our brain that say, "OK, this is something that is important to me that I'm going to remember."

So that's one little piece of it. You also said something else that's important which went into the design of that course that you took, which is we got people to support each other. Because one of the things that many companies miss when they design or roll out digital learning or modules that people can take is that a lot of learning happens through social interactions and conversations.

If you can enlist other people around you—it could be peers, it could be your manager, it could just

be friends that you have in your office—in your learning and to hold each other accountable for what you're trying to work on, that actually goes a long way to ensuring the success of the learning. Part of that is we're all just better when we have an accountability buddy. But part of it is when you're transparent about what you're trying to learn or trying to work on, other people start noticing it more and can give you more helpful feedback.

So if I say to you, "Diane, I'm trying to get better at doing podcast interviews," then after we're done here you're much more likely to call me up and say, "Hey, Matt, here are some things you did well. And here are some things you could work on next time," versus if I didn't make that learning goal clear to you. So it's setting these goals, enlisting others in the process, talking about what you're learning, and getting feedback. Those are some of the core building blocks that people can put in place to improve their learning.

Building a culture of learning

Diane Brady: What is a learning culture? Another term I've heard tossed about is the adaptable organization. What does that look like? Matt, maybe you can talk about the concept of the adaptable organization first.

Matthew Smith: We've been talking thus far about learning at the individual level, a little bit at the team level, or enlisting others in it. There's a huge role that organizations play in setting the context and the culture for learning. And there's a few elements of this. Like so many things, it starts at the top, and it starts with having a CEO or a senior leader who actually values learning and talks about it very actively.

That to me is honestly table stakes. Because if people don't see it as something that's valued in the organization, they're much less likely to do it. But I also don't think that's enough. Number one, is there

'There's a huge role that organizations play in setting the context and the culture for learning. Like so many things, it starts at the top, and it starts with having a CEO or a senior leader who actually values learning and talks about it very actively.'

—Matthew Smith

a culture or an expectation that people are actually going to take time out to learn? Because you do a lot of learning in the flow of your work. But you actually do sometimes need to step out of the flow and invest in taking a course or studying something on your own.

Diane Brady: Do you measure it by the amount of time people take?

Matthew Smith: Well, that is one way to measure it. Some organizations do actually set goals or expectations around the number of hours people are going to spend learning. But I'm not sure that is actually the best measure. We all know you can chalk up hours doing something where you're not really engaged.

A better way to build that into the expectations is by linking it to the way you do your performance-management or -review systems. So, for example, at McKinsey, what we've been working toward for the past couple of years is that rather than [the learning organization] suggesting and putting out a bunch of offerings—what we're now doing as part of our review processes—we ask people to think about what their learning-and-development plan should be over the coming months.

So when you go through your review, whoever is doing your evaluation will get feedback. They will synthesize that for a number of themes. They will give you recommendations for what learning you should take advantage of in the coming months. And then you will take that and develop a learning-and-development plan for yourself and have an ongoing conversation with your manager or other people around you about how you're doing against that plan. That, versus just pure counting hours, is a much more deep and effective way of embedding it into the culture.

Cultivating a growth mindset

Diane Brady: Liz, earlier in my career I heard a lot about academy companies, these companies

that are so great at teaching people. They're almost like the farm teams for many other companies in addition to being excellent themselves. It's a very different mindset right now around the business case for this. Do these organizations actually outperform their peers?

Elizabeth Young McNally: That's a great question. There are two types of organizations that think about this. One that uses learning and adaptability to outperform their peers, and there's another category of organizations that I'll come back to that, quite frankly, have to do it in order to survive. Especially right now, we're seeing this more than ever.

On the first category of organizations using adaptability and learning to outperform their peers, there's certainly some recent stories and examples that really bring this home. A very famous one is Microsoft and Satya Nadella, who openly cites the move toward a learning culture at Microsoft as one of the critical elements toward driving the growth that the company has experienced under his leadership.

One of the elements of that learning culture that he talks a lot about, and we talk a lot about at McKinsey Academy as well, is how to cultivate a growth mindset. This is actually a mindset. We believe, by the way, it really can be cultivated. Some people start with more of it than others, for sure. But it can get better. This is the idea of seeing challenges as opportunities to get better.

It's not an inherent test of the value of you. But it's an opportunity to learn, which is a really critical element—that is, critical for all organizations that want to use learning and adaptability as a way to outperform. I'm curious about Satya Nadella in part because there's a real authenticity there around the desire to learn, the desire to create that learning culture. When you're talking to clients, are there particular things you notice that really signal to you the willingness to really do the hard work to get this done?

'We find that 90 percent of companies believe they're going to have some sort of meaningful skills gap over the coming years. But only 16 percent believe that they're fully prepared to meet those skills gaps.'

—Matthew Smith

One of the critical elements is the conviction from a business-unit leader. Whether it's the CEO or the leader of the business unit that is undergoing the transformation of how important capability building is to achieving the broader impact that the organization aspires. That is an element that we really look for. The CHRO [chief human-resources officer], the head of learning and development absolutely has to be there. That conviction is often there earlier because, by the nature of being in their roles, they get it.

Building that conviction in the business leaders as well is an absolutely critical element. Some people come in with it, quite frankly, just because they've experienced it elsewhere or that's how they have grown up. Others have to learn the importance of it. We find you could inspire people through the stories of others as well, by just helping them understand that a critical unlock for the organization's success is providing those individuals in the company with the new skills that they need to succeed and creating that common language and common way of working.

Assessing skills gaps

Diane Brady: What are the tactics that companies use, especially those that do need to reinvent themselves?

Elizabeth Young McNally: It can be overwhelming when you think about all the different skills. But one place that can be helpful to start is by asking yourself, "What are the most critical skills toward driving the business value?" Some of them are technical skills. But we also find that there are more and more softer skills. These skills are also required to be an adaptable leader in the 21st century.

Diane Brady: Matt, it makes me think of an article you wrote about critical mindsets and core skills. I know that was both for individuals and for leaders, which obviously cascades up to the company level. Tell us a little bit more about those skills.

Matthew Smith: I also want to piggyback on this topic that Liz mentioned, needing to understand the skills that are going to drive a business forward in the future. Some of our own research on this is very eye-opening, but should also be a bit of a wake-up call to learning and development and HR leaders across a lot of companies.

When we survey leaders, we find—and this, by the way, was work that was actually done pre-COVID-19, so, if anything, these numbers are probably even scarier—we find that 90 percent of companies believe they're going to have some sort of meaningful skills gap over the coming years. They don't have the skills today that they think they're going to need in the future. But only 16 percent believe that

they're fully prepared to meet those skills gaps. So they might know what they need. Or they know that they have a gap. But they're feeling completely unprepared in terms of, "How are we actually going to close that gap?"

The number that's the most frightening for me and I think others in the learning-and-development space is that 60 percent of them say that their learning-and-development spend has no explicit connection to their strategic objectives, which you may just think is bizarre. It's an unfortunate side effect of the fact that sometimes this is treated a bit like, if you will, an HR topic, or a silo off to the side. I agree with what Liz was saying earlier about the critical importance of starting with what's really going to drive value for the business.

What are the capabilities and skills that we need to be able to get there? And then working across the organization with learning and development, partnering with the business to say, "OK, how are we actually going to close these gaps? Where do we need to hire? Where do we need to build skills? How do we need to reorient a lot of what we're doing with training to the most important skills gaps?" That's the hard work that a lot of organizations, at least in my experience, can struggle with.

Critical skills for the future

Diane Brady: One of the challenges with reskilling is it's not always clear what skills you will need. Especially as disruption comes more rapidly, I would be curious to know what types of skills are these?

Matthew Smith: We've done a lot of work within McKinsey to look at the skills of the future, and to say, "What are the types of skills that, given all the disruption across industries and given all the technological change, are going to be more in demand and less in demand in the future?" While it does vary a lot by sector, there are some common trends.

The one that's probably the least surprising to people is that technology skills are going to be in much higher demand. That's probably not a shock to

anyone. The second-largest increase, though, is in what you might call human skills: emotional intelligence, ability to collaborate, ability to communicate. Think about all the things that machines can't do well. These types of skills are also going to be in high demand over the years to come. A lot of the skills that are going to be in less demand are in areas where machines can do well: routine manual tasks, routine cognitive tasks. What are the actual skills that people are thinking are going to be in the jobs of the future?

But there's another underlying piece to this that is very important, which is hiring for and training for adaptability. Look for people who demonstrate an ability to learn new things, who demonstrate learning agility, who demonstrate openness and ability to flex in different directions. We're all asked to do things that were not necessarily in our job description when we were hired. You can look for those types of skills in people, in addition to maybe the hard skills or the specific skills you're looking for from a business need. But you can also train those skills.

Hiring for adaptability

Diane Brady: Liz, is that part of what you get into? Hiring?

Elizabeth Young McNally: Absolutely. If you don't want to start anywhere else, if you don't want to take anything else away from this podcast, the no-regret action is to build this sense of adaptability in your organization in each of the individuals and a real appreciation for the fact that adaptability is malleable. We all have different starting points in terms of where we are. From our research, we believe that we can help everyone to become more adaptable. It's both individual attributes and the team environment that helps you get there.

But if you had the choice, certainly you want to look to hire people who have that growth mindset and a willingness to embrace new perspectives, new skills. The other element was not just the mindset, it's the behaviors. How do you help create opportunities for

individuals to practice at the edge of being too difficult? You know, stretch them out of their comfort zone and create environments where they feel comfortable doing so.

The need for resilience

Diane Brady: Tell us a little more about the skills that company leaders should take away from this.

Elizabeth Young McNally: The skill that I wanted to share was this idea of how to build resilience in your employees as well. Through COVID-19, we've seen even more how important it is to build resilience. I reflect a lot. I was fortunate to have been in the military in the sense of I think I had a lot of experiences there that made me more resilient.

Diane Brady: You were in Iraq twice. Is that correct?

Elizabeth Young McNally: I was in Iraq twice. But I think even more about the 12-mile-road marches that I had to do in my first summer at West Point and how that built resilience as well. So you don't have to deploy to a war zone. You don't have to walk 12 miles with a heavy pack on either. But what is the equivalent of those things in your organization that you're going to use to help people become more

resilient? It's more important than ever before, not just for our professional lives but for our personal lives as well.

Diane Brady: Matt, what are you seeing with the pandemic? Are we becoming more resilient?

Matthew Smith: The need for resilience has never been higher. People are getting stress-tested in ways that they've never had to deal with before. When I talk with my peers at other organizations, this is probably the number-one need that comes up. We are being stretched.

There are people who are learning and growing in different ways through this period and building that resilience muscle. But we need to do more to support people. It is a very, very challenging time for all of us. We all know that. Building these skills of resilience is something that more and more companies can invest in.

Setting personal goals for learning

Diane Brady: On a personal level, how have you incorporated these skills into your lives? I love strategies and tips from people who have been immersed in this.

'The no-regret action is to build this sense of adaptability in your organization in each of the individuals and a real appreciation for the fact that adaptability is malleable.'

—Elizabeth Young McNally

Matthew Smith: I'll give two quick tips that I try to do. One is there's a really great concept that was first created by a guy named Ron Heifetz in his research, which is called, "Being on the dance floor and on the balcony." It means in any moment that you're in, can you be fully in it?

But can you also build the muscle and the habit of mentally stepping out and looking at what's happening, and looking at how it's going and how things are working, what's working, what's not, and what you can learn from it? If you just build that little mental muscle into your routines, what you'll find is you'll just squeeze so much more juice out of every experience.

Because you'll be looking for those little micro-learning moments that you can find in almost everything you do. It doesn't have to be just more hours on the calendar. The second big tip that I've tried to incorporate myself is set small and clear goals over a three- to six-month period for what you want to learn and what you want to develop on in that period. Not too many of them; usually I would say three maximum. And then tell other people what you're working on so that they can support you.

Diane Brady: So three in three. Three goals in three months.

Matthew Smith: I love the branding. Three goals, three months. Maybe you tell three friends, and then it's three, three, three. That will create this continuous learning loop that you'll have. You'll just keep learning new things every few months and building on it. You'll develop very quickly. And you'll also be able to build on that for the next cycle, decide what those goals are, and you'll continue learning. You'll build it as a habit, which is the most important thing.

Diane Brady: Liz, let me go to you. Tell me a little bit about what you've done in terms of incorporating these lessons.

Elizabeth Young McNally: I love Matt's three-in-three branding, and much of what I was going to say is encapsulated in that. One is just being super intentional about what you're trying to learn right now. I try to be a sponge in every interaction I'm in and see and observe how others are doing things differently, how I'm trying to work on it. Right now, while we're all stuck at our computers and our desks, I even keep a Post-it Note on my computer, with the one thing that I'm working on right then, so that I can be even that much more intentional and focused on the thing that I'm trying to learn and get better at.

The other one is really sharing what you're trying to work on with a few trusted friends or colleagues who can help give you feedback and hold you accountable and encourage you along the way. It all falls under the three in three. But those are just some of the ways that I personally do it.

Diane Brady: It's great advice, especially as we're all working from home. And it is something that, of course, we will be continuing to talk about on a personal and professional level for many months and years to come. Liz, Matt, thank you very much.

Matthew Smith: Thanks so much, Diane, for having us.

Elizabeth Young McNally: Thank you.

Diane Brady: That was Liz McNally and Matt Smith. You can find more of their research at McKinsey.com. I'm Diane Brady. Thanks very much for joining us.

Matthew Smith is a partner and former chief learning officer in McKinsey's Paris office, and **Elizabeth Young McNally** is an alumna of the New York office. **Diane Brady** is a senior editor with McKinsey Global Publishing in the New York office.