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FROM KNOW-IT-ALLS TO LEARN-IT-ALLS: HOW LEADERS CAN INSTIL A GROWTH MINDSET

IT'S TEMPTING TO STICK TO what you know. Especially when things are going well. But success in the long run also means knowing when and how to hit "refresh" when you need to come up with new ideas to deal with disruption.

Take the example of Microsoft. Back in February 2014, the company was in danger of becoming irrelevant. The tech world had shifted from desktops to smartphones and the cloud. And while Apple and Google were reporting record market valuations, Microsoft's stock price had flatlined. Internally, the organisational culture pitted employees against each other. Every six months, staff would compete for top, good, average, below average and poor positions, in a stack-ranking system that discouraged innovation and risk-taking while effectively rewarding political gamesmanship.

Enter new CEO, Satya Nadella. As an insider, Nadella knew the score at Microsoft, and he was quick to diagnose the problem. But he also knew something else – his personal experience as father to a severely disabled child had taught him the importance of empathy. And reading the work of psychologist Carol Dweck, he immediately understood that her concepts of growth and fixed mindsets held the key to his ambition for the company.

Nadella would shift the culture from a fixed mindset – playing it safe – to a growth mindset, an understanding of talent as something malleable and a willingness to learn, even at the risk of embarrassment. To thrive, Microsoft would need to change from 'know-it-all' to 'learn-it-all'. And that meant leadership that would create a learning culture, empowering the company to leverage emerging opportunities in cloud computing and AI.

The result? Microsoft saw its share price soar to an all-time high in June 2018. Here are some key lessons from Nadella and Microsoft in leading organisational change.

Lesson one – articulate the 'why': At Microsoft's July 2015 global sales conference in Orlando, Nadella unveiled a new company mission – to empower every person and organisation on the planet to achieve more. He talked about embracing a "dynamic learning culture" based on a growth mindset. The message was clear: the opportunities of AI and the cloud could only be leveraged if the company shed the dysfunctional behaviours stifling innovation and valued learning above all.

Lesson two – embark on an inclusive process: Nadella's tenure as CEO started with involving his senior team: a listening tour, required reading in the form of *Nonviolent Communication*, and

customer visits embedded in the agenda for the annual off-site. At that meeting, executives were also charged with defining what a growth mindset looked like for Microsoft. Seventeen change leaders then hammered out what became three pillars for change: customer obsession; diversity and inclusion; and "One Microsoft" to collaborate across the previous confederation of fiefdoms. These pillars represent definable behaviours that point to concrete and measurable outcomes.

Lesson three – role model the change: Nadella models soft skills that are a rarity in corporate life, but which are increasingly essential to performance that depends on innovation, experimentation and proximity to customers. He talks openly about his experiences as a father and it's clear he believes in an inquisitive learning approach.

Of course, getting any organisation to embrace a learning culture isn't easy. Microsoft has weathered storms: when Nadella was called out for ill-judged comments early in his tenure as CEO, he immediately owned his mistake, sharing his intention to reflect on his own biases.

Taking the corporate journey from know-it-alls to learn-it-alls takes both time and commitment. But organisations – and the individuals within them – will reap the many benefits.

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