Performance
Consulting

A Practical Guide for HR and Learning Professionals

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and James C. Robinson

an excerpt from

Performance Consulting:
A Practical Guide for HR and Learning Professionals
by Dana Gaines Robinson and James C. Robinson

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Preface

Books stand still . . . knowledge doesn't.
—Jim and Dana Robinson

This reality is the driving force behind why we are rewriting our book, *Performance Consulting*, which was originally published in 1995. The knowledge about how to "do" performance consulting has changed, as has the reality inside the organizations where performance consultants work. When reflecting on our book, we know a great deal is different today in three areas:

1. *Organizations.* In 1995 globalization was a factor in business life, partly because American and European multinational organizations were expanding into other markets. Today globalization is driven by a diverse set of countries, regions, and organizations, making the world very small. And consider how technology has changed our work by reflecting on just this one fact: when we originally wrote *Performance Consulting: Moving Beyond Training*, the first web browser (Netscape) had just been launched. Now web browsing is so ubiquitous we even have a phrase—"Google it!"—used when we seek to locate information via the Internet. Clearly, performance consultants work in more competitive and technologically driven organizations than was true in the mid-1990s.

2. *Performance consulting.* When our book was originally published, *performance consulting* was a relatively new term and role within the human resources (HR) and Learning communities. Some people credit us, and our book, with inventing the term *performance consulting*. We doubt that's the case, choosing to believe that we helped to broaden its use and appeal. We can still recall the first time someone came up to us at a conference with a business card indicating the individual's job title was performance consultant. The year was 1996. Now thousands of individuals hold this job title and fill this role. Professional associations offer

developmental programs and certifications in performance consulting. And the solutions performance consultants deliver have also changed. For example, approximately one-third of formalized training programs are delivered via a technology-enabled method. The same can be said about recruitment and retention processes, performance management systems, and other HR services where technology is integral to the solution. There are also new solution sets, such as talent management, not even discussed in the mid-1990s.

Also more is known about how to successfully practice performance consulting. Numerous books and articles have been written about performance consulting since 1995. Examples include the works of Geary Rummler (*Serious Performance Consulting According to Rummler*, 2004), Harold Stolovitch and Erica Keeps (*Training Ain't Performance*, 2004), and Judith Hale (*The Performance Consultant's Fieldbook: Tools and Techniques for Improving Organizations and People*, 1998). We have personally benefited from these and other books while also learning from our clients; all have advanced our thinking and knowledge regarding performance consulting.

3. *Audience for book.* We originally wrote *Performance Consulting* with the training and development professional in mind. Consider the subtitle of that book: *Moving Beyond Training.* Since then we have found that, although people in HR and organization development (OD) rarely call themselves performance consultants, many in these fields are utilizing the concepts, models, and practices associated with performance consulting. Examples in this book come from a wide array of functions that include Learning, HR, and OD. We also have included examples from outside North America. We hope that these various examples make performance consulting more relevant to all who read the book.

PERFORMANCE CONSULTING (THE BOOK)— THEN AND NOW

This edition of our book is both similar to and different from our original book. Similarities include the "how-to" approach. While an understanding of performance consulting theory and concepts are important, it is also critical to know how to apply these in situations that performance consultants face. Therefore, this book provides both the concepts that guide thinking and the techniques proven to work. You will find that we continue to use a systematic, data-driven approach to decision making. The logic in our initial book con-

tinues with this edition—namely, establishing what SHOULD be achieved, identifying what IS occurring, and determining the CAUSEs for identified gaps. The critical need to partner with clients and employ a consultative process will be described with updated practices and techniques.

What's different? Numerous changes have occurred, including changes in:

Tools and models. Over the years, our methodologies and practices have evolved. From terminology (e.g., the word *training* is frequently replaced with *learning* or *capability*) to tools (the Performance Relationship Map has morphed into the GAPS! Map), there is much that is different. Our knowledge of the practices that lead to effective consulting and partnering with clients is much deeper and wider than in 1995.

Content. You will find that we describe a new and more robust conceptual framework. This framework is a "mental model" that guides the actions of performance consultants. Also, this book has two chapters that were nonexistent in the original book. Chapter 9 focuses on identifying performance consulting opportunities in a proactive manner; in Chapter 10, we provide responses to questions most frequently asked of us over the past decade. We have included content for identifying root causes for performance gaps and provide a new tool, the Gap Zapper, to use for this purpose. Finally, in acknowledgment of the need in organizations to do things fast and efficiently, we describe Shortcuts! in many chapters.

FOR WHOM IS THIS BOOK WRITTEN?

This book is written for individuals who work within an organization in an HR, Learning, or OD role and are responsible for enhancing people's performance in support of business goals. That is why you will frequently see the use of the phrase "HR and Learning" when we are referencing a function or department. The techniques are applicable whether you work in a for-profit, not-for-profit, or governmental organization. And, this book is designed for people who work in any part of the globe. Although practices and techniques may need to be adapted for your specific situation, the models, concepts, and tools associated with performance consulting apply in any region of the world.

We are often asked if our books, and the practices within them, are relevant to people who work in an external role—for example, consultants who are independent or those who work within a consulting firm. Our response is "Yes!" Again, some of the specific practices may need to be adapted, but they can be, and are, used effectively by external consultants.

One other item: While this book is written for people with many different job titles in HR, OD, and Learning, in this book we use the term *performance consultant* to reference you, the reader. Also, keep in mind that performance consultant is referencing a role, not a job.

OVERVIEW OF THE CONTENTS

This book is divided into three sections. In Part One, we discuss the mental model associated with performance consulting. If you are familiar with concepts contained in our previous books, you may wish to speed-read these two chapters, with a pause in Chapter 2 where we describe the GAPS! Map.

In Part Two, the focus is on the "science" of performance consulting. Essentially this includes the tools, guides, and techniques that effective performance consultants use when analyzing performance problems and determining the solutions required to achieve improvement. Here we provide examples of performance consultants applying the GAPS! logic, together with tips for how to do so in a time-efficient manner.

Part Three focuses on the "art" of performance consulting. Too frequently we have observed people in our field who are expert in the science of analysis but lack the consultative savvy required to effectively partner with clients. All the expertise in the world is of limited value if you are unable to influence managers to work in this manner. We include examples of performance consultants who have perfected this art. We conclude with a chapter titled "Q&A with the Authors," responding to questions we frequently receive about performance consulting. We hope we have responded to questions you may have!

Practical Tools and Examples

We want this to be a practical book. Toward that end, you will find the following elements:

- *Try It!* identifies exercises you can complete to apply the concepts you read about in a chapter.
- *Here's How It Works!* are examples of how people have actually put into practice the techniques we are describing.
- *Shortcuts!* are suggestions for how to complete the assessment phase of performance consulting in a reliable, but time-efficient, manner.
- *Performance Consulting Pointers!* appear at the close of each chapter, summarizing primary learning points contained in that chapter.
- The *glossary* is a list of terms we use throughout the book.

- *Resources* is a comprehensive list of books and associations you can utilize as you continue learning about performance consulting.

- *Download These!* Numerous tools, checklists, and graphics are described in this book that can be downloaded. At the end of each chapter, we list the items you can download that were referenced or discussed in that chapter, and, at the close of the book, we provide a complete list of all items that are available. Tools can be accessed by going to the Berrett-Koehler website. Some tools are available in PDF format; most are available in Microsoft Word, providing you with the flexibility to input information into the tool and/or edit it to address your specific needs. Complete information on how to download these tools can be found on page 235 of this book.

ACKNOWLEDGMENTS

Our first heartfelt thank-you goes to all the clients with whom we have had the privilege to work with over the past twenty-five years. These individuals have invited and entrusted us to support their performance consulting initiatives and goals; it is with and from them that we learned the processes, tactics, and practices that do and do not work. Their organizations are living laboratories in which concepts can be expanded and new techniques developed. This book, and our thinking, would not have been possible without their help. Some of the individuals with whom we worked agreed to provide the examples you will read in this book. So a special thanks to Mike Bate, Joe Bertotto, Walt D'Ambrosio, Stefan Oppitz, Steve Ouellette, Bill Sewell, Janice Simmons, Jenny Tsoulos, Jayne Williams, and Vern Williams.

We also want to acknowledge those individuals who graciously agreed to read the manuscript for this book, providing us with invaluable suggestions for its enhancement. These individuals are Craig Alexander, Joe Bertotto, Randall Falkenberg, Steve Hambright, Sara Jane Hope, Karen Kramer Horning, Michael Nash, Marc Rosenberg, Bill Sewell, and Cal Wick.

Acknowledging the entire team at Berrett-Koehler is a must! No authors could ask for a more supportive, collegial, and professional group with whom to work. A special thanks to Jeevan Sivasubramaniam for his assistance throughout the production process. And we wish to acknowledge our editor and publisher, Steve Piersanti, to whom this book is dedicated. Steve is the individual who first encouraged us to put our concepts into writing back in the mid-1980s. That encouragement resulted in our first book, *Training for Impact: How to Link Training to Business Needs and Measure the Results*. This book is our sixth. We are certain none of them would have been written

without the encouragement, guidance, and support we received from Steve along the way. Steve, you're the best!

Closer to home we want to thank the two members of the Partners in Change team who have been with us every step of the way with this book and our earlier books. Linda Venturella took our drafts, many of which required a road map to follow, and turned them into documents that were legible and articulate and that others could read. Terri Lutz has read the entire manuscript for this book at least twice as she proofed the text. Thanks, Terri, for all your notes and suggestions! And, together, Terri and Linda took control of the office so that we could leave for six weeks to concentrate on writing the initial draft of the manuscript. We could do so knowing our business and clients were in experienced and competent hands.

We also want to acknowledge and thank each other. We are a couple who has been blessed to blend their personal and professional lives for more than twenty-five years. It is through this blending of our differing perspectives that we have developed the thoughts, techniques, and concepts we share with you in this book. Being able to do this work together is a life-enriching experience.

Dana Robinson
Jim Robinson
Pittsburgh, Pennsylvania
February 2008

What Is Performance Consulting, and Why Do It?

Performance consulting is a process in which a client and consultant partner to accomplish the strategic outcome of optimizing workplace performance in support of business goals.

—Jim and Dana Robinson

WHAT "IS" PERFORMANCE CONSULTING?

Our definition of performance consulting appears above. We are certainly not the first to explore the discipline of performance consulting, and we have benefited tremendously from those who have also traveled this road. The work of Tom Gilbert, Judith Hale, Joe Harless, Bob Mager, Marc Rosenberg, Allison Rossett, William Rothwell, Geary Rummler, and Harold Stolovitch and Erica Keeps are just a few of the individuals who have contributed to this field. The "field" we refer to goes by many names, including Human Performance Technology (HPT), Human Performance Improvement (HPI), Human Performance Enhancement (HPE), and performance engineering. No matter what the field is called, the goal is the same: to use a systematic and holistic approach when analyzing and improving human performance to achieve business goals.

Look again at our definition of performance consulting at the start of this introduction. The words have been selected carefully; let us explain the intent within them.

Process

Performance consulting is a flow of steps with an entry and an exit. It is a systematic and data-driven process that helps consultants and business managers make sound decisions about people and their performance in the organization. Our performance consulting process is described in Chapter 3.

Client and Consultant
These are the two roles that people fill when working within the process. The client role is filled by the individual or team of people who are accountable for achieving the business goals and who manage the people supporting those goals. The consultant role refers to the individual or team of people who influence and guide the client through the phases of work integral to any performance consulting initiative. The consultant, who can be internal or external to the organization, also is the individual who may complete some of the tasks involved, such as performance assessment or solution implementation.

Partner
The relationship between client and consultant is one of partnership. Results cannot be obtained alone; the goal is to work in a synergistic and collaborative manner so that the results obtained are greater than would have been the case if either the client or the consultant had worked independently.

Strategic Outcome
Achievement of business goals and the improvement of work group performance *are* strategic outcomes. The linkage of business results to the accomplishments required of people is a key concept. It is not sufficient that people attend a training program and acquire skill; what ultimately matters is that these individuals apply the skills on the job so that their performance improves and the business benefits.

Optimizing Workplace Performance in Support of Business Goals
This outcome is shared by both the consultant and the client. Note that the outcome is solution-neutral. Nowhere in our definition of performance consulting does it indicate that the goal is to increase capability of people, provide a more efficient work process, or design an improved compensation package. Each of these is a tactical, solution-focused outcome. The strategic goals are to enhance performance of people and achieve business benefits. To do this requires a holistic approach, viewing organizations and the people who work within them as interrelated. A change in one factor in the organization will have ripples in other areas; the goal is to ensure alignment among all factors affecting performance.

WHY "DO" PERFORMANCE CONSULTING?

We have defined what performance consulting is. Let's move to the greater question of why it is important. For this we will use our own performance logic of comparing what can be (SHOULD) with what currently IS. We begin with the SHOULDs that are possible.

Since we wrote our first *Performance Consulting* book in 1995, a great deal of research has been published that clearly affirms what many of us knew intuitively: when HR, Learning, and OD practitioners operate in a strategic manner, with a focus on performance and results rather than on activity and solutions, there is a direct and positive impact to the organization. A 2002 HR Competency Study conducted at the University of Michigan Business School indicated that 43 percent of HR's value comes from the strategic contributions made by that function (Weatherly 2003, 3). Consider these other findings regarding the benefits possible when HR utilizes strategic and performance-focused practices:

- A study of 740 organizations found that the firms with the greatest concentration of HR practices that reinforce and support performance had the highest market value per employee (Becker and Huselid 1998).

- David Ulrich and Wayne Brockbank, two noted academics at the University of Michigan, found that "companies that routinely invest in aligning HR strategy with their business strategy and develop HR professionals to know their business and make strategic contributions to management decisions can show up to 250 percent impact on business performance compared with companies whose HR function is more tactical and transactional" (RBL Group, n.d.).

The research regarding benefits possible from investments made in learning and development are also noteworthy. We know this investment continues to increase. In 2006, *Training* magazine reported that U.S. organizations spent $56 billion on formal training. For the same year, ASTD (American Society for Training and Development) reported that $109 billion was spent on employee learning and development (Rivera and Paradise 2006, 4). Whichever number is accepted, each represents a huge investment made even larger with inclusion of expenditures from organizations outside North America. And research affirms that when organizations make this investment, there are business benefits:

- Bassi Investments (2007) examined the relationship between training and an organization's financial performance and determined "companies that invest more money in training perform better on the stock market than companies that invest less."

- A classic 1997 study reported that forty publicly traded companies that invested heavily in developing their people had 57 percent higher net sales per employee, 37 percent higher gross profits per employee, and a 14 percent higher ratio in market-to-book value than those companies that made more modest investments in their people (MICA 2006).

■ Training evaluation case studies were carried out on Australian companies from various industries ranging in size from four hundred to twenty-seven thousand employees. The final report revealed positive returns on investment in all cases, ranging from 30 percent (fuel efficiency training) to 1,277 percent (safety training). The studies were completed as part of a broader focus on linking training to business outcomes by Australia's National Centre for Vocational Education Research (NCVER). This report observed that the "commitment to the skill and training of its employees are far and away the most powerful predictors of improvements in company's productivity and profitability" (Bailey 2007, 7).

So we know what is possible. Unfortunately, when viewing the current state of the terrain, we notice an obvious gap. Again, let's look at some facts:

■ In research conducted by the Corporate Leadership Council (2006, 6), fewer than one in six executives rated HR in the top three most strategic functions, and only one in four executives rated performance of their HR function as "excellent" or "good."

■ In Accenture's research, reported in 2006, executives' level of satisfaction with both the HR and Training functions in their organization had declined since 2004. In the recent study, only 11 percent indicated they were very satisfied with HR and 10 percent as very satisfied with their Training function (Balaguer, Cheese, and Marchetti 2006, 21).

■ Despite the acknowledgment that working strategically is necessary, Mercer Human Resource Consulting reported that a survey of HR respondents in 1,100 companies indicated these individuals spend less than 20 percent of their time in strategic partnering activities (Klie 2006).

■ Although the investment in development of people continues to increase, the results in terms of skill transfer and enhanced performance have not made comparable strides. In our earlier *Performance Consulting* book, we reported that research indicated between 80 and 90 percent of the investment in learning is lost as people do not apply what they have learned to the job (Robinson and Robinson 1995, ix). Research as recent as 2000 finds that transfer rates from training as a single solution range from 10 to 30 percent, with most on the low end. Clearly the "transfer of skills" dial has not moved much in the past decade (Broad 2005, 82–85).

We could cite other studies, but hopefully these suffice to make our point. While we can affirm the sustained value and impact to be derived from working strategically with a performance focus, our profession, our functions, and

we, as practitioners, have a gap to close. There is strong evidence that we continue to focus more on the solutions we deliver than on the results those solutions are to generate. So why do performance consulting? Because it is a process that requires a strategic, performance-focused approach. It is a process that does not merely implement solutions but achieves sustained results. It is a process that requires linking HR and Learning solutions directly to business requirements. Most important, it is a process that fills the promise inherent in our work—the promise to *optimize workplace performance in support of business goals.* This is why we "do" performance consulting!

The Mental Model for Performance Consulting

He who loves practice without theory is like the sailor who boards a ship without a rudder and compass and never knows where he may cast.

—Leonardo da Vinci (1452–1519)

Unlocking individual change starts and ends with the mental maps people carry in their heads—how they see the organization and their jobs. Just as actual maps guide the steps people take on a hike through the Himalayas, mental maps direct people's behavior in daily organizational life. And if leaders cannot change individuals' mental maps, they will not change the destinations people pursue or the paths they take to get there.

—J. Stewart Black and Hal B. Gregersen (2003, 2)

Interesting isn't it, that da Vinci lived centuries before Black and Gregersen, yet their thoughts are so comparable. Clearly the need to develop a theory or mental model to guide our behavior is a powerful truth that has resonated through much of time. Our initiatives and observations have revealed that successful performance consultants do create mental models that guide them in their day-to-day activities. As a performance consultant, you encounter new situations and new challenges, such as a client who is responding differently than anticipated or a request that is outside your area of expertise. Your mental model guides how you think and, therefore, respond in these situations.

Kearney and Kaplan (1997) describe mental models as "people's assumptions, beliefs, facts and misconceptions about the world." They further indicate that mental models provide a framework for interpreting new information and for determining appropriate responses to new situations, as well as for guiding people's perceptions, decisions, and behavior. In the two chapters that

follow, we provide you with the components of the mental model for performance consulting.

In Chapter 1, we introduce the Need Hierarchy and the Gap Zapper. The Need Hierarchy clarifies the difference between results and solutions. Too often, taking action (i.e., implementing a solution) is confused with accomplishing results. The Gap Zapper identifies the eight categories of root causes that have an impact on workplace performance. Causes in any of the eight categories must be addressed through the "right" solutions if work group performance is to be enhanced and business results achieved. This chapter also defines criteria for identifying and partnering with the "true" clients for a performance consulting initiative.

In Chapter 2, we discuss a component of the mental model that is the logic performance consultants use when analyzing a client need. We refer to this as GAPS! logic and include a tool called the GAPS! Map. This tool provides a structure for analyzing business and performance situations—both problems and opportunities—and determining the best approach for addressing the situation.

The concepts and tools in Chapters 1 and 2 are the foundation of the mental model that guides successful performance consultants. To paraphrase da Vinci, these concepts will act as a rudder and compass, guiding you and your clients to the destinations you seek.

1

The Need Hierarchy

Systems thinking is a discipline of seeing wholes. It's a framework for seeing interrelationships rather than things, patterns of change rather than static "snapshots."

—PETER M. SENGE, *The Fifth Discipline* (1990, 68)

Imagine this: You just received a call from the director of technology, who reports to the chief information officer (CIO). The director wants to meet with you to discuss some type of incentive bonus for project managers within his area. Project managers are expected to bring in projects for new and updated information systems on time and within budget. Currently, more than half of the projects are completed late, resulting in increased costs. When a project runs behind, project team members work overtime. This delay also often requires that additional team members be brought on board, adding to costs. Currently, this director's operating expenses are 6 percent over budget.

The goal is to complete 95 percent of projects on time; only 58 percent of projects are meeting this goal. This situation is also resulting in user dissatisfaction. When projects do not meet their deadlines, there are repercussions for the operating divisions, such as delayed launches of new products and systems.

The director of technology wants to discuss a project-based incentive bonus plan, believing that an incentive bonus will encourage project managers to work harder to complete projects on time and within budget. The director envisions that the bonus paid to project managers will be in addition to their current salary. Fifty percent of the incentive would be earned if the project is completed on time and 50 percent if the project is completed within budget. The director wants your help in designing this project-based incentive bonus.

This is a situation that calls for a performance consulting approach. Why? Because performance consultants systematically seek information about the root causes of a problem and the interrelationships of factors impacting

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on the situation. To make sound decisions in this situation, you will need more information. In this case, you could ask the following questions:

- ▪ What must project managers do more, better, or differently to bring projects in on time and within budget?
- ▪ How does that scenario compare with what project managers are typically doing now?
- ▪ What evidence does the director have that a new bonus system will result in these desired behaviors being used on the job?
- ▪ If the bonus system were instituted, what other factors might still inhibit or prevent the project managers from bringing the projects in on time and within budget?
- ▪ What factors, other than the performance of project managers, are contributing to the expenses being 6 percent over budget?

NEED HIERARCHY

Earlier in Part One of this book, we discussed how mental models are used by successful performance consultants to guide them in the situations they encounter. A fundamental component of the mental model for performance consulting is the Need Hierarchy. Performance consultants use the Need Hierarchy as a framework for analyzing information obtained from questions such as those noted above. The mental model helps identify the interrelationships among what people do on the job, the environment within which they work, and their accomplishments. The Need Hierarchy is displayed in Figure 1.1.

These needs are present in all organizations, whether for profit, not for profit, or government. Business needs are the highest-order need; all other needs should emanate from them. The term *business need* is typically used in for-profit organizations. In a not-for-profit organization, the term is frequently replaced with *organization* or *operational need*. A governmental organization may use the term *agency need*. Regardless of what it is called, this need must be achieved. Not doing so, over a period of time, threatens the viability of the organization. Note that we use the term *needs* as a global term associated with each level in the hierarchy. Table 1.1 indicates alternative terms for each of the needs in the Need Hierarchy.

Let's look at each of these needs and how they help you to analyze the situation described at the start of this chapter.
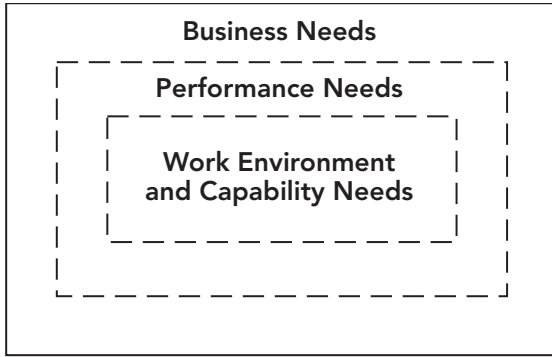
Figure 1.1 Need Hierarchy

Business Needs

These are the business goals and objectives the organization must achieve if it is to be successful. Business needs and results are measured quantifiably. Growing market share is an example of a business need; it can be measured in terms of the percentage of market share, the number of new customers, and the revenue needed. Other examples of business needs are to increase customer satisfaction, increase operational efficiency, retain talent, decrease operational costs, and increase profit. In a not-for-profit organization, examples may be to

TABLE 1.1 Need Hierarchy Terminology

GLOBAL TERMS	ALTERNATIVE TERMS
Business needs	▪ Business goals ▪ Business objectives ▪ Current business results
Performance needs	▪ Accomplishments and behaviors ▪ Behavioral requirements ▪ Current practices
Work environment needs	▪ Barriers or enhancers ▪ Inhibitors or enablers ▪ Infrastructure
Capability needs	▪ Skill ▪ Knowledge ▪ Attributes

increase enrollment, improve member satisfaction, and grow contribution to re-
serves. In a governmental organization, examples may be to increase citizen sat-
isfaction with services provided and to improve the infrastructure of the region.

Let's return to the situation within information technology and use the
Need Hierarchy as our guide. The Need Hierarchy alerts you to seek addi-
tional information about the business need the director provided in the initial
discussion. The director indicated a business goal to manage operating ex-
penses within budget. Currently, the director's operating expenses are exceed-
ing budget by 6 percent. But is this the only business goal concerning the
director? For example, the director mentioned that the current situation is re-
sulting in "user dissatisfaction." What is the goal for user satisfaction? What
are the actual results compared with the goal? And is this goal one to also
focus on? This is the type of information you seek when working as a per-
formance consultant.

Performance Needs

These describe on-the-job accomplishments and behaviors required of indi-
viduals who are performing within a specific job *and* who contribute to the
achievement of the business goals. Performance needs identify what individu-
als must do more, better, or differently if the business goals are to be achieved.
Performance needs are described in behavioral terms.

Within the technology situation, you would seek information about what
project managers must do more, better, or differently to bring projects in on
time and within budget. You also want to identify behaviors that will result in
generating a high degree of user satisfaction. One method to determine what
project managers should do is to determine if there are any "star" project
managers who are achieving the required goals. If there are, you can obtain
information from them regarding what practices and techniques they are
using to accomplish goals. You may discover that star project managers fol-
low a documented, proven project management process and demonstrate an
interest in and concern for the user's expectations and requirements. Star proj-
ect managers may also provide information about optimal techniques for
forming and managing project teams. You also want to determine what typi-
cal project managers are doing, compared with what the stars do to achieve
the business goals. When this information is obtained, the performance gaps
can be identified. A gap leads to the question "What are the causes for this
performance gap?"

Work Environment and Capability Needs

These factors have a direct impact on the performance of work groups; they
can also contribute to, or obstruct, accomplishment of business goals. *Work*

environment refers to the infrastructure of the organization, including work processes, information systems, and incentives. The intent is for work environment factors to support practices required of the work group to achieve the business goals. Work environment factors can be tangible or intangible. Intangible work environment factors are those that, while unseen in a physical sense, are known to be true. Examples are recognition, incentives, clarity of expectations, and amount of authority. Other work environment factors are tangible, such as availability of vehicles, computers, and adequate space. Any work environment factor can operate as either a barrier or an enhancer. The factor will be an enhancer if it encourages desired on-the-job behavior and accomplishments. The same factor can be a barrier if it discourages desired behavior and accomplishments. For example, if coaching is done effectively, it is an enabler to performance; if absent, it is a barrier.

In the situation where the project managers were having problems bringing projects in on time and within budget, there were several work environment and capability factors that the director of technology did not mention in the initial conversation. A work environment enabler was a proven project management process that guided project managers through each stage of a project. Also, state-of-the-art equipment supported the project teams as they developed and revised the information systems.

As for barriers, project managers had difficulty forming project teams because those teams were made up of individuals who did not report directly to the project managers. Team members, who reported functionally to other managers, often had conflicting responsibilities that pulled them off the projects for periods of time. Another barrier was a lack of clarity regarding the project manager's role in managing operating expenses. Because project managers were not part of the budgeting process, they lacked a strong commitment to achieve the budget goals.

Regarding capability, the project managers were technically proficient. However, they lacked the interpersonal skills and leadership attributes needed to select, form, and manage project teams. To make matters worse, their direct manager provided very little coaching about building and managing teams.

As a performance consultant, you would obtain this type of information from the director and from project managers. (We discuss how to do this in Chapters 3, 4, and 5.) What is important to note is that, in this case, no barrier was identified for which a new bonus plan would be a good solution. Clearly the solution proposed by the director of technology would have been insufficient to affect a change in project managers' performance and the business results.

THE GAP ZAPPER

Identifying causes for business and performance gaps is key to success when working as a performance consultant. To assist people in identifying causes, and not just symptoms, we created a tool called the Gap Zapper displayed in Figure 1.2.

As you can see, successful on-the-job performance rests on a three-legged stool, so to speak, with each "leg" acting as a factor in that performance. The Gap Zapper provides categories of causes that frequently are barriers to successful on-the-job performance. We use these categories as "buckets" where we organize barriers of a similar nature. In Chapter 5, we discuss how to identify causes, sort them into buckets, distinguish causes from symptoms, and select appropriate solutions for eliminating the causes. Here we begin with a big picture view of factors beginning on the right, with capability needs.

Factors internal to individuals refer to capability needs. These address factors that reside within individuals and either enable people to perform or hinder their performance.
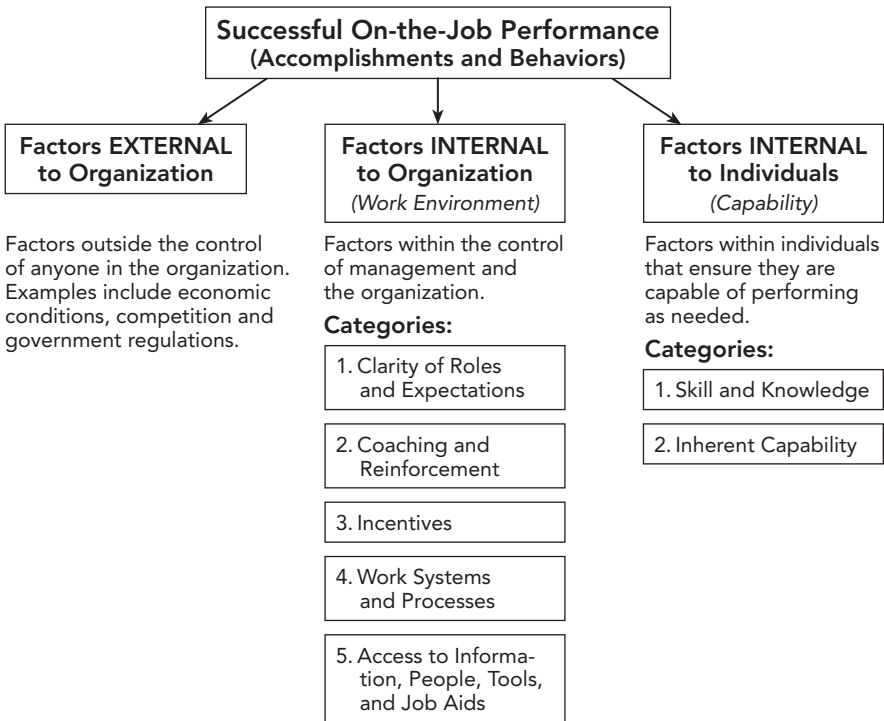

Figure 1.2   Gap Zapper

1. *Skill and knowledge* refers to what individuals must know and be able to do to perform successfully on the job. For example, if people do not know how to operate heavy equipment, they will not be able to perform their job as operators of this equipment in a safe and effective manner.

2. *Inherent capability* refers to the "raw ingredient" that is within each of us, making each of us unique. It includes our background, education, previous work experience, as well as attributes and traits. Inherent capability develops over a long time. It is influenced by our DNA and our life experiences. It is very difficult to change over a short period. So it is more efficient to have a selection process that accurately identifies individuals with the required inherent capabilities.

It is important to note that skill is *not* performance. For example, if a manager called and asked you to develop the negotiating skills of a work team, this manager has provided you with a capability need, not a performance need. To qualify as a performance need, the request must describe what the work team is expected to actually *do* on the job when negotiating.

Factors internal to the organization consist of five categories of work environment needs. When these factors are present in a positive manner, they enable performance. When absent or present as an obstacle, they hinder performance. Note, however, that work environment factors are within the control of an organization's management.

1. *Clarity of roles and expectations* focus on employees knowing specifically what their roles and responsibilities are relative to their job goals and accountabilities. When individuals know how their responsibilities differ from others who are supporting the same business goal, they have role clarity. When they don't know how their responsibilities differ from others, there can be role confusion, a frequent barrier to performance.

2. *Coaching and reinforcement* means there is a system to provide coaching support to individuals as they perform their job responsibilities. It includes reinforcing and acknowledging desired performance as well as providing developmental feedback.

3. *Incentives* are the rewards, both tangible and intangible, that encourage people to perform as needed. Tangible incentives include bonuses and financial rewards. Intangible incentives include a supportive culture and interesting, meaningful work. Effective performance requires a positive balance of consequences. It is easy for employees to maintain the status quo in their performance when there are no consequences, positive or negative, for changing.

4. *Work systems and processes* are the work flow and organizational systems within which individuals perform. These can make work

performance easier and more efficient; they can also make desired performance difficult and even impossible. Geary Rummler, coauthor of *Improving Performance: How to Manage the White Space on the Organization Chart*, states it quite succinctly when he says, "If you pit a good employee against a bad system, the system will win almost every time" (Rummler and Brache 1995, 75).

5. *Access to information, people, tools, and job aids* is a category of work environment needs that continues to grow in importance as people are expected to perform effectively in complex environments without a lot of day-to-day guidance. This category is growing in importance because more people have jobs that are dependent on availability of software and current information. People cannot perform effectively without accurate and current information and access to the type of tools required to do the job.

Factors external to the organization is yet another cause category to be considered. This category refers to factors that are outside the control of the organization. Examples include competitive pressures, economic conditions, weather conditions, and regulatory requirements that impact the organization. No individual or group within an organization can change these factors; rather, the leaders must form strategies for the organization to be successful despite the external factors. For example, when energy prices are high, companies and organizations that operate in the transportation industry must find ways to succeed and meet profit goals despite this challenge. Of course, there are times when external factors can be supportive of an organization's business needs, as when the economy is growing. Businesses that sell products to the growth markets are benefited.

In summary, the Need Hierarchy and the Gap Zapper are critical elements of the mental model that guides your thinking and behaviors as a performance consultant. It will influence how you seek and analyze information about factors impacting work group performance and business results.

DISCRIMINATING AMONG NEEDS
IN THE HIERARCHY: TRY IT!

As a performance consultant, it is critical to discriminate among the four types of needs in any situation you encounter. In this way you quickly determine for which needs the client has provided information as well as those where no information was given. You will then need to engage the client in a discussion to obtain the "missing" information. The following exercise provides you with an opportunity to sharpen your discrimination skills.

Instructions:

- Imagine that each of the following statements is a request from a manager you support. Each statement is a description of the situation as the manager presented it. The statements have been sent to you via voice mail, e-mail, or memo. Using only the information in the manager's statement, determine what need(s) in the Need Hierarchy the manager is describing. Make no assumptions or inferences when making your selections.

  Each of the statements identifies one or a combination of the following needs:
  - **BN = Business Need.** The statement refers to the goals or strategies of the business or organization. The statement may or may not contain numerical measures; however, that information can be obtained by questioning the manager.
  - **PN = Performance Need.** The statement defines what people must do on the job to support the business goals. It may also refer to what people are currently doing. The descriptors may be vague, but on-the-job behavior is clearly the focus.
  - **WN/S = Work Environment Need or Solution.** The statement identifies one or more of the five categories of work environment needs described in the Gap Zapper, or it provides a solution that addresses one of these needs.
  - **CN/S = Capability Need or Solution.** This is a statement that identifies the skill, knowledge, or inherent capability required of people. The statement may also provide a solution to address this category of cause.

After you have made your selections, see how your answers compare to ours (which appear at the end of this chapter).

BN	PN	WN/S	CN/S	
1. ☐	☐	☐	☐	*I need all sales representatives to use the new computer system we are implementing. What type of training can you provide to prepare them to use the system?*
2. ☐	☐	☐	☐	*Our company is losing service revenue to local repair shops. We must reverse that trend. I want all service technicians to obtain information about the repair shop competitors in their area.*
3. ☐	☐	☐	☐	*We need to improve our customer satisfaction ratings. They have been trending downward for the last four weeks. I think we should offer paid time off for any customer service representative who achieves their customer satisfaction goals for any month.*
4. ☐	☐	☐	☐	*There is an increasing amount of conflict in my group. What kind of team-building experience could we use to enhance skills of people to work as a team?*

STRATEGIC RESULTS AND TACTICAL SOLUTIONS—
WHAT'S THE DIFFERENCE?

Why is there so much buzz about the need for HR and Learning functions to become more strategic? As noted in our introduction, many business leaders are questioning the value currently provided by these functions. Certainly the article in *Fast Company* entitled "Why We Hate HR" was an eye catcher (Hammonds 2005), as was a comparable article addressed to the Learning profession entitled "Over the Top or On the Money" (Oakes 2005)!

Now consider the work done at American Standard Companies and reported by Grossman (2006). This HR function, working with the organization's business leaders, set about to enhance leadership practices. In order to determine results of that initiative, they worked with Lauri Bassi and utilized her Human Capital Capability Scorecard (HCCS). This instrument rates a manager's "maturity" in five areas: leadership practices, employee engagement, knowledge accessibility, workforce optimization, and learning capacity. The results revealed a positive relationship between the managers' overall maturity levels and the safety and revenue performance of their businesses. In other words, HR, in partnership with management, worked strategically to connect on-the-job leadership performance to business results.

As performance consultants, we must be keenly aware of the business goals and strategies for the organizations we support. Our job is to identify the implications of these goals for the performance required of people and to partner with our clients to ensure that the work environment and capability of these employees and their managers are supporting those performance requirements. In essence, we are partnering with our clients to define and align the four needs within the Need Hierarchy. When we do this, we are working strategically.

Three Kinds of Work

Not all work that is required of those in an HR, Learning, or OD role is strategic. In determining what *is* strategic work, it can be helpful to first identify what it is not. Three categories of work need to be completed within any function that is focused on the "people side" of the business.

- Transactional work
- Tactical work
- Strategic work

Transactional work is operational or administrative in nature. Typically this work addresses the needs of a specific individual. When a manager seeks

guidance in how to interpret a specific organizational policy or when an employee inquires about the status of her tuition reimbursement payment, transactional requests are received. This work must be done effectively and with a prompt response. This category of work *is* important, but it is not strategic. Transactional work is increasingly being outsourced and/or transitioned to self-service through technology. The goal of many HR and Learning functions today is to accomplish transactional work through other means that free up the time of people in the function to work on more strategic opportunities.

Tactical work focuses on the design and implementation of solutions that address the barriers to successful performance. Examples include implementing e-learning to provide product knowledge or engineering a revised, more efficient work process.

Tactics are critical as they are the implementation arm of any strategy. The problem is that many tactical solutions are implemented with minimal or no linkage to a strategic goal. In this instance, the solutions are essentially programs or events. Have you ever known a manager to take a single action, such as reorganizing the function, in order to achieve greater operational efficiency? Yet over time, the manager did not achieve greater operational efficiency because other needed changes were not implemented. Or what about a training program rolled out to hundreds of people, with limited connection to a business goal? Solutions that are implemented as stand-alone tactics have minimal probability of having a sustained impact on employee performance and business results. Certainly there are times when training, by itself, is appropriate—for example, when a group of less experienced employees is transferred into a work group that is highly productive. But more often than not, single solutions do not bring about sustained change in performance or business results. Instead, they consume valuable resources in terms of money, people, and time.

Strategic work benefits the business or organization *directly*. It requires clear business goals that guide the performance requirements of people who support that goal. Strategic work is inclusive of tactical work—a strategy with no tactics is just a dream. As performance consultants, we want to ensure that the work we do to design and implement tactics directly supports one or more strategic goals of the organization.

How do you know you are working on a strategic initiative? The characteristics of strategic work are as follows:

- It focuses on business units, functions, or the entire enterprise. It is macro, not micro, in focus.
- It is long-term in scope, frequently taking actions that will benefit the organization over the long term (over a period of years) and not short term (the next quarter).

- It is directly linked to one or more business goals or needs of the organization.
- It us solution-neutral in its early stages. The role of a performance consultant is to help managers identify what the problem or opportunity *is* before beginning to work on solutions, or tactics, needed to address it.
- It requires multiple tactics to be implemented; single solutions do not yield strategic results.

Figure 1.3 illustrates where in the Need Hierarchy strategic and tactical work are located. Strategic work focuses on accomplishing the business and performance results; tactical work focuses on solutions that address work environment and capability causes.

As a performance consultant, you want to make sure you are not just doing *something* but that you are doing the *right* thing. Chapters 3 through 6 will help you accomplish this, because doing the right thing generally requires completing some level of assessment. It is also important to be certain your focus is on strategic results and not just on the tactical solutions. Tactics are a means to the end; they are not the end.

STRATEGIC OR TACTICAL? TRY IT!

Take a moment to test your skills in discriminating between a strategic result and a tactical solution. Read each statement and determine whether it is describing

- a strategic result,
- a tactical solution, or
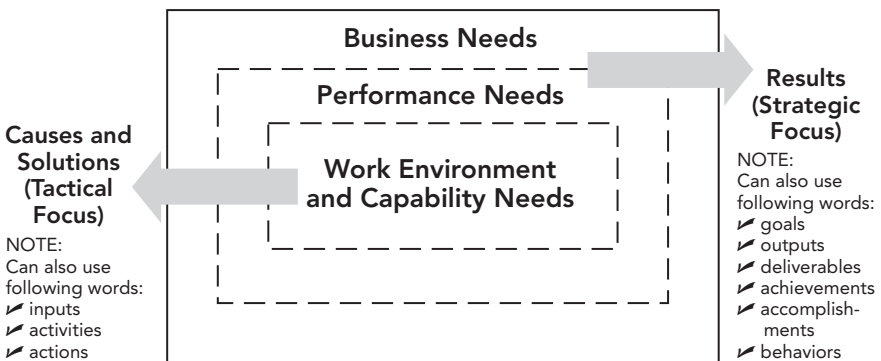- both a strategic result and a tactical solution.

Figure 1.3   Strategic and Tactical Work in Need Hierarchy

Compare your selections with ours at the end of this chapter.

	Strategic Result	Tactical Solution	
1.	☐	☐	*We have enhanced leadership capacity globally in our organization. We can now identify individuals who have leadership potential and provide them with opportunities to develop the required leadership skills.*
2.	☐	☐	*Our goal was to reduce our operating expenses. We redesigned our supply chain management process to support that goal. People are now working more efficiently, and the business is realizing almost a million dollars a year in savings.*
3.	☐	☐	*We've just installed a new system for updating customer service representatives about changes and improvements in our products.*

WHO IS OUR CLIENT?

Performance consultants help define and align the four types of needs within the Need Hierarchy. When you work in this manner, you are operating strategically. But you cannot do this alone. Many factors are controlled by business leaders, factors that can be changed only by them. Partnering with these individuals becomes critical to your success as a performance consultant. It is important to clearly identify the appropriate individual(s) with whom you should partner when working any type of performance consulting initiative. We use the term *client* to refer to the individual with whom you should partner. You may prefer another term, such as *customer* or *partner*. Whatever the term, a common mistake made by performance consultants is to determine too late that they are not working with the "true" client. Let's look at the criteria for a client:

- A client owns (has accountability for) achieving business results within the organization. In this way, a client has something to gain (or lose) from the success (or failure) of the initiative you are working on.
- A client has authority and power to make things happen, including the garnering of resources required to support a specific initiative.
- A client is within the chain of command of the employees whose performance is to be changed in some manner.

Clients come in two "flavors": sustained and project. *Sustained clients* meet the criteria listed here and, because of their position and influence within the organization, are people with whom a partnership is maintained independent of any current project or initiative. Your level of communication and contact with these clients is sustained and continuous. Generally, sustained

clients are located in the mid- to upper levels in an organization. Job titles of sustained clients include president, chief executive officer, vice president, chief operating officer, general manager, country manager, and director. As one HR consultant indicated, "I view the president and his direct reports as my sustained clients."

Project clients meet the criteria noted for a specific project. Your communication with project clients will be robust during the life of the project and will decrease when the project has been completed. These are individuals whose position and power generally do not warrant the intensive communication on a sustained basis. However, their importance relative to a specific project does require a strong partnership during that initiative. Frequently, projects are supported by *client teams* where several individuals have ownership for some aspect of the project, and they work together as a team to support the project. For example, if the business goal is to successfully introduce a new product to the marketplace, a client team may consist of the vice president of sales, vice president of marketing, and vice president of supply chain management. Client teams are almost always required for enterprise-wide projects.

All of this yields yet another characteristic of strategic work for performance consultants: Performance consultants can work in a strategic manner only when they have *direct access* to the client for the initiative or project. As a performance consultant, you need to influence clients as they make decisions relative to performance and business goals. It is virtually impossible to influence someone with whom you do not have direct access. This point is all the more reason to be thoughtful about which individuals in the organization you will need a sustained client relationship as well as who should be the client for any specific project. We discuss techniques for gaining access and for deepening client partnerships in Chapter 7.

IDENTIFYING YOUR CLIENTS: TRY IT!

Take a few minutes to identify those individuals within your organization who qualify as your clients. As you continue reading this book, keep these individuals in mind. Identifying actions you can take to enhance or maintain these partnerships at the level required to do effective performance consulting work.

1. Individuals with whom I currently have a sustained partnership:

2. Individuals with whom I should have a sustained partnership:

3. Individuals with whom I currently have a project partnership:

PERFORMANCE CONSULTING POINTERS!

1. Successful performance consultants work from a mental model that guides how they analyze business and work group performance situations.

2. One component of a performance consultant's mental model is the Need Hierarchy. This model helps identify and align the four critical needs within any organization. It also helps clarify the difference between strategic results and tactical solutions.

3. The Gap Zapper is a tool used to sort causes of business and performance gaps into eight categories.

4. When working strategically, performance consultants partner with clients who are accountable for achieving specific business results and for managing the people whose performance supports that goal.

ANSWERS TO DISCRIMINATING AMONG NEEDS IN THE HIERARCHY: TRY IT!

Compare your answers to the exercise with ours presented here. We have provided rationale for each of our answers. In some instances, we indicate why a response would not be correct. Hopefully this rationale will add to your understanding of the four types of needs.

	BN	PN	WN/S	CN/S	
1.	☐	☑	☐	☑	*I need all sales representatives to use the new computer system we are implementing. What type of training can you provide to prepare them to use the system?*

Performance Need and Capability Solution. *I need all sales representatives to use the new computer system* is a performance need. It is describing something these representatives need to do on the job. *What type of training can you provide* is a capability solution—a solution designed to enhance the skill or knowledge of the sales representative.

BN	PN	WN/S	CN/S	
2. ☑	☑	☐	☐	*Our company is losing service revenue to local repair shops. We must reverse that trend. I want all service technicians to obtain information about the repair shop competitors in their area.*

Business Need and Performance Need. *Losing service revenue* is a business need; the actual numbers have not been provided, but we can obtain that information through questions we ask. *Obtaining information about repair shop competitors* is a performance requirement for service technicians.

3. ☑	☑	☑	☐	*We need to improve our customer satisfaction ratings. They have been trending downward for the last four weeks. I think we should offer paid time off for any customer service representative who achieves their customer satisfaction goals for any month.*

Business Need, Performance Need and Work Environment Solution. *To improve customer satisfaction ratings* is a business need, in this case a business problem. T*o offer paid time off* is a work environment solution focusing on the incentive category. *Customer service representatives who achieve their customer satisfaction goals in any month* describes the performance requirement for customer service representatives to become eligible for the paid time off.

4. ☐	☑	☐	☑	*There is an increasing amount of conflict in my group. What kind of team-building experience could we use to enhance skills of people to work as a team?*

Performance Need and Capability Solution. *Increasing amount of conflict in my group* is a performance need, in this case a performance problem. It describes behaviors of people in a group and what they are doing now on the job. Asking for a *team-building experience to enhance skills* is a capability solution.

ANSWERS TO STRATEGIC OR TACTICAL? TRY IT!

Strategic Result	Tactical Solution	
1. ☐	☑	*We have enhanced leadership capacity globally in our organization. We can now identify individuals who have leadership potential and provide them with opportunities to develop the required leadership skills.*

This statement focuses on a tactic that was implemented and how that tactic is benefiting individuals. There is no mention of the business results which are occurring because management can now identify individuals with leadership potential.

2. ☑	☑	*Our goal was to reduce our operating expenses. We redesigned our supply chain management process to support that goal. People are now working more efficiently, and the business is realizing almost a million dollars a year in savings.*

The goal to reduce operating expenses describes a strategic result. The statement about redesigning the supply chain management process identifies a tactical solution that was implemented. The statement continues by describing the business benefits derived from that reengineering effort. In this way the statement provides a strategic result and a tactical solution.

	Strategic Result	**Tactical Solution**

3.   ☐   ☑   *We've just installed a new system for updating customer service representatives about changes and improvements in our products.*

Creating a system to update people on changes and improvements is a tactic. What is the business benefit from this system? While there may be one, it is not identified; therefore, this statement is describing a tactical solution only.

DOWNLOAD THESE!

Tools that support content from this chapter, and are contained in the Mental Model Toolkit, are listed here. These tools can be downloaded from the Berrett-Koehler website. Please see page 235 for download instructions.

- ■ **Need Hierarchy**
- ■ **The Gap Zapper**

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