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New Zealand Association for Training and Development



Performance Consulting

A Strategic Process to Improve, Measure, and Sustain Organisational Results

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THIRD EDITION of the Classic Bestseller,
Completely Revised and Updated

Performance Consulting

A STRATEGIC PROCESS TO IMPROVE,
MEASURE, AND SUSTAIN
ORGANIZATIONAL RESULTS

Dana Gaines Robinson | James C. Robinson
Jack J. Phillips | Patricia Pulliam Phillips
Dick Handshaw

The material in these slides is taken from this book – my “go to” performance consulting book.

I highly recommend it.

It is practical handbook of a sound performance consulting process, and contains useful illustrations and tables throughout.



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Performance Consulting is Strategic

The use of the word *strategic* is purposeful. Strategic work is critical to sustaining future business and organizational success.

Performance consulting is a process used to partner with management on these types of initiatives. However, strategic work is not the *only* type of work supported.

The Three Types of Performance Consulting

1. Transactional
 - Largely administrative in nature
 - Typically addresses the needs of a specific individual
2. Tactical
 - Focuses on the design and implementation of solutions that support successful workgroup performance
 - Tactics are intended to support a strategy
3. Strategic
 - Benefits the long-term and overall aims and interests of the organisation
 - Requires clear business goals
 - Includes tactics

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The Performance Consulting Process

The Robinsons define performance consulting as *a strategic process that produces business results by maximising the performance of people and organisations.*

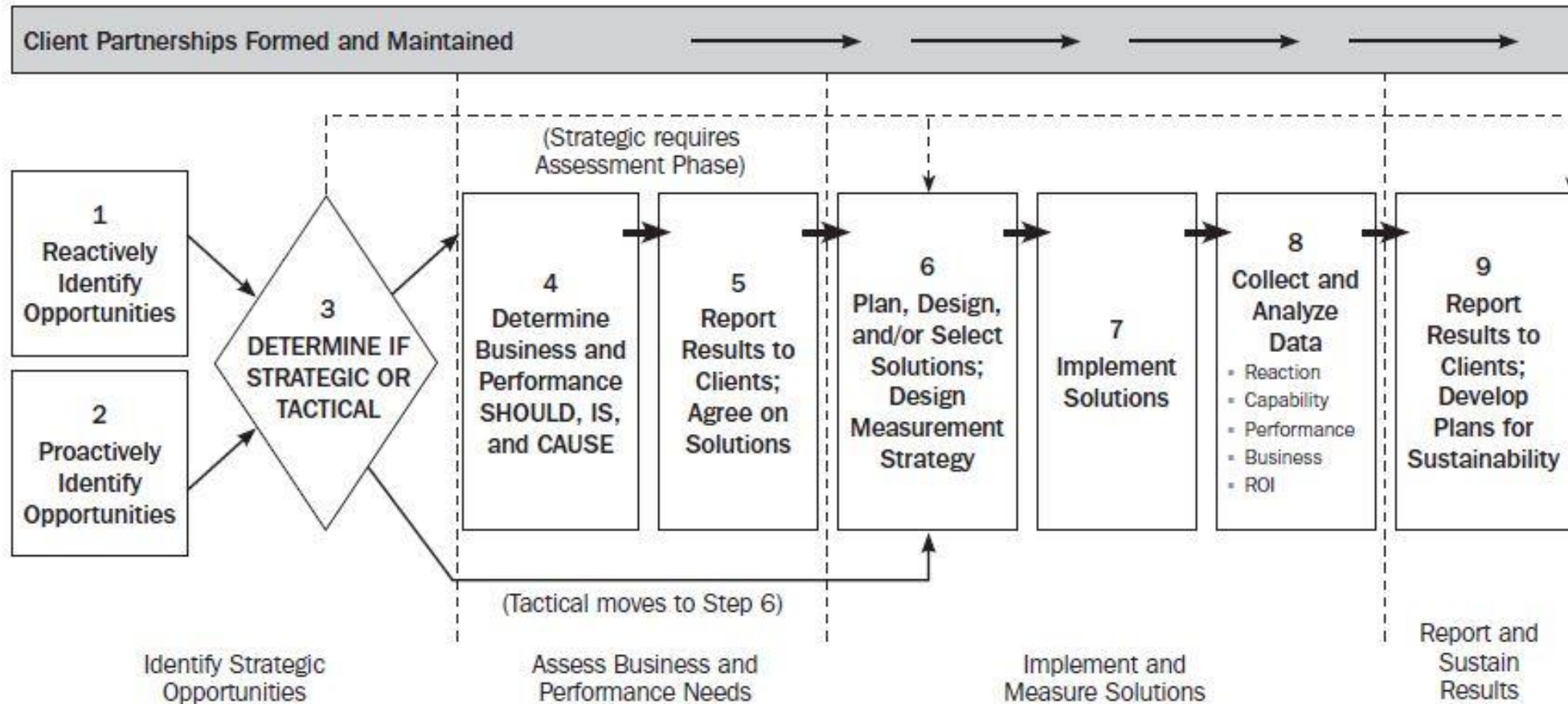
There are four phases:

1. Identify strategic opportunities
2. Assess business and performance needs
3. Implement and measure solutions
4. Report and sustain results

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Performance Consulting Process





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Phase 1 – Identify strategic opportunities

In this phase you, you forge strong partnerships with clients so that you gain access to strategic opportunities

Characteristics of Strategic Work

- Focuses on business units, functions, or the entire enterprise.
- Macro, not micro, in focus.
- Usually about taking actions to benefit the organisation over the long term (over 1 or more years), not short term (the next quarter)
- Directly linked to one or more business goals or needs of the organisation
- Solution-neutral in its early stages. Identify the problem or opportunity before working on tactics!
- Requires multiple actions to be implemented; single solutions do not yield strategic results

Our Performance Consulting Partners

A client is someone who:

- Owns/Has accountability for achieving business results and has something to gain (or lose) from the success (or failure) of the initiative
- Has the authority and power to make things happen
- Is within the chain of command of the employees whose performance is to be changed in some manner
- Frequently acts as a sponsor of the initiative and is the primary funder of it

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Clients vs Stakeholders

- Clients are accountable for business results
- Stakeholders have a vested interest in the outcome and may have accountability to achieve *some portion* of the results, but do not have the accountability for the entire set of results
 - For example, as stakeholders, supervisors are accountable for results within their span of control
- Employees are not stakeholders; they are the group of individuals whose performance is to change
 - Employees will benefit from, or be hindered by, the actions of stakeholders

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Strategic Solution Criteria

- One more business needs are directly supported by the initiative
- You have *direct* access to the client(s) accountable for achieving the business needs
- The client is seeking performance change from people in one or more employee groups
- The client is willing to share accountability with you for producing the required change
- The client will provide you with time and access to the appropriate people so you can obtain the necessary information before deciding on and implementing solutions
- The situation focuses on a group of people not on a few individuals

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Performance Consulting Pointers

1. Three categories of work are required in organisations: transactional, tactical, and strategic. Performance consulting is a process used to identify and address strategic needs
2. Strategic needs are directly linked to one or more business goals and are “owned” by people with whom performance consultants must partner. These individuals are referred to as clients
3. The Performance Consulting Process is a four-phased workflow that yields business results by maximising the performance of people and organisations



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Phase 2 – Assess business and performance needs

- Now you assess business and on-the-job performance needs, determining root causes for identified gaps

Needs Hierarchy Terminology

GLOBAL TERMS	ALTERNATIVE TERMS
<i>Business needs</i>	<ul style="list-style-type: none">■ Business goals■ Business objectives■ Current business results
<i>Performance needs</i>	<ul style="list-style-type: none">■ Accomplishments and behaviors■ Behavioral requirements■ Current practices
<i>Organizational capability needs</i>	<ul style="list-style-type: none">■ Barriers or enhancers■ Inhibitors or enablers■ Infrastructure
<i>Individual capability needs</i>	<ul style="list-style-type: none">■ Skill■ Knowledge■ Attributes

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Assess Business and Performance Needs

The three types of strategic assessments:

- *SHOULD assessments*. Identify the desired state for both the business and the performance of people who support that business
- *IS assessments*. Identify the current state for both the business and employees
- *CAUSE assessments*. Identify the root causes for gaps in business and performance results

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Business Need: Improve Operating Efficiency
within Manufacturing Facilities

Employee Group: Maintenance Mechanics

Client: VP of Manufacturing and the Facility Managers

Business SHOULDs

- 15% reduction in overall production costs
- Asset utilization rates at 85%
- Reject rates less than 1.25%
- On-time shipments greater than 97.5%
- 20% reduction in maintenance and repair costs

Business IS

- 7% reduction in overall production costs
- Asset utilization rates averaging 78%
- Reject rates are at 3.45%
- On-time shipments averaging 89%
- 5% reduction in maintenance and repair costs

Performance SHOULDs (Accomplishments and Behaviors)

Maintenance Problems Prevented

- Anticipate problems that will affect utilization rate
- Investigate unusual noises/other out-of-ordinary conditions that occur during production

Maintenance Problems Resolved Quickly

- Work in an independent manner, taking actions to address a production problem without seeking permission to do so
- Utilize root cause analysis techniques to identify the true cause of a problem, not just the symptom

Develop Less Experienced Mechanics

- Develop documentation for complex processes that can be used as a reference by others
- Coach newly hired mechanics and operators in techniques that can be used to maintain efficiency

Performance IS (Accomplishments and Behaviors)

Maintenance Problems Prevented

- Primarily respond to calls in "firefighting" mode, not evidencing predictive maintenance activity

Maintenance Problems Resolved Quickly

- Seek help frequently when diagnosing a production problem; reticent to take action on own judgment
- Use a hit-or-miss approach replacing components when production problems occur

Develop Less Experienced Mechanics

- Some mechanics mentor others; some do not. This is inconsistently done.

Factors External to the Organization

Labor pool of available mechanics is "tight"



Solution:
Apprentice program developed to supplement external hires

Factors Internal to the Organization (Organizational Capability)

Outside client's control
Replacement parts are:
▪ Difficult to identify due to poor recordkeeping
▪ Not always available



Solution:
Supply chain for replacement parts enhanced

Inside client's control
(facility manager)
Limited coaching and reinforcement by maintenance supervisors



Solution:
Supervisors developed and held accountable for coaching mechanics

Factors Internal to Individuals (Individual Capability)

Many mechanics lack computer and diagnostic skills



Solution:
Training program to increase skills in use of computer systems and diagnostic tools

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Performance Consulting Pointers

1. Performance consultants work from mental models that guide how they analyse business and workgroup performance situations
2. One component of a performance consultant's mental model is the Needs Hierarchy. This hierarchy contains four needs: business, performance, organisational capability, and individual capability. Performance consultants partner with clients to define and align these four needs
3. The second component of the model used by performance consultants is the SHOULD-IS-CAUSE logic
4. The Gaps Map is a tool designed to assist performance consultants in obtaining the information needed to address a specific business need



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Phase 3 – Implement and measure solutions

- With data from the assessment, you partner with clients to identify and implement solutions.
- You also form a measurement strategy at the same time as solutions are identified. Measurement is a front-end process, not something to be determined once solutions have been implemented.
- Obtaining measurement data is an activity that occurs throughout the solution implementation phase of work.

Implement and Measure Solutions

- *Reaction*: Are people viewing the change and the solutions in a positive manner?
- *Capability*: Has the capability of people increased and is the organisation supporting the change?
- *Performance*: Has the on-the-job performance of people involved in the initiative been enhanced?
- *Business*: Did the needed operational results occur?
- *Return on investment (ROI)*: Do the benefits to the organisation outweigh the initiative's cost?

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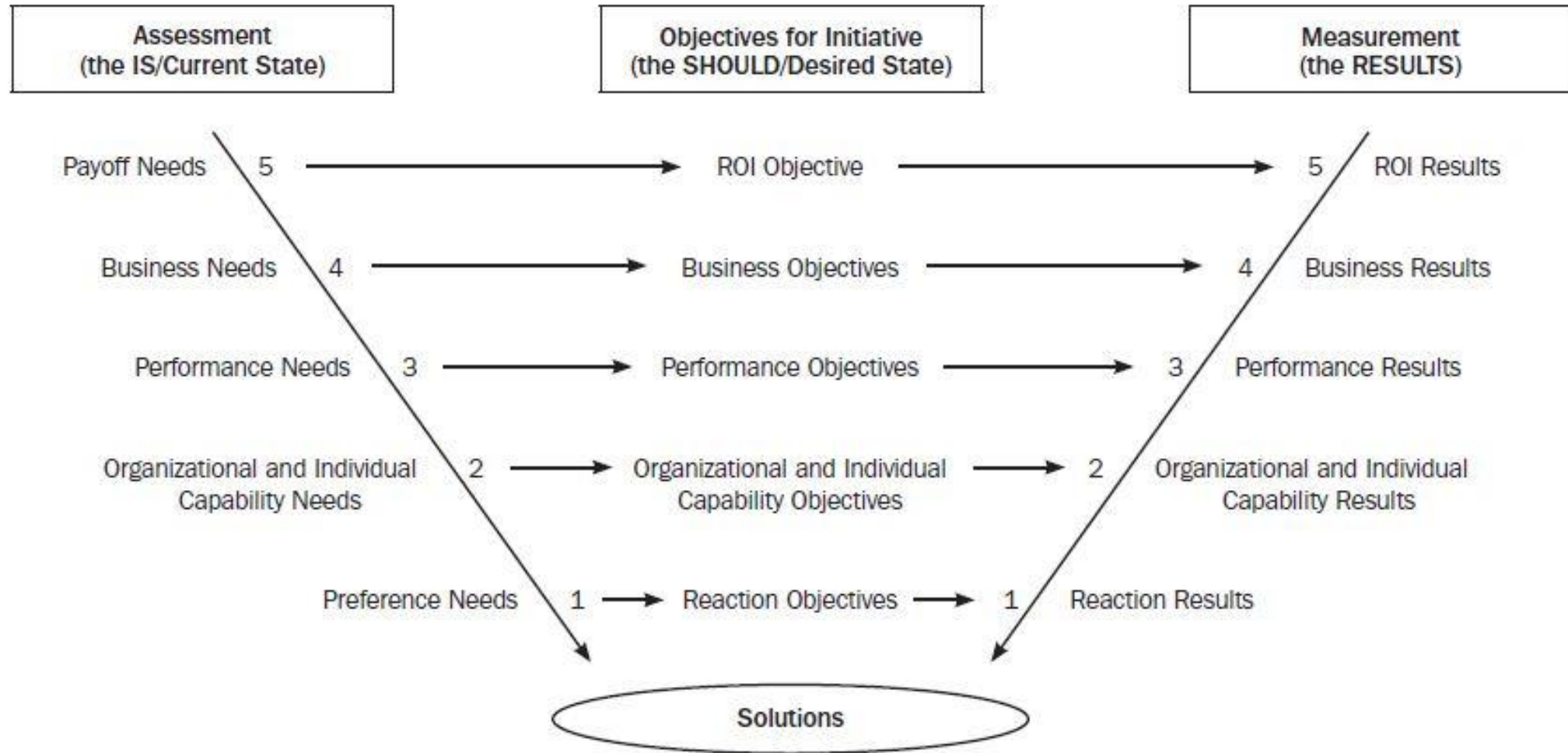
Implement and Measure Solutions

- LEVEL 1 - *Reaction*: Are people viewing the change and the solutions in a positive manner?
- LEVEL 2 - *Capability*: Has the capability of people increased and is the organisation supporting the change?
- LEVEL 3 - *Performance*: Has the on-the-job performance of people involved in the initiative been enhanced?
- LEVEL 4 - *Business*: Did the needed operational results occur?
- LEVEL 5 - *Return on investment (ROI)*: Do the benefits to the organisation outweigh the initiative's cost?

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Alignment and Measurement Model



An example of how to convert data to monetary values

Setting: Labor Management Consulting Project in a Manufacturing Plant

Step 1 Focus on a Unit of Measure

One grievance reaching step 2 in the four-step grievance resolution process

Step 2 Determine the Value of Each Unit

Using internal experts (i.e., the labor relations staff), the cost of an average grievance was estimated to be \$6,500, when time and direct costs are considered. ($V = \$6,500$)

Step 3 Calculate the Change in Performance Data, ΔP

Six months after the project was completed, total grievances per month reaching step 2 declined by ten. Seven of the ten reductions were related to the consulting project, as determined by first-level managers (Isolating the Effects of the Consulting Project).

Step 4 Determine an Annual Amount for the Change, $A\Delta P$

Using the six-month value of seven grievances per month yields an annual improvement of 84. ($A\Delta P = 84$)

Step 5 Calculate the Annual Value of the Improvement, $VA\Delta P \times V$

$$\begin{aligned}\text{Annual Value} &= A\Delta P \times V \\ &= 84 \times \$6,500 \\ &= \$546,000\end{aligned}$$

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What does positive ROI look like?

- What do you mean by ROI?
 - It's a calculation
 - It's about the \$
- $\text{Net benefits} / \text{costs} \times 100 = \text{ROI} \%$
 - $\$213,750 / \$222,550 \times 100 = 96\%$
- $\text{Benefits} / \text{costs} = \text{BCR}$
 - $\$436,300 / \$222,550 = 1.96:1$

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Performance Consulting Pointers

1. The accountability for, and measurement of, results achieved from a performance consulting initiative is shared by both clients and consultants.
2. Clients seek measurement information about a project's business impact and return on investment. It is the responsibility of performance consultants to include that level of measurement when possible.
3. The Alignment and Measurement Model is a framework for illustrating the causal linkage between the needs identified in the assessment phase and the results that are obtained following implementation of solutions. It also ensures that you have mutually agreed-on expectations with your clients before the initiative commences.



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Phase 4 – Report and sustain results

- Results are reported to your clients, determining with them the actions required to sustain results and/or make adjustments when results are insufficient

Performance Consulting Pointers

1. Measurement findings must be shared with clients and other stakeholders
2. When reporting measurement results, use a collaborative approach, involving your clients in drawing conclusions and forming recommendations for additional actions that may be required
3. Preparing for the reporting meeting is very important. You want to become deeply knowledgeable about the findings, patterns, and themes within the measurement data
4. For results to be sustained, the entire effort must focus on a change that matters to clients, employees, and line leaders. Publicising and celebrating successes throughout the initiative increases the probability that results will be achieved and institutionalised
5. It is important to determine when you need to actively re-engage with a client because the initiative and/or results you seek are at risk.

So Stop Jumping to Solutions and Make Performance Your Business!

All too often:

- People use a jump-to-solution approach, quickly moving from an identified problem to a request for a solution
- Root causes for the problem are not identified before agreeing on a solution
- Measurement of results is neither planned for nor completed
- As Cathy Moore has recently posted, “Save your clients from themselves!”
- And don’t be an order taker!

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In summary

- Performance consulting is a strategic approach, which starts with needs assessment

The proof

People acknowledge that working strategically yields greater results to an organisation than working only as a solution provider. There is evidence that when HR, OD, and L&D professionals work in a strategic manner, benefits accrue to the business. So consider these findings:

- When organisational barriers come down and HR business partners become more strategic, they can improve employee performance by up to 22%, employee retention by up to 24%, revenue by up to 7%, and profit by up to 9% (CEB Corporate Leadership Council, 2014)

The proof

- Learning organisations that use a performance consulting process have found a consistent, structured way to develop trust and build strong relationships with leaders. Over time these relationships will result in the learning organisation becoming a highly aligned and strategic partner with the business, increasing the learning organisation's ability to deliver value and contribute to the business, its goals, and ultimately its profitability (Bersin by Deloitte, 2014)

The proof

- High-impact learning organisations (HLOs) grow their profits three times faster than their peers. Excellence in performance consulting is one of the top capabilities distinguishing HLOs (Lawler, Jamrog, & Boudreau, 2011)
- HR leaders who emphasise numbers tend to see the biggest gains in the power and effectiveness of their HR functions. Therefore, to be seen as a credible function, HR leaders need data and analytics that show how effectively the HR organisation operates and how talent management systems perform (CorpU, 2010)

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