INTRODUCTION

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!