From trainer to learning

Paul Kearns defines a new role for a new type of learning professional and business partner.

Part 11: Why learning consultants are business partners

If you have been using this series as part of your own personal development programme your confidence to act as a learning consultant (LC) should have increased a great deal over the last ten months. So you should now be ready to start spreading your wings at a much more advanced level – that of the fully-fledged business partner. But maybe you need to be absolutely clear what this means. It was covered very briefly in the first part of this series in January as a distinct stage of evolution (Stage 4) along the learning maturity scale.

Of course, the term 'business partner' itself is not new. It has been bandied about for some years now, in both HR and training circles, but it still seems to mean different things to different people. Nevertheless, regardless of what the phrase actually means, there seems to be a general acceptance that this is a positive and welcome development. So let us try to put some clearer definition on what partnering the business looks like in practice. To do so we will look at the role from two distinct angles:

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- understanding the business, and
- offering news insights into organisational management.

UNDERSTANDING THE BUSINESS

The first of these is the most obvious. You cannot hope to act as a business partner if you do not understand the business you are in. More importantly, you also need to appreciate the types of issues and problems that your 'customers', line managers, are facing every day. If you work in financial services, for example, what exactly is the business selling? Bank accounts, insurance policies, financial security or brand image? If you are in fmcg (fast-moving consumer goods) do you know what margins, if any, are being achieved on all of your products? Where does your business want to be in the market and how ambitious is it? These are just a few of the multitude of questions to which you will need to have answers if you are ever to be accepted as a credible partner.

All businesses follow some very simple, basic principles. They are usually driven by one or a combination of the following.

- Share price.
- Profitability.
- Revenue.
- Cost control.
- Margin.
- Market share.
- Customer service (or patient care if you are a hospital).
- Product quality.

All business partners have to understand what is driving their own organisation and this list covers just about everything. So it should provide the basis for some very interesting discussion with line

managers. In fact, in practice, it is amazing how often line managers seem to have different views on what the real business drivers are and, in the worst cases, they have conflicting objectives. For example, one manager might focus on market share at the expense of profitability while another wants profitability now at the possible expense of long-term market share. This might look like a serious problem, and it is, but it offers business partners one of the best opportunities they will ever have of bringing some real value to the organisation.

The first step is to ensure there is common agreement about business drivers and objectives. Only then can a business partner start to discuss learning needs. Moreover, any learning needs subsequently identified will always have to be directly connected to these same objectives. In one sense, therefore, LCs are welcome partners as they use their expertise to help line managers achieve what they need to achieve. But that does not sound like a fundamentally different role for some trainers. To see the real shift required we need to view the business partner role from another angle entirely.

OFFERING NEW INSIGHTS

Moving up to the role of business partner means that you will begin to teach your organisation something about organisational management itself, never mind training, development and learning. The potential value of this role is enormous. However, in order to climb to this higher level we quickly need to put this in the context of what has been happening in the wider world of management theory and practice over the last 20 years or so.

When globalisation started to become a reality it placed enormous extra pressures on organisations. These included significantly increased competition and pressure to move production facilities to countries where lower labour costs were achievable. At the same time the advent of the consumer-led society meant customers demanded quality assurance and higher levels of customer service than they had accepted in the past. To add to all of this was the total quality drive, imported from Japan, based on a philosophy of never-ending, continuous improvement, or kaizen.

In the face of these challenges many traditional management methods (for example, budgeting, historical accounts, command and control management styles, silo organisation structures and even quality control) were seen as being unsuited to the relentless pace of change. Probably at the top of this list, though, was the need to completely re-think the way in which business strategies were formulated and implemented. The conventional wisdom of using historical performance and accounting data had left organisations ill-prepared for the huge, unforeseen changes that were happening in the global marketplace.

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This led to probably the most significant change of all in management thinking, and the one that is most relevant to an LC – the concept of using a range of different measures to gauge how well an organisation is performing. This shift in thinking towards the use of a range of measures was probably best exemplified by Robert Kaplan and David Norton's notion of a balanced business scorecard. Kaplan and Norton basically said that just measuring financials was no longer enough. Now organisations needed to have four different perspectives, all of which should ➤

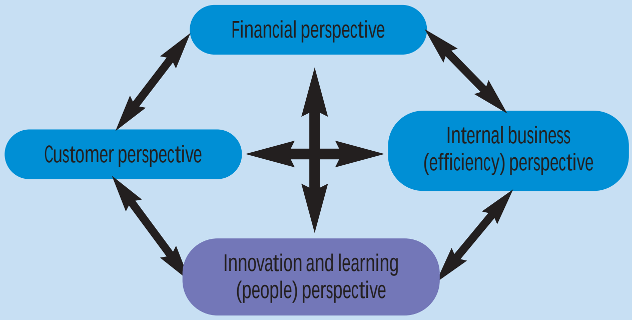
have their own set of measures. These perspectives are shown in Figure 1.

Of course, we can easily see which perspective is particularly important for the LC – innovation and learning (also referred to as learning and growth), but generally regarded as the 'people' perspective. Many organisations now try to use a balanced scorecard approach, but the whole point of a 'balanced' set of measures is that *all* perspectives have to be measured effectively and none of them can be viewed in isolation. This gives them a real problem because the measures required for the people perspective usually do not exist and if this is the case the whole model cannot work. After all, you cannot have a *balanced* scorecard if one side of the equation has no measures.

So although Kaplan and Norton were only too aware of the importance of an organisation's ability to learn and change, they were unable to produce clear and convincing measures for the people perspective because it was such a new discipline. But it is this very omission that provides a perfect opportunity for LCs actually to get ahead of their management teams and offer something no one else in the organisation can. Before we explore this in more detail, let us also have a quick look at Figure 2.

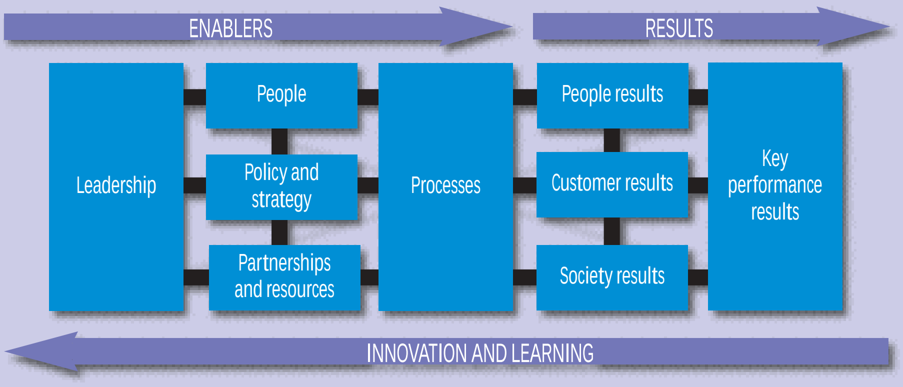
The European Foundation for Quality Management's business excellence model is another major business model with which any business partner in Europe will have to become intimately acquainted. We referred to this briefly in Part 2 on strategy and suggested that it is a sophisticated model that is unlikely to work effectively in any organisation that cannot follow the simpler PDCA (Plan, Do, Check, Act) cycle. The main reason why this is so is that large organisations under pressure are often prone to developing a 'seeking-to-blame' culture that discourages employees from trying out new ways of working for fear of being blamed or punished if it goes wrong. In such organisations it is difficult for Kaplan and Norton's focus on learning and innovation to gain a foothold.

Figure 1: How learning has become a key business measure



Source: adapted from RS Kaplan and DP Norton, *The Balanced Scorecard – Translating Strategy into Action*, 1996.

Figure 2: EFQM (European Foundation for Quality Management) model



Source: www.efqm.org/model_awards/model/excellence_model.htm

Once you have the baseline and the future measures agreed you can now ask **how the organisation is going to get from A to B**

So, while the EFQM model does not answer any easy solutions to this dilemma it still, in its own way, tries to achieve what the balanced scorecard is meant to achieve – that is, a means for managing every part of the organisation, holistically and in balanced harmony … exactly the sort of culture that is a prerequisite for the learning organisation that LCs have been seeking.

So, after this rather long but necessary introduction (albeit a very quick run-through of many seminal ideas) what do LCs acting as business partners need to do to move their organisations forward? The answer is very simple. They introduce their management team to the magic of added value.

THE MAGIC OF ADDED VALUE

This is probably the most important part of the entire series. In every book I have ever written (and many of the articles too), on every workshop I run and at every conference at which I speak I do my best to explain the concept and application of *added value*. I cannot over-estimate the profound effect this has on organisations: it is almost magical. Yet it is such an amazingly simple idea. The only problem is very few trainers understand what I am talking about, regardless of how many attempts I make to explain the idea. For others it is wonderful to see the expression on their face when the penny finally drops. Nevertheless, you cannot call yourself a business partner unless you grasp the fundamentals of added value, so here is another attempt to explain it as clearly and as simply as I can.

Take a look at Figure 3 on page 67 and imagine that the box on the left is your organisation. Now answer the question: what is the value of your organisation today? Think of a snapshot. If you work for a bank you might say its value is a market capitalisation of £50 billion. This would be shareholder or equity value. You might also define your value by market share, say 12 per cent. Of course, we could equally put a £ sign on that equivalent to sales of, say, £5 billion or even the profits of £500 million.

However, we could assess value in other ways, such as the average cost of running an account, say £100, or possibly customer satisfaction surveys that say you provide a service that 95 per cent of customers find satisfactory.

If you work for a local authority the value of your library service might be the number of library visits per year from citizens or the number of books lent. In a hospital the value might be the number of patients who are successfully treated in a year. For a police force it

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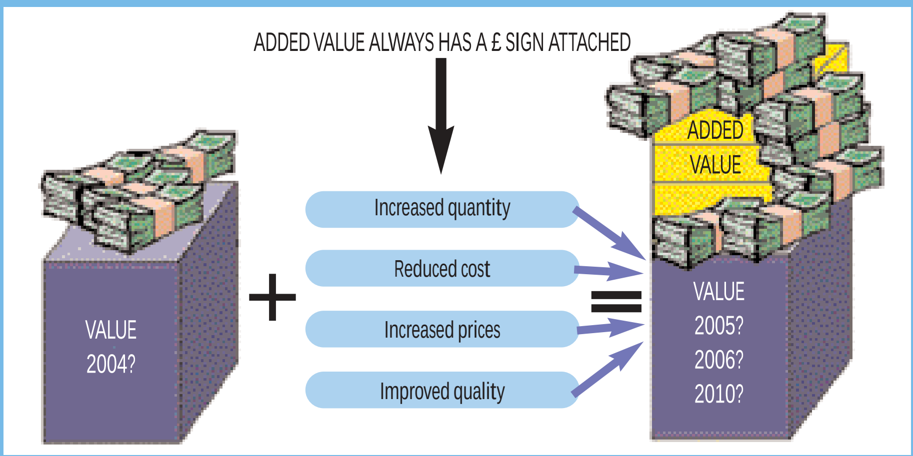
could be something very tangible like number of convictions or perhaps something less tangible, like the public's perceptions or 'fear of crime'. This should all be very obvious, but the reason we are spending some time on this is that this snapshot is establishing the baseline we need for our Baseline Evaluation Model, covered in Part 5. In other words, your assessment of value will be your starting point for your learning needs analysis (LNA).

Figure 3: Added value and the four variables from which it comes



The next question, or the first LNA question, to ask is: where does your organisation want to be in 12 months' time? Of course, we could equally ask: where does it want to be in 2006, 2007 or even 2010? This will be relatively straightforward, if you have clear measures in your first snapshot. So how much more market value, how many more library books lent or patients treated? The difference between the current figure and the future figure is the added value. Now here's the rub.

In the middle of Figure 3 only four variables are mentioned – quantity, cost, price and quality. What this means is that there are only four ways to add value. Let us look at the library service again. Either the library lends more books (quantity), reduces the cost of lending books (by working more efficiently), increases its rental charges (price) or improves the quality of the service (for example, offers a book-finding service). That is it.

What does this mean for learning? Well, it means that the only way an LC working as a business partner can add value is by improving one or more of these four variables. Senior bank or library managers might want to suggest that employees are put on a customer-service course – in which case the LC has to ask: 'How is customer service currently measured and how much value will this course add if it works?' Similarly, if a manager suggests the employees could be more creative or innovative, the LC has to ask how this will be translated into one or more of the variables on the diagram. This is how LCs working as business partners can guarantee to keep all learning linked to the business plan. Simple, but brilliant.

The only other point to mention about Figure 3 is that added value always has a £ sign attached. What does this mean? Consider the library again and imagine it wants to improve the service it offers by extending its opening hours. This is going to cost more money to taxpayers, so is the extra cost worth it? In simple terms, the equation could be represented either as an increase in the customer survey results (quality), or an increase in library usage (quantity) or even both together. Then the question is: if costs increase by 10 per cent is there at least a 10 per cent increase in the customer satisfaction survey or usage? If these go up by less than 10 per cent, then this idea has not added value.

By using added value, business partners really start to change the way the organisation thinks. It is amazing how many organisational objectives end up actually reducing value through costly and ineffective advertising and marketing campaigns, by not really understanding what customers want or by spending money on technology that nobody uses. Using added value as the basis for all training decisions will ensure the LC does not fall into the same trap.

Of course, all of these figures should already exist in the business plan, but it does no harm to check. You might be surprised how much more business focused you now appear even than your line managers. They might only have a vague idea of the actual numbers. However, once you have the baseline and the future measures agreed you can now ask how the organisation is going to get from A to B. Hopefully this is all very simple so far, but we need to look at some of the other implications here for the LC.

SHORT, MEDIUM OR LONG TERM

These questions about current and future value will immediately indicate whether the organisation is thinking short, medium or long term. Maybe the library has no plans to increase the number of members or the amount of books lent. Static organisations are not normally looking for innovative training and development. Conversely, if the organisation needs to reduce costs year on year by 5 per cent, then it may have to have plenty of new thinking to achieve this.

SOFT OR HARD VALUE?

In Part 6 we raised the question of intangibles and soft skills. Current thinking in some training departments leads to the use of drama workshops, Emotional Intelligence, outdoor development, Neuro Linguistic Programming and all sorts of other interventions that are meant, somehow, to improve the less tangible aspects of organisational management. The added value concept applies the same criteria to all types of learning. The simple question that has to be answered is 'Does this activity add value?' or, even more pertinently, 'Was this activity designed to add value?' Added value is a salutary lesson for those who cannot articulate what impact they expect such activities to have on their organisations.

CASE STUDY: The business partner teaches the sales director about sales management

A sales director for a client company supplying healthcare equipment was really enthusiastic about using a combination of training, performance management and evaluation to help his salesforce improve its performance – so much so that he wanted to explore some of his own ideas in a more measurable way. One of these was to look at the activity levels of each member of the sales team. I suggested that there was unlikely to be a direct correlation between sales activity and sales volumes. The sales director was adamant that his many years' experience supported the view that there was, indeed, a correlation. However, before we agreed to move forward he was happy for me to do a quick check on activity levels and sales. This did not take long because both measures were readily available. A simple analysis showed that there was no correlation.

Another idea he wanted to pursue was any correlation between product knowledge and sales performance. He suggested we give every member of the sales team a test on product knowledge. I was even more worried by this and asked him what he would do if the best salesperson scored low on the test. Again, his confidence led him to shrug off my concerns. So the test went ahead only to find that the highest performing best salesperson had the least product knowledge of the whole team.

Business partners tend to work only from clear business evidence. Only then can they provide the role of a very useful partner, in spite of their lack of experience in a particular field.

Action points on why learning consultants are business partners

- ☐ Read some of the tips on the Bitesize Business Partner series on www.trainingzone.co.uk
- ☐ How about running a short session on what added value really means for some senior managers. (Get ready for some startling reactions!)
- ☐ If you use the balanced scorecard or EFQM model, start producing some 'people' innovation or learning measures that are directly tied to added value (for example, new product development times).

WHAT THIS SERIES COVERS

Part 1 – January: **How learning consultants bring maturity to the organisation**
Part 2 – February: **How learning consultants think and act strategically**
Part 3 – March: **The attitude of learning consultants**
Part 4 – April: **How learning consultants become proficient 'cyclists'**
Part 5 – May: **How learning consultants can use evaluation intelligently**
Part 6 – June: **How learning consultants become performance managers**
Part 7 – July: **How learning consultants become consummate business analysts**
Part 8 – August: **How learning consultants become creative designers**
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