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

Part 6: How learning consultants become performance managers

If you have been following this series you will have been building a complete picture of what being a learning consultant (LC) who acts as a business partner really looks like. Yet we are just reaching the halfway stage. In Part 3 we looked at how LCs need to develop a different attitude because their role inevitably moves them closer and closer to the role of the business manager. At some stage these roles actually start to overlap. That point is reached when LCs begin to collect employee performance measures and use them for performance management.

The other main reason that employee performance measurement is such an issue for LCs was explained in Part 5 on evaluation: existing performance measures have to be collected before any training takes place. These two factors, when combined, put extra pressure on the relationship between the LC and the line manager, and this has to be managed very carefully and sensitively. Performance management is one of the most difficult and challenging aspects of any line manager's job, so the LC needs to show great empathy here.

'Man management' (or 'woman management' if you prefer) has traditionally been one of the prime functions of line managers. It has always been generally accepted that, at the end of the day, this is their domain and managers should be left to manage. After all, they are the ones being held accountable so they should have the responsibility and authority necessary to do the job. Yet this management role was originally predicated on a command and control management model that is now outmoded. Management these days is much more about releasing potential and harnessing it rather than directly managing people. Discipline and control will always remain key elements of any manager's job, but they are no longer the main thrust.

In fact, many managers have a very frustrating job and LCs should do everything they can to remove some of these frustrations. The first frustration they often face is being set apparently conflicting objectives such as improving customer service while trying to reduce costs. Another common frustration is trying to manage their own team when their performance, say on a production line, is actually dictated by the performance (or under-performance) of someone else's team, such as the purchasing team. In short, line managers do not have total control over their operations. We will return to this critical issue in Part 12, but for now we need to concentrate on the performance implications.

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PERFORMANCE MEASUREMENT

What might surprise new LCs is that businesses, traditionally, have not developed much competence in measuring or managing employee performance. (Part 11 will look at new approaches such as the Balanced Scorecard and we will see then that even the 'experts' agree that measuring 'people' is problematic.) Nevertheless, most organisations have some form of appraisal or performance review system but these systems are often prone to several weaknesses, as outlined below.

- **The organisation's culture does not allow open and honest review of performance.**
  The first, most obvious, point is that there is no performance culture in the organisation. Strategic LCs will know that they have to help create such a culture if they want to manage performance effectively. Performance management works best in mature organisations and Stage 4 (see Part 1) should be the minimum goal. Here performance management will not be seen as a big stick or something to fear. Instead, there will be intelligent use of meaningful performance measures to help people learn, develop and improve both their own performance and that of the organisation.

- **There are no rating scales or measures.**
  The next hurdle is to actually install a measurement or rating scale. Many organisations eschew the whole idea of rating scales in their personal development planning or review systems. There is a school of thought that specific or narrow measures can actually limit the development process. LCs know there is no good reason to avoid such ratings as long as employees are fully involved in the process.

All learning should have **a positive, tangible impact** on business performance, otherwise it is worthless

- **There is a limited rating scale.**
  Where there is a rating scale, it is often based on a very narrow range of scores. This might be a simple A to C or E, or 1 to 3, 4 or 5. If you think about such scoring scales the individual employee has to improve by between 20 per cent and 33 per cent in order to move up the scale by one gradation. This demands a substantial improvement and what do employees then do, developmentally, when they achieve the higher grade? Any rating scale should be wide enough to encourage incremental improvements.

- **Pre-determined percentages exist.**
  Another important consideration in performance measurement is, of course, the whole question of performance-related pay. We are going to leave the pay question completely out of this series but we are not ducking the issue. Pay might be a contributory factor in performance but our basic assumption is that an LC can improve existing performance for the vast majority of employees within existing pay parameters. Where it has already been decided that pay is to be linked to performance the problem is often compounded by a decision to pre-determine how many employees can fall into each section of the rating scale in order to allocate limited funds for rewards. Such a situation should be avoided if at all possible.

- **There are non-performance measures or poor performance measures.**
  Regardless of the design of the performance system the choice of measures will be crucial. LCs need to be able to distinguish clearly between what constitutes an effective performance measure and those that tell you nothing of any importance (see 'The right measures' below).

- **The measures are dependent on other factors and departments.**
  Individual employees should only be asked to improve on those baseline performance measures over which they have direct control. If they are at the mercy of other teams or individuals, then everyone involved should agree a common performance measure (for example, product design, production, sales and after sales all agree to work together on reducing customer complaints).

My own simple suggestion for leadership programmes is that **the delegates themselves** should provide their own performance measures

THE RIGHT MEASURES

A great deal of conventional management thinking is still catching up with developments in the field of employee measurement and so this provides an ideal opportunity for an LC to get ahead of the game. One simple way to do this is to view all measures as falling into one of the following three categories:

- activity measures
- performance measures, or
- added value measures.

Activity measures

These tell you nothing about quality or effectiveness (for example, number of client or customer visits, number of training days) and should be avoided if at all possible because they are of no use to an LC.

Performance measures

These at least give you some idea what 'performance' looks like. So you know which way you want the measure to go – up or down (for example, current staff turnover is 20 per cent and we want it to go down; productivity per employee is 20 completed cases per month and we need 25).

Table 1: Constructing a performance curve

% OFFENCES DETECTED	RATING SCALE SCORE	NO. OF POLICE FORCES
0 to 10	1	0
11 to 15	2	2
16 to 20	3	12
21 to 25	4	20
26 to 30	5	6
31 to 35	6	1
36 to 40	7	0
41 to 45	8	1
46 to 50	9	0
51 to 55	10	1

Added value measures

These can be distinguished from performance measures by the fact that they look at outputs relative to inputs (for example, profit and margins show the difference between costs and revenue, and schools measure the A level grades achieved based on the student's 'input' grades at GCSE). All added value measures should also weigh up results relative to costs. Consequently, an increase in quality of 2 per cent (for example, a 2 per cent reduction in reject parts) at an extra production cost of 5 per cent (that is, extra quality control costs) would indicate a 3 per cent loss in value.

As far as possible LCs should aim to tie any learning directly to an added value measure. Where this is not possible they should at least search for a meaningful performance measure. However, where activity measures are in use (for example, sales visits) there are basically two choices: either find a better measure or at least check the quality measure as well (that is, repeat business from clients, customer satisfaction).

Probably the most powerful way for an LC to use real performance and added value measures, though, is to construct a simple performance curve.

CONSTRUCTING A PERFORMANCE CURVE

An employee performance curve shows the range of relative performance levels for a group of employees. Having worked on appraisal and performance systems for many years I have come to the conclusion that the best rating scale for the majority of uses is 1 to 10, where 1 is the lowest or worst score. This allows room for relatively small improvements (for example, from 4 to 5) and there is less chance of a central tendency because there is no mid-point. This means managers cannot sit on the fence when assessing the performance of their staff.

A performance curve follows the theory of probability that says in any population a measure of any variable (for example, height, weight, intelligence, performance) will reveal a 'normal' or bell-shaped distribution curve. In other words, a few people at the top end will be high performers, an equally small number will be performing very poorly and the majority of employees will be satisfactory.

But how do you produce such a curve from raw data? If we look at Figure 1 (see opposite) we see a performance curve showing the relative performances of the 43 police forces in the UK in 2001–2. This is based on a league table published in *The Times* on

20 February 2003 under the heading '"Snapshot" of police shows forces are failing'. The two sets of data shown are for the percentage of offences detected and the percentage brought to justice by each police force.

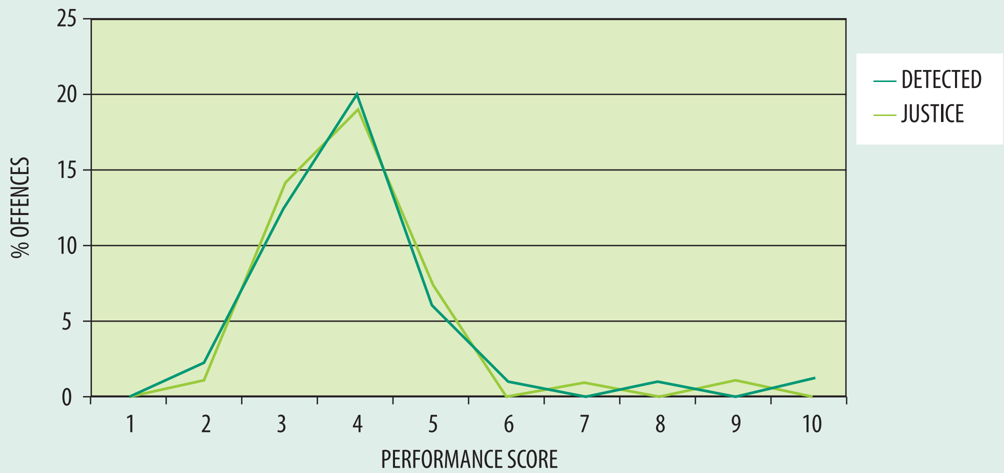
It is actually very simple to construct. First, take the worst score in the range (in this case the 'Met' with 12 per cent offences detected), which then becomes '1' on the rating scale. Next, take the best score (Dyfed with 51 per cent) and make this '10' on the same scale. Then subtract one score from the other to give you the range of scores – in this case 39 per cent (that is, 51 per cent, less 12 per cent), which means each point on the rating scale will have to cover 3.9 per cent (that is, 39 per cent divided by the ten points on the scale). The results are shown in Table 1 (see opposite), although I have simplified the figures slightly for ease of use by rounding up the 3.9 per cent to 4 per cent.

The actual curve here is neither perfectly bell-shaped nor 'normal', but that does not matter. The purpose of the curve is to establish a baseline (look back at the evaluation model in Part 5). Now, it should be quite easy to see how powerful this graph is when compared to raw data or even league tables. Every police force on this curve can and should want to improve, unless it has made a strategic decision to focus on different objectives.

Furthermore, an LC working for one of the worst performing police forces could immediately use this diagram to ask why this force is not as effective as the best in the area of detection or bringing criminals to justice. Of course, this is not meant to signal a return to 'blaming' anyone. The police force concerned has to be mature enough (Stage 4) to work on this data constructively and positively in an attempt to improve. There may be many reasons why Dyfed is able to achieve better scores than the Met. What the LC has to establish is what the force needs to learn to improve. In effect, *the performance curve is the basis for a learning needs analysis*.

Of course, the same data could be viewed purely from an internal perspective. If I were the LC, I would ask how each division in my own force compared in terms of detection. I would have to construct another performance curve, using exactly the same steps, based on a list of divisional detection percentages. I might then organise and facilitate a meeting between the heads of the best and worst divisions to see what they could learn. This would only happen though if I were regarded as an equal business partner.

Figure 1: Performance curve for all 43 police forces in the UK in 2001–2



CASE STUDY: Senior bank manager sees the link between learning and performance

As part of the design of a programme I ran for the global training heads of a large bank I planned an interview with one of its best area banking managers on his views and perceptions regarding the role and value of training and development. I also received his permission to video the interview, which I was going to use as a training aid with the training heads. The only briefing he had in advance was that I was planning to ask him some questions that he might find unusual and quite challenging.

One of the areas we discussed in some detail was a coaching programme that had recently been designed, at his request, by the central training function. When I asked him how the programme was going, he said he was very pleased with it and had heard some very positive anecdotal feedback. I asked him what he thought it was worth to the business, but he had no way of gauging this. So I asked him if he would like to see a direct correlation between coaching and business performance. He listened intently.

I introduced him to the simple concept that having a baseline picture of performance, before the coaching programme started, would have given him a basis for calculating the benefits of the programme in pounds afterwards. As one of the main business issues behind the coaching was the selling of credit card repayment protection insurance, I said it would have been relatively easy to have sales figures for everyone being coached. He liked this simple idea very much. I went on to explain that he could then have designed the coaching programme to address the worst performers first, especially as that is where he was likely to see the biggest improvement.

At the end of the interview he remarked how impressed he was with the series of questions I had asked him. I revealed that it was quite easy because they were all prepared beforehand – although I saved the best until last! I asked him about his own development and suggested we could adopt the same baseline performance approach for all area managers. He politely declined to take me up on that one.

A COMPLETE PERFORMANCE SYSTEM

This relatively simple example demonstrates how learning has to be part of a complete performance measurement and management framework. Without an effective employee performance measurement and management system trainers cannot demonstrate improvements in performance. Yet, with a bit of effort, not only does the performance curve offer compelling arguments for learning, it simultaneously provides the baseline for subsequent evaluation. The detection rates of today form the baseline for comparison six months hence, thereby making evaluation relatively easy. Following the PDCA cycle (Plan, Do, Check, Act; see Part 4) will then ensure continuous learning and improvement takes place.

Some trainers reading this may now be thinking that it is not this easy to link all development activity directly to clear, hard performance measures. Sometimes we might have to use more subjective or qualitative data, or set up an entirely new type of data collection (for example, how about the quality of intelligence gathered by a police force?). As long as the data collected has credibility, and is agreed by all the parties concerned, then the same principles of the performance curve can be applied in practice. Let us look at a few examples.

Measuring competence

Many readers will already have competence frameworks in place and descriptions used for assessing levels of competence. These can easily be transposed onto a 1 to 10 scale to produce a baseline. How about the descriptors below for management competence? As with all descriptors there would rarely be total agreement on the exact definition. However, using a performance curve based on actual numbers provides a basis for a development dialogue (for example, 'To move from 3 to 4 you would need to be able to …'). As an extra tip, I always regard 3 and below as 'unacceptable' and 8 and above as 'superior'. Scores of 4 to 7 are all varying degrees of 'acceptable'. Now look closely at these 'shades' of competence using a 1 to 10 rating scale.

1. Very poor and probably irremediable.
2. Poor – remedial work necessary.
3. Not good enough – needs support/help.
4. Minimum acceptable – but can't get complacent.
5. OK but could improve – need to raise expectations.
6. Reasonable but could now raise motivation level.
7. Good – with possible potential.
8. Very good – make sure potential is realised.
9. Excellent – operating as a high flyer.
10. Can't get any better – possibly deserves key person status.

LEADERSHIP, SOFT SKILLS AND PERFORMANCE MEASUREMENT

This leads us to one of the most problematic and contentious subjects in learning – the whole question of how to link soft skills to business performance. It is a question that comes up time and again whenever I speak publicly about evaluation: 'How can you measure something so intangible?'

The answer I give is actually very simple. I subscribe to the view that there is no distinction to be made between hard and soft skills. If we train someone in sales skills we do so to help them sell. If we develop the management competence of the sales manager it should also result in greater sales, albeit through the improved performance of his or her sales staff. Exactly the same principles apply if I say I have developed my listening skills. My skill improvement is only worthwhile if I have put what I heard to effective use in the organisation. All learning should have a positive, tangible impact on business performance, otherwise it is worthless.

Many trainers might not accept this argument but if they want to be business partners they will find it difficult to put a more convincing case for learning to hard-pressed line managers. More important still, if those who develop leadership and soft skills programmes have not done so as a direct result of an analysis of under-performance, on what basis can they argue that there is a genuine business need for such programmes?

Let us look in some detail at the subject of leadership development. There are probably as many factors involved in leadership as there are leadership programmes and trying to measure them is a nightmare. Nevertheless, the abiding principle here is that if you cannot measure performance, you cannot manage it. So if you want to improve performance through leadership development you have to have leadership 'performance' measures in place.

My own simple suggestion for leadership programmes (assuming a proper learning analysis has resulted in this recommendation) is that the delegates themselves should provide their own performance measures. The added advantage here is that their commitment to and ownership of the programme is being checked. It also means the delegates are having to articulate what leadership means to them, personally, in the way they run their operation. This, for me, is a much better way to design such programmes because it adheres to all the best principles of learning: involvement, motivation, personal commitment, clear definition of success criteria and a means for closing the learning loop – did their leadership improve the way the organisation performs?

However, all of this can only happen if LCs have managed to carry out a thorough and accurate business analysis before they do their learning needs analysis – a subject we will be covering next month in Part 7.

Action points on performance management

- ☐ Choose up to ten existing measures used by the business. Agree which ones are pure activity measures as opposed to performance or added value measures.
- ☐ Produce a performance curve from existing operational data. You are likely to need data relating to at least 30 employees to see any trend.
- ☐ Based on the performance curve you produce start to consider what training and development might help the worst performing section.

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