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

## Part 7: How learning consultants become consummate business analysts

Get your business analysis right, diagnose the problem correctly and you have a good chance of designing the right learning solution. The better the analysis, the better your organisation performs. That is how important a skilful and accurate business analysis is for a budding learning consultant (LC). Those who have been following this series regularly will now be ready to develop their analytical skills in order to make much tighter connections between learning needs and business needs.

No doubt, though, even just the heading of this article is probably enough to frighten off quite a few trainers. For the uninitiated, business analysis might appear to be an arcane world full of black arts. After all, we are only too aware of the vast plethora of books on different management theories and the latest fads and buzzwords. Despite all this, Martin Taylor, the former chief executive of Barclays Bank, once said that the basic principles of business could be fully explained to a five-year-old. I, for one, totally agree with him. Perhaps organisations have a habit of complicating things these days when they should instead be following the KISS principle (Keep It Simple, Stupid).

Of course, this does not mean that I am going to treat anyone reading this article as a five year-old. My intention is not only to show how simple business analysis can be but also to go further and suggest the best LCs, working as business partners, will be able to teach both operational and financial managers something new. But first, we have one small obstacle to overcome.

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### 'OF COURSE, WE'RE DIFFERENT'

One comment guaranteed to irk any consultant (particularly me) is when a client says: 'Of course, we're different.' Some clients like to think their organisation is unique, with its own unique culture and a unique set of circumstances. The implied suggestion is that, as a consultant, you can never have come across their particular type of problems and issues before.

Of course, on one level, they are absolutely right. I have never met two identical organisations and there is no such thing as an off-the-shelf solution, especially in the field of learning (although try telling that to some training programme providers). However, this does not mean that you have to have different analytical and diagnostic techniques for every


organisation. All doctors are taught how to take a patient's 'history' before trying to diagnose exactly what is ailing that patient. The same principle applies to LCs wanting to diagnose what is ailing the business and I have yet to meet any organisation – be it private, plc or public sector – that cannot be analysed using a simple set of tools and techniques.

Even more important, particularly from a practical perspective, all organisations tend to have many things in common when it comes to the way they organise and manage themselves. So the LC should have a very clear framework on which to base his or her analysis.

#### 'OH NO YOU'RE NOT'

If we are looking for commonality between organisations we can take both a strategic and operational perspective. The framework on the left in Figure 1 (see page 60) shows a standard strategic/operational planning template that can be applied to any organisation.

Briefly, this suggests that leaders of the organisation need to have a long-term vision (for example, hospitals will all have large specialist units in ten years' time), which leads to producing a mission statement ('We are going to be the number one choice for coronary care,') that sets in motion a strategy (pushing resources into coronary care and cutting back on other departments), a business plan ('How much are we going to spend in the next three years?') and an operating plan ('How much do we have available for coronary care this year?'). While this business planning is taking place someone (including the LC) has to design the organisation around this vision (which will be covered in Part 12 of this series). The design eventually dictates the roles that employees have to fulfil (for example, a top coronary care professor will be required).

**LCs should challenge vision statements. Why? Because they will have to help the organisation learn how to deliver the vision**

What really concerns us, though, is what happens to the planning of learning while all this is going on. There has to be some analysis of learning requirements running in parallel with the business planning process. Organisations at a Stage 1 level of maturity (see Part 1 of this series) do not plan for learning. At the other end of the scale, the LC has to become involved in this process as early as possible, which inevitably means working strategically, at board level.

The steps on the right of Figure 1 indicate what needs to be done at each level. The highest level question is 'Does the organisation ➤

have a vision?', so let's look at a real example of what we mean and its implications for the LC.

On 7 January 2004, Burger King had the following vision statement on its website at www.burgerking.com/OurVision.aspx

*We take Pride in serving our Guests the Best Burgers and a variety of other Great Tasting, Healthy Foods Cooked over an Open Fire. That's what we're all about.*[1]

It is certainly a positive statement, but is it a true vision? Who defines 'healthy foods'? And how far into the future does this vision look? This is particularly pertinent when the health authorities in the UK and the USA are alarmed about the increasing incidence of obesity. LCs should challenge vision statements. Why? Because they will have to help the organisation learn how to deliver the vision, and if the vision is unclear or unworkable, then their own efforts will come to nought. So is the learning function at Burger King helping the organisation to keep up to date with what constitutes 'healthy foods'?

Just below 'Vision' is the stage at which organisations produce mission statements. These are meant to focus and energise all employees, but quite often they are more about PR and rhetoric than solid commitment. Again, the LC needs to really check true levels of commitment. What if an employee at Burger King suggested reducing the fat content of a burger to help produce a 'more healthy' product? Would the sales director really welcome that sort of idea? There is not much point in the LC devising a learning strategy to improve innovation and creativity among the workforce if the first time someone comes up with an idea a senior manager shoots it down.

By challenging these high level decisions the LC is actually fulfilling two critical roles, the first about organisational learning and the second about business transformation.

1. S/he is articulating the vision in a way that enables alignment of all learning with the true, strategic direction of the organisation.
2. S/he is actually helping the organisation, as a whole, to constantly reappraise its market position and to consider what it might need to learn to stay ahead of its competitors.

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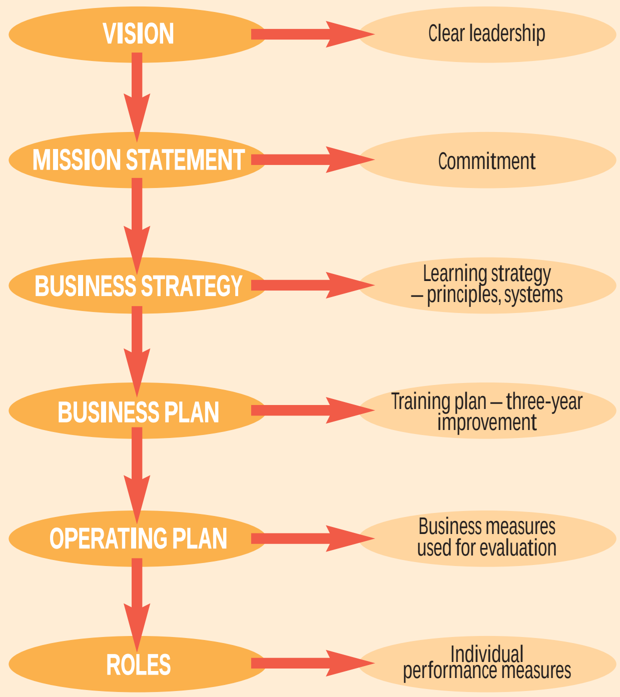
Of course, only LCs who are credible and have earned enough respect will be allowed to make such a strategic contribution, and this will only happen when the organisation has reached at least Stage 4 maturity.

The top three steps for the LC in Figure 1 are a high level business analysis that will result in high added value (for example, future customers continue to come to Burger King because it gives them what they really want). The bottom three steps are much more to do with operational business analysis with various implications for training, development and learning. Business analysis at the lower level is much more tangible – working with real, current business information and measures.

**Figure 1: A strategic and operational business planning template**




LCs working at this level should regard the following list as an absolute minimum in terms of the information they will need to undertake an operational needs analysis. Again, all of these points should be common to virtually any organisation.

- The organisational objectives.
- Financial accounts that have to be audited.
- Projections of costs, income levels and output (that is, quantities of products/services they will produce/deliver).
- Regular management reports (monthly/annual).
- Plans that try to look further ahead than the current year.
- An organisation chart, operational processes and systems.
- Measures of performance and/or standards.
- Data on customers/clients.

This list is not exhaustive, but it is certainly a good place to start. It should be emphasised, though, that this is not a one-off exercise. The LC should be on the regular distribution list for all of this information. This, in itself, might be a challenge for trainers trying to develop into business partners. Only when they have helped their organisation reach Stage 4 will they have automatic access to this information, with no questions asked by suspicious or protective senior managers.

So, when you have this information what do you try to do with it? Well, here are some of the first steps you could take.

- Try to establish where the organisation derives most of its value. What percentage of current sales comes from how many customers? (For example, does Burger King make most of its money from burgers or fries? How many hospital patients does each department treat? What attracts the greatest profit or funding?) Don't forget, value is always a search for £ signs.
- Where are the highest costs incurred? What are the trends on costs and which areas of the business reveal the greatest variances (positive and negative)? How many entries in the profit and loss account seem to have brackets around them?

- What targets have been set? (Make sure these are proper added value measures or at the very least valid performance measures – see Part 6.) How is each part of the business performing against these targets? Any under-performance is at least worth looking at from a learning opportunity perspective. Equally, any superior performance should be seen as a potential exemplar for learning purposes.
- You will notice in Figure 1 the reference at the 'Operating plan' level to 'business measures used for evaluation'. This is where training and development can be focused directly on business performance improvement (how many of the new healthier burgers are being sold?).
- At the 'Roles' level you should also be looking wherever possible for performance measures that reveal how individuals are performing (for example, what is the range of sales figures for each individual restaurant manager?) and it might be worth re-reading Part 6 on performance management at this stage.

Much of what has been covered here is conventional business analysis, and while it might present many trainers with an opportunity for a new set of skills and knowledge it is unlikely to teach line managers anything new because analysing business figures is something they do every day. However, an area that *will* be new for most of them as well is the whole question of 'intangibles' and the effect they might have on their operation.

## CASE STUDY: Analysing an insurance underwriter's business to establish training needs

Five years ago I was asked to submit a tender by a prominent underwriting business in the City to help it develop a training plan. During the tendering process I asked for a copy of its annual report and the last monthly management meeting figures. This request was immediately treated with suspicion – why did I want to see these? Apparently, none of the other consultants tendering had asked to see this sort of information, so why did I need it? I advised the organisation that I could not produce any training plan suggestions without doing a basic business analysis first. As a result, it reluctantly sent me just a copy of the annual report.

When looking at annual reports LCs should maintain a healthily sceptical view because these reports are produced more for public consumption: emphasising the good news and tending to hide any bad news. Nevertheless, I always start by looking at the profit and loss account. In this case it was clear that in every line of underwriting business (marine, aviation, motor, household, and so on) this particular business made a loss (every item was in brackets).

However, the bottom line showed a reasonably healthy profit so I tried to ascertain how that was achieved. It did not take too much searching to find under 'investment of premium income' that this business obviously had some people who knew how to make a profit out of investing their income, which more than made up for the losses on the actual generators of those premiums – the underwriters.

At the tender presentations I asked the selection panel (comprising six members of the management team) to confirm that the business made a paper loss on underwriting. This was met with incredulity until one member of the team confirmed this was indeed the case, much to the surprise of her colleagues. I then asked the panel what was more of a priority – training underwriters how to underwrite at a profit or trying to get a better performance out of the investment team, which was already doing a sterling job? This, I advised, was to be the first question to be resolved under the new training plan.

### DEALING WITH 'INTANGIBLES'

During your business analysis you will inevitably find that some managers outperform many of their peers. This is what probability theory tells us and was the basis for the performance curve in Part 6. However, the question for the LC is: how can s/he teach the under-performing managers to improve? All experienced trainers know that the key differences between the two types of manager are often more to do with their interpersonal skills and the way they treat their staff than with hard-nosed management practices.

In practice, trainers have tended, traditionally, to lump a whole range of such skills together under the heading 'Soft skills' simply because it is extremely difficult to isolate and pin down each one of them. They then compound this crime by trying to run soft skills modules to make up for the deficiencies of their inadequate managers. In doing so they have produced a learning solution that has several, in-built, design flaws.

- It has made a false and rather unhelpful distinction between hard and soft issues in the business. As such it appears to be based on subjective rather than objective criteria.
- There is little or no accountability for the results of such training because no one can say whether it has worked or not.
- Not surprisingly, many managers attach less importance to this type of training because no one has made a clear connection between soft skills and business performance.

It is not too difficult to see how important it is for LCs always to have one eye on **the real, strategic needs of the business**

There is, however, one very simple way for an LC to get around this particular problem, and that is to stop making distinctions between hard and soft, tangible and intangible. A large retailer I worked with had data to show that some of its worst managers, from an employee satisfaction perspective, actually achieved some of the highest sales figures in the company. Conversely, some of the most popular managers produced very mediocre results. This is not uncommon.

What should the LC say to the high performing managers who ride roughshod over their staff? Well it all depends on the vision of the business. If there is no vision and all that matters is bottom line figures, then why should these managers change their unpopular behaviour? Any developmental suggestions the LC might have for these managers would have to be expressed in terms of how they could improve their sales figures even further.

However, if the vision of the organisation is that customers are becoming more discerning (remember when McDonald's found out that customers were fed up hearing the standard phrase 'Enjoy your meal'), then changing the behaviour of these managers will become a strategic imperative. Nevertheless, the LC still has to convince them that what they need to learn is in the best interests of the business.

With managers who do not achieve a decent level of performance the same principle applies. If you want them to listen to their staff more or show more empathy with customers, then you need to be able to indicate how this is going to have a beneficial effect, not only on the business but also on their own future.

It is not too difficult to see how important it is for LCs always to have one eye on the real, strategic needs of the business. To do this they need constantly to be

**Reference**

1. Since this article was written, Burger King's vision statement has changed to 'We proudly serve the best burgers in the business, plus a variety of real, authentic foods ... all freshly prepared ... just the way you want it.' It would be interesting to find out whether this change in vision has marked any significant or fundamental change in training and development.

reviewing business information and analysing how closely their learning interventions are aligned. Learning needs analysis will only ever be as good as the business analysis on which it is based. Once LCs are convinced they have an accurate analysis of business needs, they can sit down and consider the next stage, which is designing the best learning solution – the subject of Part 8.

### Action points on becoming a consummate business analyst

- ☐ Make sure you are on the distribution list for all key organisational performance measures, and also know where to look for and have access to more detailed figures should you need them.
- ☐ Identify at least one business gap in current organisational performance (in output, cost, revenue or quality) that is not currently being addressed directly from a learning perspective.
- ☐ Re-visit any soft skills training you are already running and ask yourself whether this is addressing a real business need that has arisen through an accurate business analysis.

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