Know Your Client's Business

by Geary Rummler, PhD, CPT, and Kimberly Morrill, MA, CPT

A fundamental requirement of effective performance consulting is that the performance consultant know his or her client's business. Easier said than done? Not necessarily. With a good framework and the right tools, you can efficiently and effectively "profile" a client's organization.

Assumptions

First, we'll share some assumptions about performance consulting. By "performance consultant," we mean an individual who:

- Is usually in a function or role with the responsibility for assisting some part of an organization be more effective in producing its product or service.
- In many cases is playing a role. Being a performance consultant is not a full-time job.
- Is committed to improving results—measurable results at the job, process, and organization level. This person wants to make a difference.
- Although usually affiliated with some "solution delivery" function, such as training, organizational development, organization effectiveness, or process improvement, when playing the performance consultant role this individual remains "solution neutral"—that is, he or she looks for the root cause of the gap in results.
- Employs a rigorous analysis methodology. Sound analysis is what separates this person from the standard solution provider. Rigorous analysis distinguishes "serious" performance consulting from "performance consulting dabbling."

Figure 1 represents some of the dynamics in a typical performance consulting situation. It works like this.

The majority of performance consulting work begins with a request from an executive or manager of some operation who sees or hears something that causes him or her to believe there is a "problem" (see A

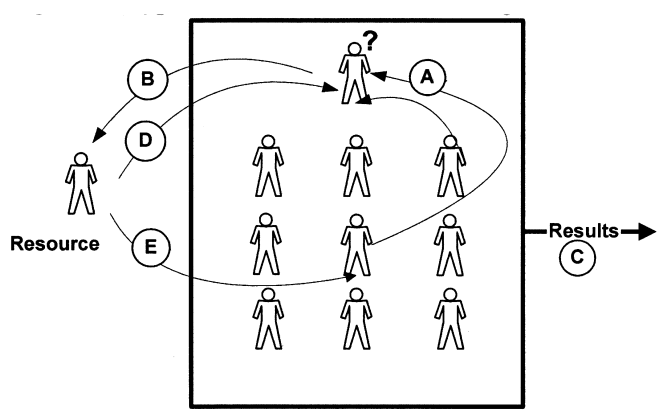

Figure 1. Typical Performance Consulting Situation.

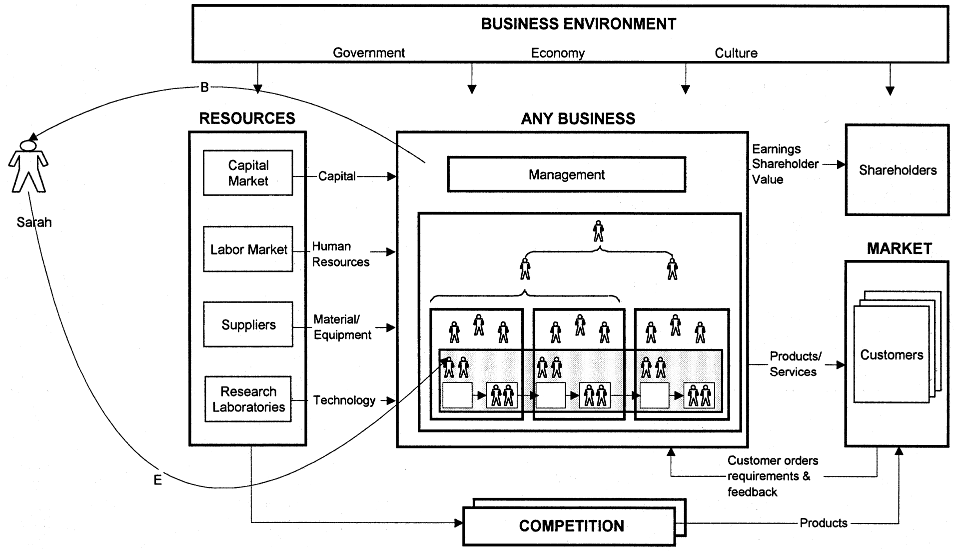

Figure 2. The Anatomy of Performance.

in the figure). In many instances the requestor also reaches a conclusion as to what an appropriate "solution" should be (e.g., team building, training, ropes course). The requestor (or worse yet, an intermediary, with his or her own interpretation of the problem and solution) then contacts a resource (B) and requests that particular "solution," seldom mentioning any gap in job performance or organization results (C) that might have occurred because of (A). Now the scenario gets interesting: What will the receiver of the request (i.e., the resource) do? In general, the resource has two options: Either follow path (D), saying "yes" to the request and faithfully delivering the requested "solution," or follow path (E) and

- Examine the situation (A) themself.
- Determine if the apparent problem can be linked to a gap in results (C).
- Employ a sound analysis methodology and arrive at his or her own conclusions regarding the "problem" and "solution."
- Work with the requestor to define a project that will solve the problem as perceived by the requestor *and* deliver measurable results (C).

The assumption is that if the resource in this scenario is a *performance* consultant, he or she will follow path (E). This article is about how knowing your client's business can help performance consultants as they follow that path. Knowing your client's business is about knowing what to expect in that organization box in Figure 1 – about it not being a mystery and about not being surprised. Specifically, knowing your client's business will help you in at least three ways.

- It gives you credibility. If the client knows from experience that you understand his or her business and that you know what you are talking about, that client will have much greater tolerance for your poking around and asking questions.
- It increases the speed and accuracy of your response to requests for assistance. Response time is critical, as the biggest objection to performance consulting and performance analysis is fear of "analysis paralysis." If you know the business (what's inside that organization box), then you—
  - ✓ Can quickly link the request to a significant gap in results worth closing, thus building the business case for responding to the request.
  - ✓ Will be suspicious about the appropriateness of the requested solution and will look for an alternative explanation for the gap in results.
  - ✓ Will know where to look in the organization to test your hypothesis about the cause of the gap.
  - ✓ Will be able to transform or redirect the original, questionable request into a project that will make a difference.
- It increases your chances to proactively identify opportunities to improve performance, rather than continually reacting to requests for help.

We will illustrate all these possibilities later.

Profiling a Client's Organization

So how do you do it? How do you "know" your client's business? The quickest way to answer that question is with an example.

Sarah, an experienced performance consultant, has recently joined the corporate performance consulting staff of JAX, Inc. Her first task is to learn as much as she can about her primary client, a JAX subsidiary called AJAX.

The starting point is what Sarah *already* knows about AJAX. She knows that every business looks like the diagram in Figure 2—they all have this same underlying anatomy of performance, which identifies the major variables that impact individual performance and organization results. Because she has the anatomy of performance framework from Figure 2 in her head, Sarah already knows the following about AJAX before she sets foot in the place:

- **AJAX is a processing system:** AJAX's primary function is to convert customer needs/orders into valued outputs. In the process, the system/company uses the resources shown at the left of Figure 2. The more effective the processing system is in delivering value to the customers, the more value (return on investment) the organization can provide its shareholders.

- **AJAX is an adaptive system**: AJAX is a system, represented by the box labeled “Any Business” in Figure 2. AJAX in turn exists in a super system—all those elements outside the Any Business box. AJAX must continually adapt to changes in those elements as it tries to deliver value to its customers and shareholders. These changes might include a shortage of materials, changing customer expectations, a new competitive product, and/or a decline in the general economy. Bottom line: AJAX must adapt or die.
- **Jobs/roles and functions in AJAX exist to support processes**: Functions and jobs represent non-value-added cost until they are linked to processes that deliver value to customers. Customer requirements should drive process requirements. Subsequently, process requirements should drive function and job requirements.
- **All performers in AJAX exist in a human performance system**: Figure 3 represents the reality of any of the performers shown in Figure 2. They all exist in their unique human performance systems. All the conditions shown in Figure 3 must be met if an organization is going to get the desired behavior/performance from a particular individual (Rummler, 1988).
- **The role of AJAX Management** is to keep all these system components shown in Figure 2 aligned. Their task is to see that—
  - ✓ AJAX’s goals and strategy are aligned with the reality of its Super-System.
  - ✓ The internal processing system goals are aligned with AJAX’s corporate goals.
  - ✓ Function and Job goals are aligned with process goals.
  - ✓ The components of an individual’s Human Performance System are aligned to assure the desired behavior/performance of that individual.

As far as Sarah is concerned, every performance issue she is likely to encounter in AJAX—individual, job, or process—must always be looked at in the total organizational context depicted by the anatomy of performance, as shown in Figure 2 (see Rummler, 1990, in press).

Figure 2 contains a high-level generic description of any/every business. Knowing the business of AJAX is basically learning the key components of AJAX’s anatomy of performance. This framework provides Sarah with a roadmap of what she needs to learn about AJAX. Sarah’s task of learning about AJAX is to build an AJAX-specific version of that diagram. Following are the five key things Sarah needs to learn about AJAX:

1. **Business basics**, which include the following:
   a. Organization: What Product/Service does it deliver? To whom does it deliver the Product/Service?
   b. Industry: What is the performance trend of this industry? What is the position of this company in the industry? Who are the major competitors and what is their competitive advantage/disadvantage?
   c. Performance History: What has been the performance of key indicators for the past three to five years? What is the projected performance of key indicators for the next one to three years?
   d. Direction: mission/vision, business model, goals, and strategy
   e. Business Values: the written or unwritten rules that guide employee behavior—especially in relation to how they do business with customers and vendors.
   f. Structure and Players: organization chart; how every function/department works and impacts the product/service; background and tenure of executives and relevant managers.

   Sarah needs to know information the first five elements because these factors influence any results gap she will be asked to close. She needs to know the last element because it provides insight into the power structure she will have to operate within.
2. **The super system** or performance environment in which AJAX is operating. One of the tools (templates) Sarah is going to use to guide her data gathering and help sort

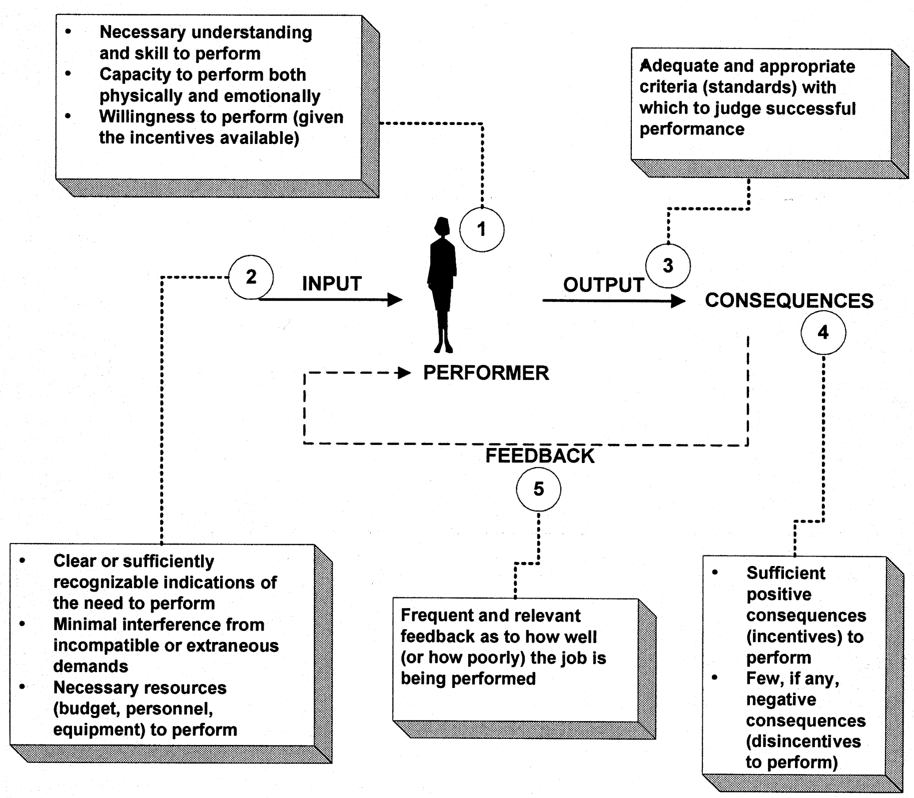

Figure 3. The Human Performance System.

her findings is the super system map in Figure 4. Note that she has already posted some vital information about AJAX's super system. Using the super system template as a guide, Sarah will be looking for what factors/variables in AJAX's super-system are having an impact on its current performance and whether there are any factors in the super system that might constrain or support changes that she is likely to recommend in the future. Why is she interested? In general, knowledge of a client's super-system or "performance reality" can assist the performance analyst/performance consultant in several ways:

a. It may explain the current pressures they feel inside the organization.
b. It could provide insight into potential challenges the client will be facing, suggesting ways to proactively assist in the future.
c. It may be possible to link inside issues to outside realities that will lead to necessary management support for change. (e.g. Funding for a management development initiative was on "hold" until executives were made aware of an impending shortage of critical management talent in the industry.)

3. **The basic processing system** of the organization. This is the spine of an organization and is how value is ultimately delivered to the customer. Which means that any and all work Sarah does in or for AJAX must be about improving the effectiveness of this processing system. Sarah wants to look at the processing system on two levels:

   a. Macro or value chain level. Every business delivers value to its customers through three primary processes that make up a value chain. These primary processes are:
      - ✓ Product or Service Available. This process typically involves activities we commonly think of as product development, product launch, and product life-cycle management.
      - ✓ Product or Service Sold. This process involves the activities we attribute to marketing and sales.
      - ✓ Product or Service Delivered. This process includes all those activities involved in order processing, manufacturing, installation, invoicing, servicing, and warranty management.

   Figure 5 contains a cross-functional value chain map of AJAX that Sarah developed. It shows how various AJAX functions contribute to the primary processes that make up the value chain. This value chain view of AJAX provides Sarah with the following:
      - ✓ An overview of the entire business all on one (albeit large) page. It is a quick summary of how every function impacts the business, and adds value to the customer.
      - ✓ A diagnostic tool. Sarah knows that a potential contributor to poor results in every business is misalignment between the primary processes (e.g., designing products that can't be sold or selling products that can't be built profitably). This view will assist Sarah in both understanding the cause of certain problems and identifying such opportunities for improvement.
      - ✓ A self-management tool. Sarah can see where each of her projects is impacting the value chain, and thus adding value to AJAX and the customer. She can also identify when she is being requested to work on something that appears to have no direct impact on the value chain. In that case, the value chain map can be useful in convincing the client that the proposed project has little value to AJAX.

   b. Process level. This is just another level of detail of the primary processes discussed above. Sarah wants to know more about how these key processes work, as they are the engines that drive AJAX. Figure 6 shows the AJAX product-delivered primary process in more

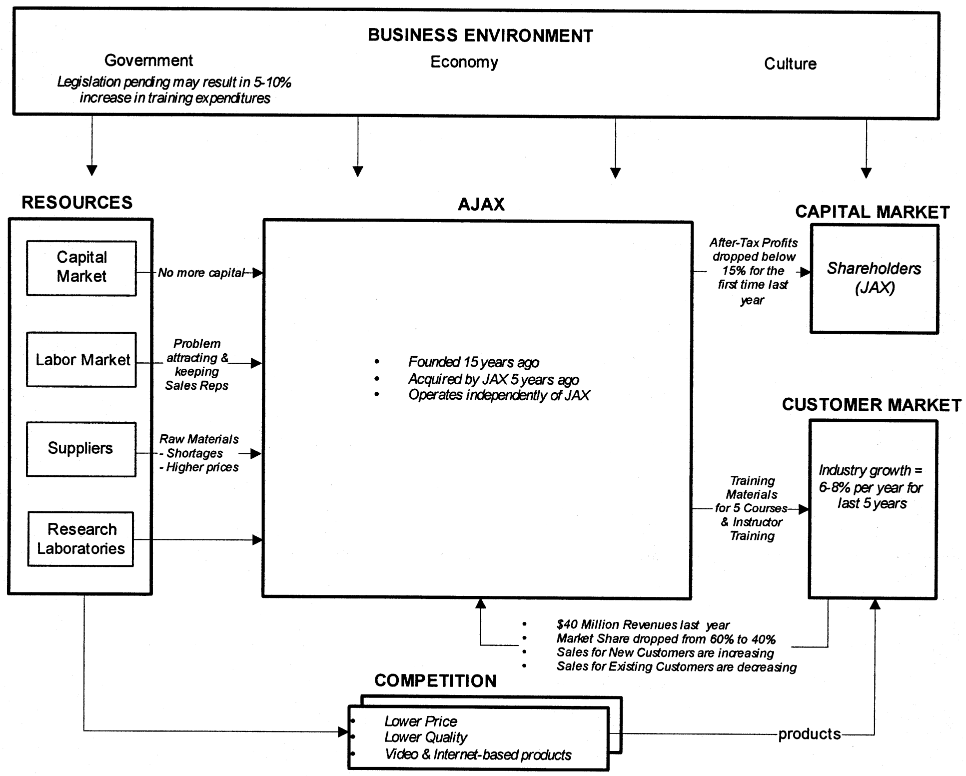

Figure 4. Super System Map—AJAX Example.

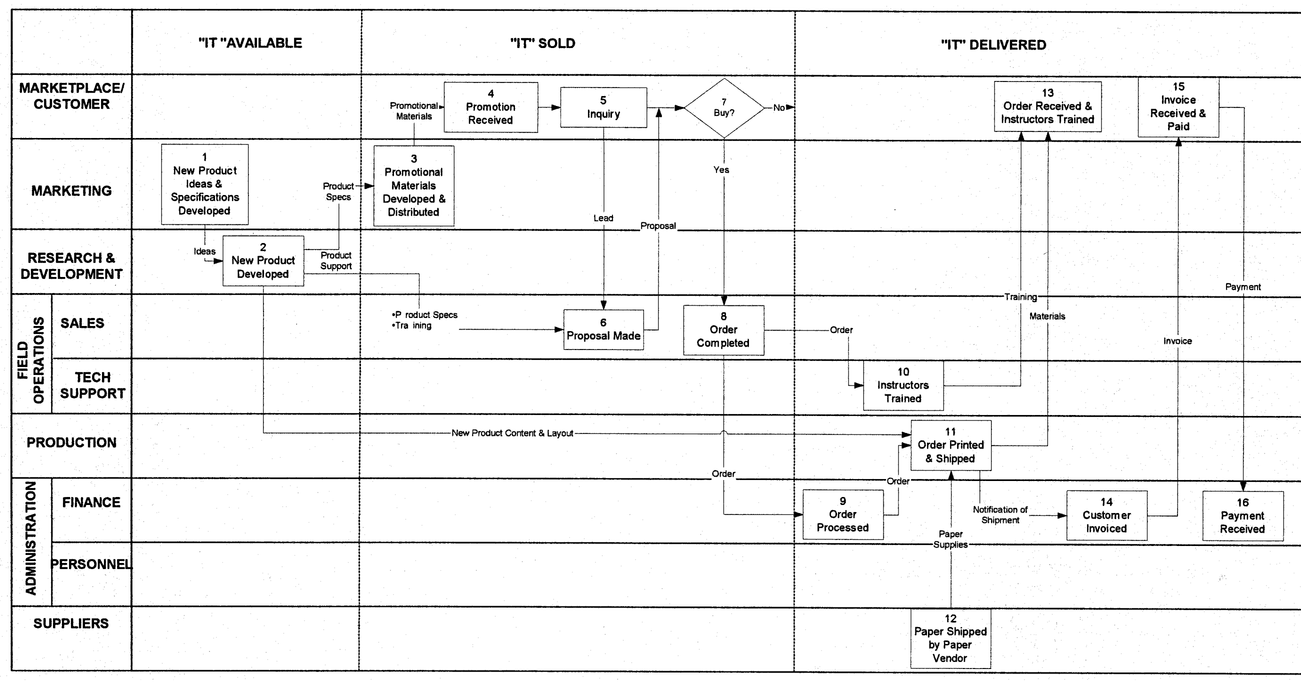

Figure 5. Value Chain Map—AJAX Example.

detail. Over time, Sarah will try to understand all the primary processes at this level of detail. The benefits of these process maps to Sarah include:

✓ Data Storage. A way to capture what she is learning as she moves about the organization. After all, all activity should be somehow contributing to the performance of these processes.

✓ Diagnostic. A way to identify and note "disconnects" in how these processes are working.

✓ Context for understanding jobs. Many of the requests for "help" that Sarah is going to get from AJAX are going to be about improving the performance of individuals doing some job. But all those jobs exist as part of some process. Understanding the process that a job is part of is critical to diagnosing the cause of poor performance and evaluating the potential impact of improving that performance.

4. The factors that impact individual performance, as represented in the human performance system diagram in Figure 3. As Sarah learns more about key jobs in AJAX, she will note such details as the clarity of expectations, the incentives and disincentives to perform (specifically, what is the compensation system), how performance is measured, what feedback is available, and what physical barriers to performing as desired exist.

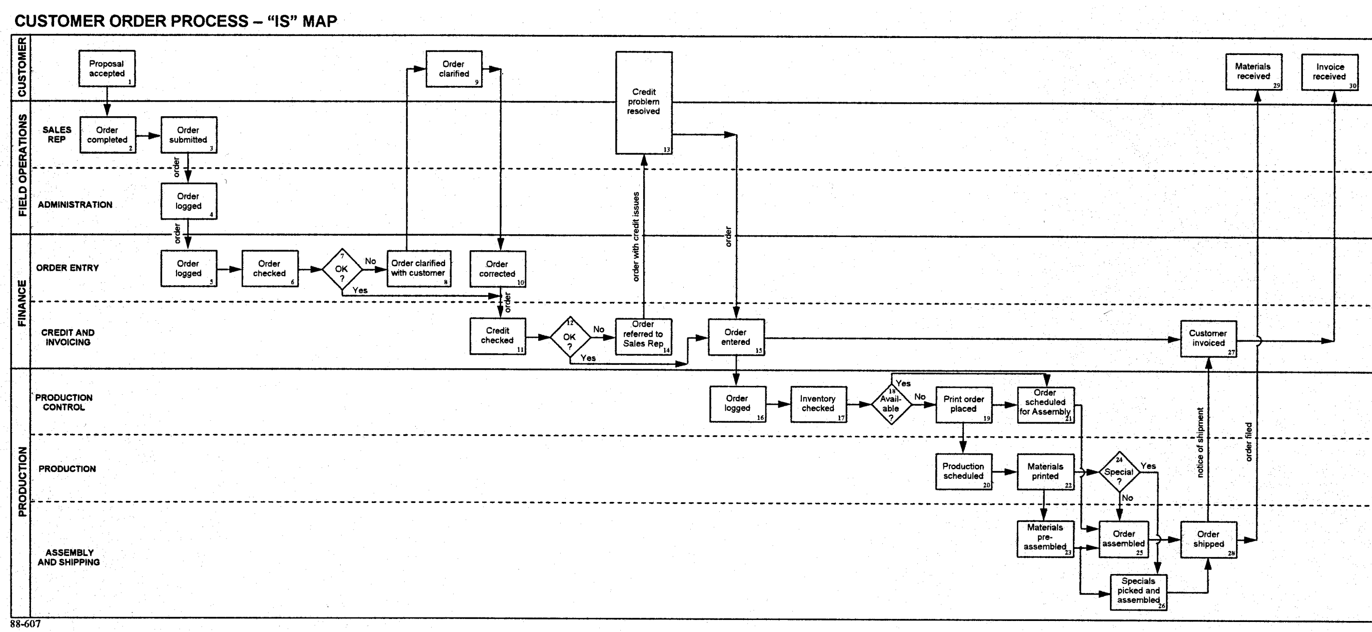

Figure 6. Process Map—AJAX Example.

5. Organization performance. Sarah needs to know how performance is measured for AJAX, its departments, and all its key jobs. Ideally she needs to know planned and actual performance for those measures. However, there is no simple template for this important task.

Sarah will gather these data as part of what we call building a client profile. This profiling is facilitated by the four templates shown in Figures 3-6. Such a profile is built over time. But the process is expedited by the fact that the performance consultant knows what he or she is looking for and has templates to guide the data gathering and storage. These profiles are dynamic and must be kept current.

How to Build a Profile

Month One

Starting immediately, and continuing throughout her relationship with AJAX, Sarah will carry out the following tasks:

- Start a client profile filing system.
- Review documents and interviews individuals. (Informational interviews work well. Sarah can ask key managers, "Could you give me 45 minutes? I need to learn more about your business and what you do, so I can do a better job of supporting you.")
- Summarize her answers to the basic business questions.
- Build and continually update a super system map and value chain map for AJAX.

Month Two

Sarah receives a request from Al, an AJAX region sales manager, asking for help in locating and presenting a particular film on "coaching" at his next district sales manager's meeting. Based on her background data gathering and super system work, Sarah knows that AJAX is struggling with flat sales and knows enough about business in general and sales in particular to know that a 30-minute film (plus facilitated discussion) isn't going to have any impact on district sales manager behavior or sales rep performance. In a brief conversation with Al, Sarah can see that he is committed to showing this film and has no tolerance for considering any alternatives. So her response to Al is the following:

> *"Al, that's a great idea. I've heard about this film and this looks like a great opportunity to do two things. First, we will meet your needs by exposing your team to the film. Second, it provides me with a chance to evaluate the effectiveness of the film. So I would like to make you a deal: I will get the film and facilitate the presentation at your meeting if you will let me interview three or four of the district managers back in the field over the next few weeks to determine the effectiveness of the film. The interviews won't take more than 30 minutes each. Deal?"*

Al agrees. Sarah facilitates the session and gets to know several sharp district managers, whom she subsequently interviews. During the interviews, she uses the film as a starting point to ask how the district managers manage their sales reps, what they feel the major issues are regarding sales and what they think the business unit needs to do to increase sales. After her brief foray into the field, Sarah can do a couple of things. First, if she saw that a particular intervention (training, job aid, redesign of a form that would provide better sales tracking information, etc.) would make a difference in the performance of Al's region, she could move to the proactive mode by approaching Al with something like this:

> *"Al, thanks for letting me have some time with your district managers. As you predicted, they seemed to find the film on coaching helpful. But I learned some other things. They pointed out to me that if they could also get some… [whatever], that would really help them get their numbers. So I was thinking, would you support my doing …[whatever], so we can keep the momentum going from your sales meeting?"*

The second thing Sarah could do would be to use her newfound information to continue her profile of AJAX. She builds a model (template in Figure 6) of the current sales process and sales management processes and makes notes on what she sees as issues and potential fixes. She does the same with the current sales management and measurement process. And she records her observations about key factors in the human performance systems of sales reps and district sales managers, including incentives, feedback, and sales support tools. She also uses her new knowledge of the sales process to flesh out the product-sold section of the AJAX value chain map (Figure 5) she is building.

Month Four

Sarah receives a phone call from AJAX's vice president of sales requesting a meeting to discuss some sales training as a way to provide a uniform sales process across all regions. Armed with her models of the sales organization, her understanding of the issues in the field and the reality of AJAX's flat sales for the past 18 months, Sarah meets with the VP and establishes that the critical business issue is really "no sales growth" and that the goal (results gap) is to get back to an annual growth in sales. Based on her pre-AJAX experience and her earlier work with the AJAX district sales managers, Sarah is convinced that pieces of the "flat sales" puzzle include the following:

- A barrage of new products for the field
- Lack of a uniform sales process for integrating and successfully selling the growing portfolio of products
- Lack of any uniformity in the management of the sales force
- Inadequate sales performance data with which to manage the increasingly complex product portfolio

Masters Statement

How have I passed my wisdom on to others?

Geary has made more than 75 presentations to N/ISPI conferences, more than 15 presentations at ASTD conferences, more than 40 presentations at N/ISPI chapter meetings, and more than 25 presentations at ASTD chapter meetings. He has written more than 50 articles and papers and contributed to two ISPI and two ASTD handbooks. In addition, he has participated in six ISPI HPT Institutes.

During her meeting with the VP, Sarah raises some of her concerns about the various factors that might be influencing the critical business issue and argues that sales training by itself will have little impact. The VP is impressed with Sarah's knowledge of the issues, and they agree that the next step is for Sarah to conduct a quick four-week performance analysis to identify the major variables impacting the critical business issue and to present a comprehensive plan for getting AJAX's sales back on track.

Sarah is able to conduct this analysis quickly because of her previous knowledge of the business, much of it reflected in the super system, value chain, and process maps she has been building, plus her knowledge of the human performance system factors influencing sales reps and district sales managers. Development of this plan for the sales VP also greatly increases Sarah's knowledge of AJAX's business, particularly the value chain.

So there you have it, an example of how a performance consultant can use these four templates to assist in learning a client's business. The example also points out how knowledge of a client's business multiplies. A small project leads to more knowledge of the business, which leads to more opportunities to improve results, which in turn leads to more knowledge of the business, and yet more opportunities.

You now should also be able to appreciate two additional benefits of such client profiles—it orients a new performance consultant to both the AJAX organization and a particular results improvement project. Sarah now has the ability to bring a new performance consultant up to speed on AJAX and its issues in a matter of hours.

Summary

For everyone working in the arena of performance improvement, there is currently a strong focus on "getting results"—with little or no guidance on tools and resources to help support you in getting there. By understanding the anatomy of performance and profiling your client's entities, you have a means by which you can know your client's business, which allows you to—

- build credibility and strong relationships with your clients.
- increase the speed and accuracy of your response to requests for assistance.
- increase your chances of proactively identify opportunities to improve performance.

In other words, you can set yourself up for getting better results, faster.

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