DANIEL
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Inc.

Strategic Repertoire Analysis™

New Management Tools for Company Officers and Unit Managers

A White Paper

strategic competency programs

[performance]

[Strategic Repertoire Analysis™]

Why Strategic Repertoire Analysis can be very important to your company

Many companies have developed detailed descriptions of work to support multi-skilling, skill-based pay and other enterprise initiatives. These descriptions may include task and skill objectives, competency verification information, job aids, procedures and training. The information that effective programs generate is very specific and voluminous.[i] If the right information is collected, and if it meets specific requirements for quality, the strategic value of this information extends far beyond support of the individual programs for which it was generated. The information is, in fact, so critical that it can be said to represent a *strategic repertoire*—information critical to a company's success.

Specific work processes and software that capture, manage and interpret the volume of information can provide new and extremely valuable windows into the workings of a business. These new analytic techniques enable officers and managers to:

quantify costs of performance failures and perform ROI analysis upon them
drive staff sizing decisions by value generation and enhancement of core competencies
perform ROI analysis on investments in employee development and compensation
reduce negative impact from staff reductions

perform quantitative analysis on training tasks—and replace subjective measures of training effectiveness
increase training focus and the manageability of training expenditures
perform objective, simplified performance appraisals
create budget roll-ups based on precise task-level analysis of work requirements
increase the probability of success for multi-skilling and skill-based compensation programs
define core business tasks and the skills required to maintain them

Strategic Repertoire Analysis bases analyses of investment and performance on observable, measurable descriptions of work results instead of classification of ongoing activities. The result is a new level of accountability and manageability.

What is it we manage?

Business technology has evolved explicit and complex systems for managing. It falls short in the way it defines exactly what is being managed.

Most descriptions—if they do represent something that can be measured—are high-level summary indices such as sales volume or production output. These are important and necessary indicators for executive overview. They can tell if aggregate performance is meeting expectations. But they provide little *diagnostic* information because they generally do not point to the specific

behaviors that produce the described outcome. Successful line management must be able to identify and direct the mechanism that produces the outcome. Most companies do not have that information in a useable form.

Strategic repertoires provide explicit information about the performances that produce value and the necessary skills for successful performance.

Other descriptions are generally *aggregations of activity*—aggregates such as the volume of clerical work, engineering or bookkeeping as represented by head counts. The problem is that aggregation by activity makes no link between activity and result. A manager probably couldn't accurately say "if we add X percent to our clerical (or engineering staff) we will get Y increase in production."

Over the years, companies have found rule-of-thumb relations between some kinds of input and output. Budget planners may be able to say, "if we add 20 percent to our machinist pool, we can increase output by 20 percent." This however, only manages by regulating input. More often the issue is how to increase output by 20 percent with no increase in input. To do this you have to describe and manage the explicit way that inputs produce result. You must define the exact tasks being performed, the standards for performance and precise skills that make that performance possible.

Precise descriptions of performance are important to employees. If performance expectations do not make the linkage between individual actions and the result being measured, employees will not see how they can affect the result. If this is the case, employees at best, will not know what action to take, or at worst, may not care. As the Duke of York (and a number of other Shakespearean characters) said, "things past redress are with me past care."

Descriptions of work from Strategic Repertoire Analysis

Behavioral analysis provides a means to see the real work.

As was just mentioned, traditional ways of looking at work usually do not define results. They group activities by general categories, such as "compressor maintenance." Or they may group activities by generic job descriptions such as "maintenance 3 electrician."

Strategic Repertoire Analysis provides very specific, categorized descriptions of work performance that describe results. It defines observable, measurable actions with specific outcomes. Typical repertoire work descriptions might be "perform fluids check on gas compressors" or "complete compressor board check."

Other repertoire definitions might include tasks such as "complete resource leveling on highway marking estimates," "calculate production costs for custom bandage production," or "complete customer account request."

From a decision-making standpoint, traditional categories of activity and job descriptions are pseudo-classifications because they provide a grouping of activity, but no information about the impact the work or work quality has on the company.

For example, to budget, a department manager needs to know how much money goes out for clerical staffing. But to manage the work, that manager needs to know how much clerical time is consumed by each task the department performs. In fact, if the manager can define the resources needed to perform all the tasks the department performs, that manager can produce a very justifiable budget.

Any meaningful assessments of aggregate work requires task-based, not activity-based, analysis. Below, you will see how critical this distinction is when a firm selects skills for training, tries to determine staffing levels or evaluates an investment in personnel development. Tasks measure results. Activities measure consumption.

Collecting repertoire information

Repertoire information comes from enterprise-wide analyses similar to training task analyses that are familiar to many organizations. However, the analyses must satisfy very specific process and quality criteria to provide the information needed for Strategic Repertoire Analysis. In addition the data is very detailed and requires both systems and processes to manage and evaluate it. When done correctly, the analysis provides precise descriptions that make performance—and failure—observable, measurable and manageable. Proprietary processes and software make the analyses possible.

Strategic Repertoire Analysis creates a work product that includes

complete, categorized definitions of all tasks company personnel perform with descriptions of frequency of performance, criticality and associated resource consumption

prioritization of all tasks based on their contribution to the production of value and criticality to the company's core business

complete, categorized definitions of the skills required to support the company's core business

a comprehensive inventory of all relevant training resources (within the company and available from third parties), linked to the specific skills they support, with instructions in their use

functional, task-specific job descriptions with corresponding skill requirements

complete skills certification materials for the skills required for each job

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Task-based opportunity assessment

Detailed descriptions of the tasks and skills that represent a company's core competency are one of the most important resources a company can own.

Explicit repertoires of tasks provide a unique basis for loss analysis. Because the work is completely broken down into discrete, observable activities, employees, teams or managers can perform failure analyses. That is, they can state the expected result of each task, identify—and quantify—any performance discrepancies. Analysis of each task can identify the type and extent of performance failures and their costs. Analysis can specify the safety and regulatory consequences of failures. Analysis can also ascribe root causes and identify skills deficiencies or other sources of performance failure that produce the losses.

For example, a team might look at a task such as "maintain fluid levels in compressors" and conclude, "in three cases, failure to maintain full lube oil level shortened bearing life by 10 months at a cost of $72,000. In two other incidents, failure to recognize lube oil consumption resulted in complete bearing failure. The cost of those two incidents was $125,000." With tasks, you can link a behavior and a consequence. And you can quantify those consequences.

The resulting roll-up from all tasks in a work area represents an opportunity to

recover the money left on the table because of performance failure. Analysis of "compressor maintenance" or "maintenance 4" cannot produce the same specificity.

Nor can traditional analysis by activity or job classification make the link between specific failures and corrective action. And because of that, they can make no assessment of the cost of correction.

A company can use Strategic Repertoire Analysis to identify costs of failure in performance of tasks. They can identify the appropriate actions to take to correct each performance discrepancy— such as training and supplying different tools or schedules—estimate the cost of those actions and perform a ROI analysis. Finally, because all the analysis is computerized, investment can be automatically prioritized, either on the basis of ROI or other financial indicators, or by criticality of the task. Only strategic repertoire analysis provides ROI analysis of performance improvement opportunities.

Root cause analysis techniques approach this kind of analysis. But they do not provide as complete or as systematic an assessment of all work performed within a company. In addition, root cause analysis can create a diffuse web of corrective actions that cannot be addressed in a coordinated fashion.

Staff sizing decisions—Strategic Resource Allocation™

Task descriptions that define a company's core business provide a rational basis for staff sizing decisions, when coupled with time card data.

Consider the situation of a manager who is told to "reduce staffing 30 percent." Using traditional methods, that manager would pull up accounting information to look at payroll by groups such as "clerical" or "professional staff." They would determine what constituted 30 percent and cut the appropriate number of personnel. Most officers or managers will testify to the subjectiveness of decisions based on this information.

A meaningful question with which to test staffing decisions is, "What criteria determines the appropriate level of clerical support?" Without specific information on the way that aggregate payroll expenditure contributes to the completion of specific tasks, there is no way to decide appropriate staffing levels—let alone mandated levels. Strategic task repertoires permit task-based prioritization of activities. And Strategic Resource Allocation™ is a specific method to use task repertoires to make rational staffing level decisions. Here's how it works, using repertoire information.

When a manager has a comprehensive list of tasks performed by the department, the manager can look at each task and determine its criticality, how close it lies to the heart of the business. Does it

specifically contribute value or serve a customer? How directly does it support people who create value or touch customers? Is it a part of what the company wants as its core competency? Can it easily be outsourced? Is it expendable or deferrable? Answers to questions such as this produce a ranking of tasks and their criticality.

When time card information is linked to each task, the manager is in a position to profile human resource consumption by criticality. The manager can say, "Here is the ranking of the tasks we perform in this department. Here are the resources they consumed. Is that enough to perform each task to the expected level? Is this the way we want to do it in the future?"

Faced with mandated reductions, the manager can prune staff from the least critical tasks and redirect the remaining staff. The result is a reduction that recognizes the core work needed to keep the company running.

The systems and software for Strategic Resource Analysis are set up to collect and manage the sizable volume of data this kind of analysis produces.

The dilemma of traditional training

What is training in your organization— first aid for minor problems, trauma care for corporate emergencies or a comprehensive wellness program?

Training programs have usually been created to solve very specific problems. Someone perceives a problem that's costing money and then creates an ongoing program to solve it. Then another problem appears, and another training program is instituted to solve that problem. Soon, the company has a series of programs addressing a series of problems and someone says, "why don't we draw these together into a comprehensive program to save costs?" "Not a bad idea," says the company and a training function is formed. But what is also created are institutionalized responses to a series of perceptions of parts of the company at specific moments in time.

Companies change. They change markets, technology, work methods and structure. Unless the training organization is explicitly plugged into the strategic direction of the company, and mandated to follow it, training will grow increasingly obsolete. That's why training must be managed from a strategic level within the company, if it is to add value. Strategic repertoires provide exactly that strategic view.

Managing training with strategic skills repertoires

Strategic repertoires provide officers the ability to specify training requirements that are tied directly to a company's core competence. They also permit building business plans for training that explicitly identify and quantify the sources of return and their expected value.

Training expenditures are a universal source of concern and subject of scrutiny, even though most corporate officers would agree that training is important. The reason is very simple: Most training justifications don't quantify the expected return or demonstrate a credible mechanism by which the return will be achieved. And that makes financial and operating officers uncomfortable. Without explicit definitions of the sources of income or value, and a clear business plan that provides actions, timelines and ROI models, officers are forced to more or less accept training on faith—often faith in a particular training officer or manager or the memory of a past program's success. Unfortunately, faith may not be a strong enough justification when there is strong competition for a company's limited resources.

Unit managers, line managers and foremen share a similar concern, "is it worth it to send personnel for training when we are already short handed?"

If you are a training officer, you are the one who has to provide the justification . . . and the one whose job hangs on faith. Justification is often based on rules of thumb that say "a dollar spent on training will return X dollars in improved performance." Unfortunately, not everyone knows that, right?

[Strategic Repertoire Analysis™]

Strategic repertoires provide a means for explicit ROI analysis of training. Once a company has a prioritized list of tasks, it can analyze those tasks to determine and prioritize the underlying skills that are required. The resulting strategic skills repertoire gives training officers the clearest road map possible to align training with corporate objectives. The behavioral skill objectives are the information the training department needs to help a company overcome its habit of institutionalizing training obsolescence.

The strategic skills repertoire also permits ROI analysis of training opportunities. Managers can estimate the cost of performance failure from each skill. Training officers can estimate the number of people that need training in each skill and total training costs to correct the performance failure. The comparison of the two numbers provides training with a direct ROI justification. And the ROI numbers and skill priorities can be used to rank training investment opportunities.

Systems for Strategic Repertoire Analysis

Work processes and software make repertoire development an efficient manageable, affordable task.

Strategic Repertoire Analysis produces large volumes of very detailed, specific information. The information comes from a dispersed, grass-roots analysis of all areas of the company. Understandably, the analysis can sound daunting. Attempting to undertake such analyses without specific tools will be.

It's important to remember that the completeness and specificity of the information and the fact that it comes from the people who do the work are exactly what give it value. Shortchange the completeness and you shortchange the value.

Fortunately, with the processes and software now available, strategic repertoire analysis is a very straightforward process.[ii] Relational data capture makes it very simple to aggregate, sort, compare and publish the information in useable formats. Relational data capture also permits direct linking to skill certification—in programs such as skill-based pay—and to training development in any repertoire program. Complete systems descriptions are available.

[i] This firm has seen instances where companies define as many as 16,000 skills supported by 32,000 skill criteria. The skills in turn, may be linked to thousands of training tools.
[ii] For more information, ask for literature regarding Repertoire™ work processes and SkillForge™ software available from Daniel Follette, Inc.

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