# Performance Architecture

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## A Walk on the Human Performance Side – Part III

As Performance Architects concerned with human performance issues in the workplace, we are engaged in helping our clients and their organizations meet their business goals. In the course of our work we frequently team with consultants in other specialty areas. We find that together we can add value for our clients with the judicious use of some basic architectural models and tools.

This is the final Column in our three-part series introduced in July of 2011. We've explored the first two organizational levels – Worker/Individual/Team and Work/Process/Practice and shared proven models and tools that can help process experts with the human performance side of work. With this column we introduce the Workplace/Organization level.

### Part I Recap: The Worker/Individual/Team Level

In Part I, we investigated the Worker/Individual/Team level and shared the **Performance Map**, a visual and diagnostic model that helps clients focus on performance issues and possible solutions to them, rather than making the almost automatic request for training. We showed the value of involving clients early in the investigative process so that their ownership of the performance issue and selected solutions would carry through the project's implementation and beyond.

We related a success story about being asked to train customer-facing employees in service skills and using the **Performance Map** with our client. The **Map** showed her that solutions other than training were most likely to build the service culture she wanted to create.

### Part II Recap: The Work/Process Level

In Part II, we spent time at the Work/Process level and introduced a handy tool, the generic **Time and Motion Workflow** chart. We identified signs that performance issues were getting in the way of optimum performance and then showed how the **Time and Motion Workflow** chart could help the Performance Architect observe and accurately capture details about how tasks are done. With this information, performance obstacles are made visible and can be addressed.

We shared an eye-opening example from a branch office in a large financial institution where relocating the lead teller in front of the vault saved enough time to allow the hiring of an additional salesperson.

## The Workplace/Organization Level

At the Workplace/Organization Level, Performance Architects develop a map of the organization showing how it operates and how it fits into the business environment. Using the map they've created, Performance Architects team with their clients to assess how well all the internal components of the organization are working together to achieve its goals. They also use the map to check the larger environment to see if the organization is adjusting to external realities. Typical recommendations include changes in structure, processes, measures, and feedback loops to foster alignment across the organization. Performance Architects pay careful attention to internal politics at this level and find that an executive sponsor is an invaluable support for any performance improvement effort.

### Typical Performance Issues at the Workplace/Organization Level

Large-scale change efforts occur at the Workplace/Organization Level and are signaled by events such as mergers and acquisitions, re-organizations, or other structural changes. Initially, the request might be for a leadership development program, a new approach to succession planning, executive team building, or a culture change workshop. Often, further investigation points to the external business environment where economic events, supply chain disruptions, labor market activities or market trends can be the source of the performance improvement opportunity. Finally, performance issues that initially appear to originate at either the Worker/Individual/Team Level or the Work/Process Level may actually be caused by an event or initiative at the Workplace/Organization Level and thus must first be addressed there.

This is where mapping the organization becomes so valuable. Even if you have worked with or in an organization and know it well, your field of expertise is likely to be your frame of reference. We suggest that mapping the organization will allow you to step back for a broader look at how the organization operates, and will help you explore less familiar areas. Work at this level requires the combined skills of a detective and a diplomat, so a broad understanding of the organization is an important component of your investigation.

There are a number of tools that will help you map the organization. We like the **Business Logic Model** because it allows you to look both internally and externally to produce a 360° context of the organization. When you use this model you will see the organization and its environment in the same way that senior leaders and the board of directors see it—a perspective rarely available outside the C-level of an organization.

## The Business Logic Model

The **Business Logic Model** was developed by Lynn Kearny and Ken Silber and is derived from the work of Michael Porter, Karl Albrecht, Robert Kaplan, and David Norton.

The model shows an external scan that asks questions about general and industry trends and key threats and opportunities. The internal scan looks at finance, strategy, customers, products, process, and infrastructure. Collecting this information will show you what the organization is trying to achieve and guide you to the metrics used to assess its success.

You can access the full job aid here.

**BUSINESS LOGIC**

**External Logic**

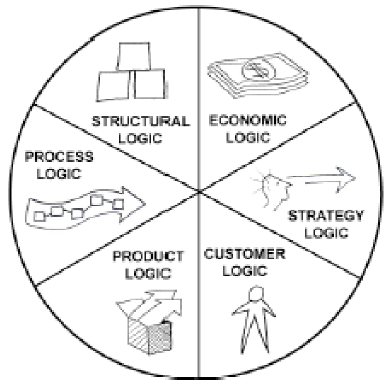
**THE INDUSTRY**

**For This Type Of Industry, What Is:**

- **The threat of new entrants?** How easy is it for new competitors to enter the market?
- **The bargaining power of suppliers?** Are key suppliers many or few? Are they tightly organized or fiercely competitive?
- **The bargaining power of buyers?** Are there many sources of the customers' products/services, or are they a scarce resource?
- **The threat of substitutes?** How likely is it that the customer's product will be completely supplanted by something different? (Ex: typewriters replaced by computers)
- **The intensity of the rivalry?** How fiercely do firms in this industry compete with each other?
- **Is the industry growing or shrinking? How fast?**

*External Logic based on Michael Porter's "Competitive Strategy"*

**Internal Logic**




**Economic Logic**: Organization's sources of profit & growth

**Strategic Logic**: Organization's purpose, direction, plans & culture

**Customer Logic**: How organization identifies, attracts & keeps customers

**Product Logic**: How its products/services appeal, how they're differentiated, & image with customers

**Process Logic**: How organization develops, produces, & delivers its products/services

**Structural Logic**: Infrastructure – How organization structures itself to accomplish its work

*Internal Logic based on Karl Albrecht's "Northbound Train" and Kaplan & Norton's "The Balanced Scorecard"*

**External Logic**

**GENERAL TRENDS**

**What Current Trends Are/Will Be Affecting This Type of Business?**

- **ECONOMIC** What changes in the economy are impacting the business? Fluctuating interest rates? Availability of capital? Other?
- **DEMOGRAPHIC** What changes in the population are affecting the business? Aging population? Labor market migrating? Other?
- **POLITICAL/LEGAL** What changes in legislation, regulation or legal precedent is impacting this industry? Rise in lawsuits or awards? Changes in safety or environmental restrictions? Reductions in federal funding? Other?
- **TECHNOLOGICAL** What technological trends or innovations are affecting (or are likely to affect) this industry? Electronics? Biotech? Chemistry? What specific developments?
- **SOCIOCULTURAL** What changes in people's habits, desires, actions or beliefs are affecting the business? Changes in credit spending? Educational level? Other?



**Figure 1. Business Logic Model**

## Brief Guide To Using the Business Logic Model

The model's **Logics** are defined below the graphic. Depending upon the performance issue you are addressing and your client's needs, you may choose to investigate one or more of these Logics in greater depth. That said, we suggest you investigate all the Logics to some extent.

Begin with **Customer Logic** and ask questions such as:

- How does the organization get and keep customers?
- What is the customer profile?
- What is the marketing strategy?
- What metrics are used?

Next, look at **Product Logic** and ask questions about products or services like these:

- What are the features?
- Describe the product or service's performance.
- How is the product or service different from the competition's?
- What support do customers receive when they use the product or service?
- What about repairs?

For **External Logic, use** the lists on the left and right sides of the model to ask:

- Do the current Customer and Product Logics align with external realities?
- Industry-specific questions.
- General marketplace trends questions.

For **Strategy Logic**, ask these questions:

- Does the organization's strategy enable it to gain and retain its target customers with its current products/services in the business environment where it operates?
- Does the organization have a sustainable competitive advantage or does something have to change?
- What is the organization's mission and vision – why does it exist?
- What are the organization's current objectives?
- What is the nature of the internal culture – what does the organization stand for?
- What are the core competencies here – what is this organization uniquely good at?
- How is the organization being grown?
- How are products and services priced?
- Is the strategy aligned with the other Logics in the **Business Logic Model**?
- How is the success of the strategy measured?

For **Economic Logic**, ask about finances:

- Can the organization achieve profit and growth with the current strategy?
- What is the current set of fixed and variable costs for your organization?
- What are the plans, if any, for changing the balance of these costs?
- Is your department a fixed- or variable-cost item?
- Which is of greater concern: cost of goods sold (COGS) or sales, general, and administrative expense (SG&A)? Why?
- How does the organization analyze where profits come from?
- What key metrics are used?

For **Process Logic**, ask:

- Do the organization's processes enable its strategy and satisfy its customers in this business environment?
- How are sales and raw materials turned into products or services for the customer?
- What the key functions/groups are involved in producing products or services?
- Which processes require the largest number of functions/groups?
- At what critical places in the organization do the major processes intersect?
- What post-sales processes support the product/service and customer?
- What metrics are used to evaluate processes?

For **Structural Logic**, ask:

- Is the organization structured appropriately to execute its strategy in its market and still achieve profit and growth?
- What does the organization chart look like and why is it structured as it is?
- How did the structure come to be?
- Which of the structural elements are out of alignment?
- Do you see ways to change the structural elements that are not aligned, or ways to work around them?
- Does your placement in the structure help or hinder you in accomplishing your/your team's mission?
- If you are hindered by your placement in the structure, how can this be changed?

We suggest you begin with these generic questions to gather initial information for your organizational map. Once you are familiar with the **Logics** and the information associated with each one, you may find it helpful to customize and add to the questions we've included.

## How To Be Successful

Rather than include a success story here, we prefer to encourage you to explore the **Business Logic Model** and use the questions provided to expand your knowledge of your organization. Armed with a new perspective, you will be able to bring your broadened view to your daily work. You will be better equipped to identify disconnects and opportunities to improve alignment across functions and maximize process integrity to improve performance and results.

There are a number of things you can do to be preemptive in choosing projects while also being of real service to your clients. Some suggestions:

- As you gather information about the organization in response to the **Logics** questions, keep a list of elements that are out of alignment and the performance gaps that you discover
- Apply that information to the projects you work on and propose approaches and possible solutions that will support the organization's mission, vision, and objectives
- Look for projects at the Workplace/Organization level that will impact key measures and goals so that you can make a significant contribution
- Revisit recent work you have done to determine if you might have missed a link to an issue at the Workplace/Organization level and consider how to enhance what you have already completed
- Propose projects based on your new knowledge that will provide immediate benefits to the organization

## Tips for Success with the Business Logic Model

The **Business Logic Model** can lead to extraordinary depths of information about an organization. Rather than becoming overwhelmed by detail, we suggest that you investigate each of the Internal Logics at a high level first. This will give you a look into arenas that are new to you. As you identify elements that are out of alignment, you can dig deeper to determine what performance issues are at risk or already compromised and focus your continuing investigation where you can be of most help.

If you find the **Business Logic Model** to be a useful tool, we recommend the book *Organizational intelligence: A guide to understanding the business of your organization*, by Kenneth H. Silber and Lynn Kearny, published by Pfeiffer in 2010. In it you will find in-depth information about how businesses are structured and managed as well as extensive discussions and guidance for using the **Business Logic Model.**

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