

Title: A strategy for success: performance-based human resource development

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Abstract:

Since the late 1980s, The Travelers Managed Care & Employee Benefits Operations (MCEBO) has undergone a series of reorganizations, culminating in a major re-engineering initiative that is still unfolding. The Human Resources Development team is playing a primary role in charting the organization's new course during this turbulent time, particularly in the re-engineering phase. Working in a continually downsizing environment, HRD has designed a performance-based development strategy for increasing organization, team and individual effectiveness that MCEBO's leadership is now correlating to improved business performance. It is a strategy that focuses obsessively on bridging the gap between anticipated and actual business results. Although we don't claim credit for recent gains, HRD has in fact intervened in every MCEBO department. And our clients cite HRD as a "major driver" in scoring their improvements. Here we present a survey of the design, delivery and buy-in of this performance-based development strategy.

Full Text:

In early 1991, The Managed Care and Employee Benefits Operations (MCEBO) of The Travelers Insurance Companies launched a sweeping change initiative, an effort that would fundamentally--and forever--alter the way this division viewed its performance. It was not MCEBO's first attempt at change. Indeed, a series of reorganizations had already been rolled out in this 13,000-employee business, some of these efforts successful, others not. And before that, MCEBO had endured an intensive but unproductive process of cost benefit analysis.

But in this case, the primary responsibility for implementing the MCEBO re-engineering effort--the job of "making major change happen"--would go to the professionals of the Human Resource Development organization.

MCEBO's re-engineering initiative in 1991 was driven largely by the turbulent, uncertain business conditions of the insurance industry. The Travelers, like other insurers, was being shaken by the combination of a fast-changing marketplace, a global economic slowdown, and mounting political determination to revamp the U.S. health care system. Added to these external pressures were The Travelers's own internal weaknesses, including escalating costs, decreasing profits, a depressed real estate portfolio, and a multi-tiered bureaucracy.

Prelude to Change

In the late 1980s, The Travelers' vision of its insurance business had broadened from one of being a solid, traditional indemnity enterprise to one of being a chief player in the managed care arena. The leadership of Travelers was convinced that this shift would make the company more productive and profitable at a time when the insurance industry was growing more complex and competitive. As was predicted for much of American business in the 1990s, the Travelers had reached a point where it had to "stop financing a dying past and start building an optimistic future" (Lynch & Kordis, 1991).

Yet the first attempts to pursue this new vision, through restructuring and other means, failed to meet expectations. Amid much fanfare of decentralizing the company, of "blowing up the Hartford headquarters," the company created the MCEBO organization in 1989. It was to be a decentralized business with five independent regional offices, each empowered to run its own operations. Such an organizational structure played to the company's notion of managed care as a growing field of local businesses with local markets. The company's senior executives had great confidence in this vision and in the MCEBO strategy. Still, in just two years they were forced back to the drawing boards after the regional offices failed to reduce costs and deliver improved growth and profits.

It was becoming increasingly clear that a radical transformation of the organization was called for if MCEBO expected to position itself as a serious contender in the managed care field. To achieve that mission, entirely new ways of planning and operating had to be devised. Although The Travelers had championed an entrepreneurial spirit and envisioned new career opportunities for the people of MCEBO, the fact was that bureaucratic controls, ineffective expense management practices and a culture of entitlement all stood in the way of meaningful change.

A New Mission

Thus, in 1991, MCEBO's leadership decided to totally redefine the organization, this time starting virtually from scratch. To begin, middle- and upper-level managers were recruited for change teams responsible for designing and implementing a re-engineering process. Their objectives were formidable: to restructure the organization; to eliminate

fragmented, inefficient and costly work processes through downsizing and other means; and to create an environment where managers could manage, not just perform transactions.

Our re-engineering journey started in earnest with a systematic analysis of the division in which every function of MCEBO was meticulously studied--a comprehensive analysis that took several months to complete. The management team not only looked at the mission of each department but also at each department's relationships with every other unit in the organization. They also evaluated how the departments' goals and practices aligned with the new MCEBO mission. Most significantly, the study looked at each position in MCEBO, evaluating it for efficiency, role clarity and value added.

It became evident in the course of this analysis that the 10,000 people who would remain in the leaner, flatter MCEBO organization would require further development to attain the competencies necessary for success in the new business environment. It was also clear that the organization would need to operate at the highest possible levels of effectiveness in this new world. So, it made sense to MCEBO's leadership that the HRD team should play a major role in managing the implementation of the re-engineering effort.

At the same time that the MCEBO management team was conducting its analysis of the business, HRD began grappling with the job of redefining its own mission in the newly emerging MCEBO organization. When we looked at our new responsibilities, we realized that they were not limited to teaching people how to perform new or expanded jobs. Rather, HRD was being asked to contribute strategically, to add business value in these ways and others:

- * To ensure that people across the organization understood and bought the new vision: MCEBO was to become a major player in the managed care industry.
- * To help create a work environment in which it was possible to pursue this vision.
- * To work with the business units to help them define their strategic plans.
- * To coach people on how to collaborate effectively within their own units and across business lines.
- * To improve the problem-solving and decision-making abilities of individuals and teams.
- * To develop processes for streamlining operations, rebuilding teams and opening new lines of communication.
- * To help remove organizational barriers that hindered productivity and profitability.
- * To help increase trust.

Taking Stock of HRD

The HRD team recognized that we had to redouble our efforts to enhance performance and improve the bottom-line if we were to be taken seriously--and even survive--in the fast-changing business climate. Quite simply, HRD had to align its work fully and seamlessly with MCEBO's business goals.

To achieve such an alignment, we set three priorities for the HRD unit:

1. To partner strategically with the business leaders to improve organizational, team and individual effectiveness.
2. To deliver high-quality training and organization development actions focused on core business skills.
3. To reduce significantly the overhead expense for training and organizational development.

We also understood that to build from this business-focused platform, and to fulfill our new responsibilities, HRD itself had to learn new ways to perform and to improve results. Indeed, we realized that a boldly different development strategy was in order if we expected line management to accept HRD as a business partner. In other words, we had to introduce a methodology--and practice it--which linked development actions to business results (Ferkatish & Hayden, 1992; Garavan, 1991; Chalofsky & Reinhart, 1988). Just as important, with The Travelers in a downsizing, cost-cutting mode, the new methodology had to eliminate redundancy and maximize the dollars spent on training and organizational development.

Prior to the re-engineering initiative, HRD had been engaged primarily in providing product training activities and reactive organizational development. Managing the new responsibilities promised to be a real professional leap. Before we began tackling these new tasks head-on, we decided to conduct a division-wide survey that would assess the effectiveness of HRD's current service.

To accomplish this, we asked the president of MCEBO to send an electronic-mail questionnaire to all managers of the organization and to a random sample of individual contributors. The questionnaire was designed to discover which skills and what type of organization were essential for competing in our markets, and to assess how HRD was meeting developmental needs. In addition, the new head of HRD conducted interviews with key business leaders in MCEBO to get direct feedback from our clients.

Our research, similar to the objective performance audit recommended by Chalofsky and Reinhart, uncovered these key findings about HRD's work:

- * Development initiatives did not respond to business needs and often weren't even job-related.
- * Delivery of training programs was spotty and disorganized, sometimes redundant.
- * Training programs were so poorly coordinated that they didn't always reach the appropriate audience.
- * Centralized formal training provided by traveling subject experts carried a high per-person cost.
- * Four out of five employees surveyed didn't have adequate skills to provide outstanding customer service.
- * Development of the organization and teams was haphazard and non-strategic.

Developing the HRD Consultancy

The internal survey data confirmed what we had assumed: HRD had a big job to do in establishing its status as a value-added strategic partner. To help achieve this objective, we created the position of HRD Business Consultant. The consultant's role was basically three-pronged: to assess individual and organizational effectiveness; to design and help deliver appropriate HRD actions; and to measure the impact on business results.

Before we could reposition HRD professionals as business consultants, however, we had to contend with our own internal weaknesses; we had to add or dramatically upgrade key human resource development skills (Chalofsky & Reinhart, 1988). Rigorous competencies were established for each job in HRD (McLagan, 1989). Every member of HRD was assessed against these competency profiles in a 360-degree fashion using input from their manager, their subordinates and their own self-evaluation. Interviews were also held with key clients in MCEBO to validate these findings and to authenticate the connection of the competencies to business needs.

We clustered the competencies of our envisioned HRD Business Consultant into four critical areas:

Technical Expertise:

HRD professionals know how people acquire and use knowledge, skills and attitudes, and they understand individual differences in learning. In addition, they have a strong grasp of the techniques and methods used in career development and training, and are familiar with the knowledge and skills required in different jobs, tasks and roles.

Interpersonal Skills:

HRD professionals can establish relationships and networks among a diverse range of people. They are skilled at motivating groups to handle tasks, relationships and individual needs, and are expert at coaching individuals to identify and pursue their personal needs, problems, values and goals. They communicate information, opinions and observations in a way that people can easily grasp and act on. They are excellent negotiators, skilled at securing win-win agreements.

Intellectual Capability:

HRD professionals are well grounded in a broad array of ideas and practices. They also think logically and creatively without undue influence from personal biases. As conceptualizers, they develop theoretical and practical frameworks that describe complex ideas in comprehensible ways. They are aware of their own personal values, needs, style and competencies, and understand the effect these have on others. In addition, they have excellent research, observation and data reduction skills. But most important, they are able to forecast trends, anticipating multiple outcomes and their implications.

Business Proficiency:

HRD professionals are thoroughly familiar with the insurance industry and all aspects of MCEBO's operations, including its various business functions. They can prepare a cost-benefit analysis to evaluate the impact of alternative decisions on the bottom-line. Equally important, they understand the political, economic and social systems that

influence organizational behavior and can apply the techniques and methods used in organization development. Finally, they have the ability to plan, organize and monitor projects, and delegate responsibilities and authority to others.

Next, with these four broad competency groups in mind, we designed some diagnostic tools and developmental approaches to help our people evaluate their own practitioner strengths and weaknesses. For example, we videotaped role-playing sessions carefully designed to simulate a host of client interventions, giving professionals the opportunity to actually view their performance as business consultants in various situations. These videos were critiqued by peers and supervisors and developmental actions were focused accordingly. In addition, we paired up consultants with different strengths to work on projects that specifically addressed their development needs. Each consultant acted as a coach to the other in the identified development areas. Such activities complemented a number of other professional development activities, including internal training sessions and university-based development programs.

Shaping the New HRD Organization

As HRD began to develop its business-focused competencies, we also saw the need to restructure our unit so we could deliver our products and services even more quickly, flexibly and cost-effectively. To help accomplish this, we decided to flatten the HRD organization. First, we elected to downsize HRD management from 10 managers to four. Similarly, the HRD staff was downsized from 51 people to 32 and, later, to 17. But we also selectively hired some new professionals who possessed certain skills we lacked in HRD and couldn't develop fast enough in the new organization.

HRD professionals were also assigned to newly formed small teams to augment the scope and depth of our expertise. Three of these were given specialist functions: the Business Skills Training Team; the Organization Development Team; and the Education Technology Team, which was asked to develop alternate delivery methods for reaching decentralized clients. The final team, known as the Business Team, focused on diagnosing business needs, developing HRD actions and measuring the business impact of developmental interventions.

Cross-functional teamwork within HRD became the preferred way of working. To reinforce the value of teamwork, HRD's reward approach was redesigned. Moreover, compensation was tied to team--and individual--performance-based measures.

The Performance-Based Development Strategy

Concurrent with HRD's internal development and restructuring process, as just outlined, HRD was also investigating a host of individual and organizational development models. We understood that it would be crucial to replace our traditional, static developmental approach with more flexible and dynamic responses (Cohen, 1991). After examining numerous methodologies, we devised a customized performance-based strategy that dove-tailed with HRD's--and MCEBO's--new vision of business priorities.

The performance-based development model we designed is a true hybrid. We appropriated parts of existing models and adapted modules from other methodologies (Garavan, 1991; Robinson & Robinson, 1991; Watkins, 1991; Chalofsky & Reinhart, 1988). We also consulted with specialists, practitioners and scholars to develop processes, tools and techniques germane to our particular circumstances; we were particularly influenced by Oscar Mink of the University of Texas and Dave Schwandt of George Washington University. Overall, we believe the approach we have developed, with its emphasis on improving individual, team and organizational effectiveness, offers the most promise for strengthening MCEBO's short- and long-term competitive position. Such an approach will also yield a clear-cut measure of the impact of HRD performance on business results.

Performance-based development, as we now practice it, begins by looking at a unit's business expectations and at its actual results. The job of the HRD business consultant is to determine which factor or combination of factors--individual and organizational--are causing the gap between anticipated and actual business results. Through a diagnostic process we have developed, the consultant searches for and identifies the root cause of a performance problem. Later in interactive consultation with the client, the HRD consultant designs customized developmental actions to eliminate the mutually acknowledged deficiencies and to improve results.

Discovering the source of a deficit--the root cause--is HRD's first task, and certainly its most difficult and consequential. Three computer-linked diagnostic tools we have designed and adapted are particularly useful to the HRD business consultant trying to ferret out the roots of a client's performance problem:

- * The "open organization profile" measures the current state of productivity. This tool takes the organization's mission, strategy, history, culture and goals into account.

- * The "team development assessment" uses questionnaires, surveys and interviews with individual contributors to assess team effectiveness. The evaluation focuses on the business's goals and purposes, its operations, how people

interact and overall performance.

* The behavior of individual employees is also studied in depth. This research provides a profile of what an employee should know in comparison to what the employee does know.

These tools and others support the performance-based development process that HRD uses in every intervention. The process normally takes this course:

* Research

Various diagnostic tools, including personal interviews, surveys, questionnaires and on-site observation, are used to paint a detailed, comprehensive picture of the client organization. The focus here is on the client's specific business needs. To understand the nature of the current difficulty, we probe the organization's history, mission and goals. We also talk to people at every level and observe intra- and inter-departmental transactions.

* Analysis and Feedback

Once the data is compiled, the information is stored in our computer-based systems where we have immediate access to it. Thus, HRD can analyze abundant data quickly. This analysis enables us to determine the strengths and weaknesses of an individual, a team or an organization and to identify the factors inhibiting performance.

We review the findings with our clients in group settings for organization development and in consultative sessions for individual development. We share the pertinent data and, together, come to conclusions about the performance problem. In this way, we help ensure that our clients fully understand the root cause of their performance gap. At the same time, we win their agreement to proceed to the next phase of the process.

* Action

With full client participation, the implications of the findings are translated into a constructive action program intended to counteract the problems hindering performance. By working in partnership with our clients, we gain their commitment to the proposed HRD action plan.

Toward Improved Results: Organization, Team, Individual

The Organization

HRD's three-fold mandate is to improve organizational effectiveness, to create agile, high-performing teams, and to increase the skill levels of individuals to meet business objectives. The development of organizational effectiveness, which we view as the basic building block of MCEBO, is considered a relatively long-range process at MCEBO. It intends to improve a business unit's ability to solve problems and to adjust to changing conditions. Our emphasis is on strategy, team dynamics and effectiveness. Such organizational development activities are designed to contribute to MCEBO's businesses in several ways:

* To assist business leaders in defining a strategic direction that will result in improved business focus and increased profitability.

* To streamline workflow processes within and between functions to yield greater efficiencies.

* To create results-focused teams.

* To improve organizational problem solving processes.

* To increase the organization's ability to adapt to change.

One tool we have used extensively in our organizational development is the Open Organization Profile (Mink, Esterhuysen, Mink, Owen, 1993). An automated instrument, it asks respondents to rank themselves, their team members and others in their unit in three categories: alignment with the business goals; their ability to respond to internal forces; and their ability to react to the marketplace and other external challenges. It provides an accurate measure of the degree of cooperation and effectiveness in a business unit.

The Team

Increasingly, teams are handling key jobs in MCEBO's dynamic business of managed care. We measure the overall functioning and effectiveness of these teams against four conditions that we believe are ideal:

- * The business leader must show a strong commitment to the team's work.
- * All team members must share a common understanding of and a commitment to the team's purpose and goals.
- * Individual team members must bring the proper mix of skills to their work.
- * The processes that enhance interaction and communications must be in place.

HRD has created a Team Development Process that systematically assesses a team's effectiveness against these criteria and produces training programs to address specific deficiencies. We have developed and adapted a number of assessment tools to evaluate teams and their characteristics depending on the objectives of the particular team.

The Individual

Our approach to individual development concentrates on the core competencies that are integral to effective job performance in MCEBO. We have identified six categories of knowledge that constitute the basic core of learning required of people throughout the organization. Depending on the requirements of their specific jobs, employees must have varying levels of knowledge of these categories:

- * The company's products, including managed care, indemnity and allied plans.
- * Corporate underwriting procedures.
- * Finance.
- * The health care delivery system, from network operations to legislative issues.
- * The operations of sales and service.
- * The electronic database systems used throughout the company.
- * Leadership and management.

HRD has developed an assessment tool, the Individual Contributor Competency Assessment Profile, that evaluates an individual's command of these core competencies. Other professional capabilities are measured by this tool as well, including skills in planning, problem solving, communicating, influencing others and innovating. Furthermore, the Profile assesses job proficiency, the quality of work produced, the degree of customer focus, adaptability to change, willingness to assume accountability, and teamwork skills.

This competency assessment gives a 360-degree profile of the job holder. It includes a self-assessment as well as evaluations by the individual's manager, co-workers and subordinates. The data is compared to a profile developed for the particular position which specifies the attributes and skills needed to perform optimally in the job. Most important, this assessment serves as the foundation for a customized action plan to deal with the employee's unique developmental needs.

Our performance-based development for individuals integrates classroom training, self-study and computer-based instruction. It is built around MCEBO's core business interests: managed care, product knowledge, sales, customer service and the health care delivery system. To help ensure cost-effective delivery of core training, employees have access to these programs through their desktop computers.

Marketing the Performance-Based Strategy

Once HRD adopted these methodologies and processes--we had also simultaneously restructured our unit and retooled our skills to manage these products--it was time to roll out our newly expanded menu of services to prospective clients across MCEBO. We knew we had to prepare a persuasive case for the business managers, our internal customers, who would either "buy" our services or not. Essentially, we were becoming proactively involved in redefining the relationship between MCEBO's strategy and the new role of HRD (Garavan, 1991; Chalofsky & Reinhart, 1988).

The first step in our marketing campaign was to assign an HRD consultant to each business unit so we could begin aligning ourselves with the business. This alignment occurred across all levels of the business; the head of HRD, for example, was assigned to work closely with MCEBO's president. HRD consultants, like account managers, are expected to partner with the business leader throughout the year in a proactive mode, discovering intervention opportunities to improve the unit's overall performance. To keep a focus on the future, the HRD consultant and the business manager are encouraged to design an annual training and development plan early each year. Because business priorities are apt to shift during the year, flexibility is built into the annual plan, enabling HRD consultants to better

fulfill a client's changing needs.

Marketing HRD's services and the performance-based model was facilitated by our creation of a series of documents that translate the idioms of HRD into straightforward business language. One brochure, for example, describes HRD's performance-based development strategy and lists some of the benefits managers can expect this approach to produce. Other documents look at specific HRD products, such as competency-based development and the core curriculum of computer-based training. Intended to be informational and promotional, each brochure describes the benefits a particular development activity provides, and also articulates the mission of HRD.

To enhance our marketing program, and to reinforce our case that HRD contributes to the bottom line, we emphasize that HRD will not embark on a course of action until a cost-benefit analysis shows that the benefits of the proposed action—including its projected positive dollar impact—will exceed the cost of implementing the plan.

Since speed is increasingly important in MCEBO's business, HRD promises—and delivers—fast service. We can "walk our talk" because HRD owns all the report-generating technology used in doing client assessments. With this ownership comes the ability to evaluate a business unit almost overnight, if necessary.

Finally, personal commendations play an invaluable role in our marketing efforts. Certain top-level managers recognized the high potential of HRD's performance-based strategy early on and were quick to endorse it. These stamps of approval from upper management gave credibility to HRD's efforts and helped us market our services throughout the organization. Equally important, it led to strong relationships between HRD people and some key MCEBO leaders. Over time, as HRD's business consultants collaborate with clients across MCEBO, we expect these strategic partnerships to deepen. Such relationships have already helped earn broader acceptance for our performance-based approach (Garavan, 1991).

Producing Results, Earning Endorsements

When a client calls for HRD intervention today, a systematic process is in place to identify and eliminate any performance problem. The foremost responsibility of HRD consultants is to pay close attention to the client's bottom line while analyzing why the business isn't achieving the results it wants. Clearly, the failure to achieve desired business results can stem from many causes: a key manager may be ineffective; a cross-functional team may not be operating productively; employees may not be well-versed in a new product or service; or an organizational obstacle may exist.

It generally takes the HRD team a week or two to compile and interpret diagnostic data, which is used to pinpoint the source of the business' performance problem. Next, these findings are communicated to the client, along with a recommended course of action. HRD also prepares a cost-benefit analysis showing how the benefits of the solution outweigh the costs of the proposed action plan. If the business accepts HRD's recommendations, a consultant maps out appropriate training and organizational development activities.

Our work does not end, however, with the diagnosis, design and delivery of appropriate development activities. Crucial to HRD's performance-based approach are systems that track the impact of development activity on business results (Zenger and Hurgis, 1982). Although this type of hard data—and any correlations we can make to bottom-line improvement—are very important in validating HRD's work, we also recognize the strategic value of client endorsements and internal champions, especially when they come from the top.

HRD has, in fact, earned strong support from clients across MCEBO. The vice president of Account Management, for example, says that HRD's strategy has "dramatically reduced his unit's development costs and improved its bottom-line results." He gives the HRD business consultant who works with his unit full credit:

"Our HRD consultant, who thoroughly understands the unique skill sets this unit demands, discovered where development efforts would be most productive. We've worked with each of the unit's key contributors to raise their skills so they're better able to accomplish the business objectives. We've also done effective team building with my senior team, and we've moved the team to a very high-performing level."

This vice president also credits the HRD consultant for helping his middle managers take responsibility for developing the people they supervise.

Another client, the vice president of Government Operations, notes that "HRD has provided extremely valuable counsel in determining the appropriate cost-effective means of developing our key contributors." A third client, in describing his partnership with HRD, says, "We've consolidated our HRD resources and apply a disciplined approach to our performance-based development effort. Overall, working with a few highly trained HRD experts, we've accomplished phenomenal gains that have had impact throughout my entire organization."

Some Significant Gains

In a relatively short time, HRD has won a solid reputation for its results-driven, performance-based approach. MCEBO president Elliot Gerson has summed up HRD's successful strategy this way:

"To become a top-performing competitor in the industry, everyone on staff needed to understand our business goals and objectives. We needed to create a work environment where everyone worked together to support the business and take ownership for its performance. Our human resources development approach gave us the tools to address issues of non-performance, to isolate our deficiencies and to identify the steps needed to improve our results."

Although it would be a stretch to connect MCEBO's recently improved business results directly to HRD's work, it should be noted that the division's 1993 profits were up some 40 percent, direct expenses were cut by nearly \$70 million, and profit margins grew by almost 60 percent. And there was more good news in 1993:

- * Operating income rose to \$129 million from a 1992 loss of \$29 million.
- * The organizational re-engineering program produced \$40 million in after-tax savings.
- * Re-engineering produced \$10 million in non-salary expense reductions.
- * Organizational effectiveness efforts produced a 55 percent increase in core earnings achieved.

HRD's own recent results are also encouraging. Despite the fact that the unit has downsized from 51 to 17 people, the number of training hours delivered has increased by 50 percent. Organizational and team development has increased dramatically as well. HRD's companywide use of computer-based training has saved over \$1 million in just the first four months of on-line operation; and training and development costs at MCEBO have been trimmed by 40 percent.

These results, we believe, were achieved in significant part because of the re-engineering MCEBO has undergone--by making fundamental shifts in the way the organization operates, by taking out fragmented, inefficient work, and by giving new emphasis to individual, team and organization performance.

Nine Key Lessons

Since 1991, HRD has been in a continuous state of experimentation and professional transformation. We believe this process has paid off substantially by establishing credibility for our new human resource development strategy. Most of MCEBO's top executives now regard HRD as a valued business partner, routinely inviting our consultants to join them to plan organization development for their businesses. Moreover, the head of HRD meets regularly with MCEBO's president who enthusiastically champions our work.

Perhaps most telling, the word of HRD's successes has been carried beyond MCEBO. Requests for our services are now coming from other divisions of The Travelers.

MCEBO and HRD have been on a learning curve for some three years now. The tools, tactics, processes and strategy we have adapted and adopted have been customized to fit our organization's needs. Still, we are persuaded that much of what we have done and learned in this turbulent time is relevant to any organization grappling with ways to improve individual, team and organization performance.

Here, in very distilled form, are some of the most important lessons we have learned in the course of this re-engineering process:

1. Be obsessive about linking individual and organization development to the bottom-line, making sure that you deliver exactly what the business needs and what it wants.
2. Don't waste your time and resources trying to reinvent the wheel. Carefully examine the successful models and practices that now exist; then adapt them to fit your organization's particular conditions.
3. Emphasize the competencies of the development staff. To build credibility for your unit, let your competency model serve as a prototype for the business.
4. Assure your clients that the development plan you are recommending is based on extrapolations made from their own data. Clients often have a different explanation of their units' performance deficits than your analysis provides. If your clients' assumptions are off target, show them how their own data supports your interpretation.
5. Use a development approach that is performance-based, not activity-oriented; focus on effective management, not the volume of transactions.

6. Teach your clients the difference between competency assessment and performance evaluation, between the attributes for success and the accomplishment of success.
7. Learn as you go. Treat every new business strategy or challenge as a mandate to learn how to do HRD better.
8. Remember that every change is just a bridge to the next one. As Machiavelli said over five centuries ago, "One change leaves the way open for the introduction of others." Put another way, don't ever allow yourself to think that your strategy or your practices are set in stone.
9. Win support for your practices from the company's business leadership. Allow them--or encourage them--to champion your work.

Moving Forward

Like many other large organizations, MCEBO is facing a future with the prospects of periodic, if not continual, cost-cutting and downsizing. This sobering reality often translates into intense pressures to come up with fast answers and quick fixes. Consequently, HRD's toughest challenge as we move forward in our re-engineering journey will be to sustain and leverage move forward in our re-engineering journey will be to sustain and leverage the significant practice changes--and gains--we have made. We can do that only by demonstrating the value of our performance-based development strategy, showing how it supports the goals of the business and contributes to the bottom line.

In short, HRD's job will be to maximize awareness and build buy-in of performance-based development across the organization. Especially in a climate of caution and retrenchment, we must aggressively market the efficiencies, the rigor and the discipline that this powerful strategy can bring to the business.

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Biographical Sketch

Daniel Plunkett is currently Division Vice President of Human Resource Development for The Travelers. He has served as internal leader and external consultant of human resource and organizational development with such organizations as Johnson & Johnson, Aetna, and Fotomat. His research and articles have appeared in numerous journals including *Training and Development Journal*, *The Conference Board*, and *The Journal of Creative Behavior*. He has also made numerous presentations on building effective HRD functions at national and international conferences.

Dan received his Masters of Fine Arts Degree from the University of Massachusetts and his Ph.D. in Human Resource

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Gail Greenstein is a Senior HRD Consultant at The Travelers consulting to all levels of management on organizational development, training and development, and competency assessments. Over the last nine years, Gail has served as an internal consultant to several financial service corporations.

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Nancy Street is currently an HRD Business Consultant at The Travelers. Nancy supports a variety of clients through organizational and individual development initiatives. The identification of critical skills, data analysis, and organizational diagnostics are her areas of specialization. Having served in a variety of line functions early in her career with The Travelers, Nancy brings business credibility to her client interventions.

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