The focus of this book is the human element. Performance can refer to many non-human entities, for example the performance of a stock on Wall Street or the performance of a piece of equipment. This broader interpretation of performance is important in the overall health of an organization, but we are focused here on the performance of people: HPT.

ISPI further explains that HPT is a "field of practice… striving to improve human performance in the workplace…. It has emerged from the coalescing of principles derived from… behavioral psychologists, instructional technologists, training designers, organization developers, and various human resource specialists."[4]

Thus, HPT is not one model or discipline, but many working in concert for attaining and measurably improving the performance or output of individuals or groups of individuals by identifying all the factors that contribute to that performance. Key elements of this definition are:

- A focus on the performance of people vs. machines, equipment or computers. This, we covered.
- A focus on performance or output, instead of behavior. HPT asserts that behavior by itself is of little value if it does not lead to desired performance.
- Measurement. HPT seeks to quantify desired improvement as a means to gap assessment and measuring return on the investment of solutions (or interventions).
- All the factors of performance. There are varying models of HPT, but all recognize that people or groups need a host of factors that lead to optimal performance.

Human performance technology is a derivative approach. It "uses a wide range of interventions that are drawn from many other disciplines including total quality management, process improvement, behavioral psychology, instructional systems design, organizational development, and human resources management."[5] Thus, in this book, we will touch on many disciplines in many fields.

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[4] Stolovitch, Harold D., and Erica J. Keeps. *Handbook of Human Performance Technology: Improving Individual and Organizational Performance Worldwide*. San Francisco: Jossey-Bass/Pfeiffer, 1999. 654. Print.
[5] "Human Performance Technology." *Wikipedia*. Wikimedia Foundation, 12 Sept. 2012. Web. 21 Dec. 2012. <http://en.wikipedia.org/wiki/human_performance_technology>.

The field of HPT seeks to answer the question, “What are the elements of human performance? Why do people do what they do?” Practically, the field seeks solutions to those instances when people or teams aren't performing, and asks, “What is the gamut of solutions that managers, or those otherwise responsible for the performance of others, should consider?”

What is the importance of human performance technology? People constitute a large (and often the largest) piece of a company’s assets. Industries with highest salaries as a percentage of operating expense are health care (52%) and education (50%). At the other end of the spectrum, because salaries are offset more by large infrastructure costs, are durable goods manufacturing, construction/mining, oil/gas (all at 22%), and retail/wholesale trade (18%).[6]

Given that human resources are the largest component of most organizations’ investment, how well do companies maintain that investment? A good gauge is turnover, the measure of how many people leave an organization. High turnover means either a person is underperforming to the point where they need to be fired or leave voluntarily because it is more desirable to work elsewhere. Either situation is bad for a company, given that the company presumably hired the person because they originally predicted the person would perform well. If an employee is fired, then either the hiring process did not find performance issues or the company did not support the person with what is needed on top of raw talent. If they quit, then what could the organization have provided the person to support performance to avoid having an expensive resource not move on?

[6] “Salaries as a Percentage of Operating Expense.” *Salaries as a Percentage of Operating Expense*. Society for Human Resource Management, n.d. Web. 21 Dec. 2012. <http://www.shrm.org/Research/Articles/Articles/Pages/MetricoftheMonthSalariesasPercentageofOperatingExpense.aspx>.

Across all industries, average turnover is 15% annually.[7] This means, on average, a company of one hundred employees has replaced fifteen of them throughout the year. Imagine if a trucking company had to replace 15% of its fleet each and every year? Granted, people are more complex than trucks, but given the large investment in people, we can do better than this. The Society for Human Resource Management highlights the magnitude of this investment in human capital:

> Turnover is important because it has big cost implications and affects business performance (knowledge loss, delay in replacement, cost in retraining). Cost to replace and hire new staff may be as high as 60% of an employee's annual salary. Total cost of replacement, including retraining and productivity loss, can range from 90% to 200% of salary.[8]

Companies are famous for touting that people are their most important asset. And, as we've seen, people in some cases make up half of organizations' operating expense. Unfortunately, it seems people are exactly where many companies go first when forced to reduce expenses.

Those organizations that can provide what is needed for their employees to excel and perform at measurably high levels will realize a high return on that human investment and distinguish themselves from those organizations that cannot.

In business today, we are seeing focused attention paid to performance as opposed to behavior. The *processes* of business, though crucial, are secondary to the *performance* of a company, whether a division or an individual. An organization with optimum performance, but poor processes, is an enigma. You might invest in such a company in the short term, but you'd question its life span. A company with good processes, but poor performance, well… isn't worth anyone's time other than a study of pure academic interest.

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[7] *SHRM 2011-2012 Human Capital Benchmarking: 6 Industries, 5 Geographic Regions, and 4 Employee Sizes*. Alexandria, VA: Society for Human Resource Management, 2012. Print.

[8] Allen, D. G. *Retaining Talent: A Guide to Analyzing and Managing Employee Turnover*. Alexandria, VA: SHRAM Foundation, 2008. Print.

