



Superior performers produce superior results.

Seven Factors to Consider before Building Competency Models

Job competency models describe what superior performers possess in terms of skills, knowledge, and personal characteristics that enable them to produce superior results. Armed with this information, selection, retention, training, succession planning and performance management systems can be integrated and designed that will attract, develop and retain top performers.

Superior performance that produces superior results means higher sales, productivity and profits. And everything can be measured. Which explains why many organizations have embraced competency-based talent management. It has provided HR departments with a golden opportunity to demonstrate to line management that HR is able to “add value” that drops to the bottom-line.

However, there are several factors to consider before embarking on the competency journey—factors that can make or break your best efforts.



1. Accept or modify the terminology—then educate the users.

The language that consultants use to describe competency-based talent management is often confusing, misleading and filled with jargon—not unlike everything else we do. It starts with the definition of competencies.

A competency is defined as “a skill knowledge, motive, attitude or characteristic that causes or predicts outstanding performance.” Most dictionaries, however, define competence and competency as “sufficient” or average performance as in “competent to stand trial.” So, with the flip side of “competent” being “incompetent,” the image that competency systems may raise for some people is that of incompetence, an implication that people are incompetent until, of course, receiving the benefit of competency technology.

One of the purposes of competency technology is to help competent people become more competent—in areas where increased competence will produce superior performance. Each of us has strengths and areas where we can improve. Competency technology just does a better job of identifying the specific competencies that drive superior performance and assessing the degree to which individuals have demonstrated those competencies. Our experience has been that once employees understand the concept and purpose of competency modeling, they accept it. If it were to continue to be a problem, then change the name.

A competency model does a better job of conveying the idea of superior performance because the word model means “something to be copied or imitated.” A job competency model, therefore, is a “blueprint” for all current and prospective jobholders that includes a list of competencies that are required for superior performance. Competencies required for average performance, those required to just survive in a job, can also be spelled out in a job model.

Don’t expect everyone to immediately understand and appreciate the significance of competency modeling. Some may feel threatened by it. Go slow and educate people up-front and as you progress.

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2. Think in terms of measurable payoffs.

The key question to ask yourself and others in your organization is: "what is superior performance worth?" This is easier to answer for some jobs than others, but there is an answer for every job. It first requires clarity about performance measures.



Since sales jobs have fairly clear measures, let's look at sales jobs to illustrate the point. In one organization, the average annual sales for all sales people were \$3.0 million. The top sales people averaged \$6.7 million in annual sales. Superior performance was worth \$3.7 million in sales per sales person. Translate this into the bell-shaped curve that depicts the distribution of performance ratings in many organizations. If you increase the percentage of superior performers and move the curve to the right, you will add economic value. (see graph) Each sales position that is filled by a superior performer will add \$3.7 million of sales per year.

Line executives understand this kind of thinking, where they often do not understand other HR approaches that are seen as having little impact on the bottom line.

3. Consider alternative approaches, including "doing-it-yourself."

There are many ways to develop competency models. Some are complex, time-consuming and expensive. Others are not. The tradeoffs have to do with validation and thoroughness, although the less complex approaches can include a validation step.

If you are doing more than one model, consider using an integrated approach that utilizes a common set of building block competencies, customizable for each job. Each model requires four to eight days of an internal or external consultant's time, including facilitating a focus group of high performers, conducting interviews and developing the model.

If you use an external consultant, choose one who is willing to transfer his or her methodology to you and train your staff to develop applications of the model.

Case: In a large retail organization, two models were completed and an internal HR manager was certified to do additional models. She also designed and implemented selection and performance review applications based on the models. Structured interview questions were developed for each key position to help hiring managers assess and select candidates with the required competencies. Performance goals and results forms were also developed.

4. Start small, don't oversell, but start with a critical job.

The best way to demonstrate the payoffs of a competency approach is to start with a high impact job or one that is requiring attention, i.e. high turnover, impact on company's sales, etc. Define the measurable outcomes of doing the model and specify applications.

For example, if you want to do a model of a software developer position, include an application of a selection system and interview guide that will allow you to expand the candidate pool and select superior performing software developers. Other applications can be added, but you should start with at least one visible and measurable outcome for the model. If outcomes and applications are not built in, competency modeling may be perceived as a HR exercise without payoffs.

There is a natural tendency to want to start with a low risk, low visibility position, in order to evaluate the process and the consultant. You are better off doing your homework and thoroughly checking references before selecting a consultant than to waste an opportunity to make an impact that can multiply through out the organization.

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The ideal place to start is with the top executive group. Getting that group to develop a model for their position usually results in buy-in by the group for a more comprehensive model building effort. They have probably already gone through some strategic planning exercises that included thinking about their organization's "core competencies." Developing a model helps them understand the job competency process and align it to the company's strategy. For example, if innovation is a desired core competency, then a "fostering innovation" competency may be included in most models in order to drive the kind of change needed. An executive model is also needed for a good succession planning system.

5. "One size fits all" model or multiple models for multiple jobs

Some organizations use a generic model for all management positions. The model may have been one developed externally to cover all management jobs in all industries. Or it may have been developed internally by surveying senior executives asking them what they thought were the key characteristics required for success in their organization. Both approaches are inexpensive to adopt.

The prime disadvantage is a lack of validity in a specific organization. The externally developed model may miss several key competencies that may really make the difference between superior and average performance in your unique culture. An internally developed list is often based on opinion and false assumptions and not on hard data. There can also be a communications gap. One CEO insisted that his organization hire and develop people "with a fire in their belly." A competency model identified "results orientation" and "initiative" as the competencies that validated his observation. The model clearly and concisely described the behaviors of people who exhibited those competencies and were successful in that organization.

The opposite end of the spectrum is to do models for every job in an organization, which is costly and unnecessary. Job models are not necessary for every single job in an organization. Jobs can be grouped into categories or levels.

6. Maximize the uses and benefits.

There are many possible applications and uses of competency models. Unfortunately, a lot of organizations go to the trouble of developing models, use them for one purpose and put them on the shelf.

Here are some ways in which you can take full advantage of competency models. Use them to:

- Integrate all HR processes using a common framework to select, train and reward people.
- Assess internal and external candidates using assessment exercises, interviewing and instruments.
- Develop a model for high performing teams. Select and train team members, use for team building.
- Expand the hiring and succession pool. Models may challenge assumptions about required competencies and identify alternative sources of talent.
- Retain key employees. Target retention of top performers. Employees who see expanded opportunities for growth are more likely to stay (also impacts morale).
- Redesign jobs. Analysis of a job during model building can reveal ineffective job design plus suggested improvements from focus group.
- Certify competence levels. Design certification programs to develop and reward competency development.
- Design 360° feedback instruments and other developmental tools.
- Determine staffing of merged organization. Keep the top performers in the key positions.
- Create the learning organization. Use the models as templates to guide development.

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7. High tech or low tech?

Competency technology has evolved to the point where you can now buy software programs to help construct competency models. These programs contain competency dictionaries, i.e. lists of competencies that can be used to analyze jobs. Some companies have designed their own customized programs for the same use. As we computerize all paper transactions and make greater use of the internet and intranet, this makes sense. The more we can use technology to simplify the process, the better.

However, the process of developing competency models remains basically a human process. It requires interviewing, collecting and analyzing data, observing behavior, skillful facilitation of a focus group and drafting a model document. Judgment, ability to react and adapt to situations, to deal with conflict and resistance and uncover unexpected opportunities to improve an organization's performance are required. Using automated tools to assist in the application of competency modeling enables employees to access competency models and developmental opportunities and feel more empowered and in control of their destiny. But, develop good models and good systems before computerizing. Concentrate first on practicality and fit, not on technical sophistication.

Conclusion

The downside of outlining all the things one should consider before doing something is that it will have the unintended effect of discouraging the reader from doing the "something." Hopefully, that will not be the case because the payoffs for your organization and for you personally of undertaking a competency approach far outweigh the pain you may incur. Thoughtful consideration of the seven tips described above should minimize the pain and maximize the gain.

Edward J. Cripe is president of Workitect, Inc., a Fort Lauderdale, Florida based consulting firm specializing in competency-based talent management systems.