

Implementing a Successful Competency Model



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By Tom Durgin

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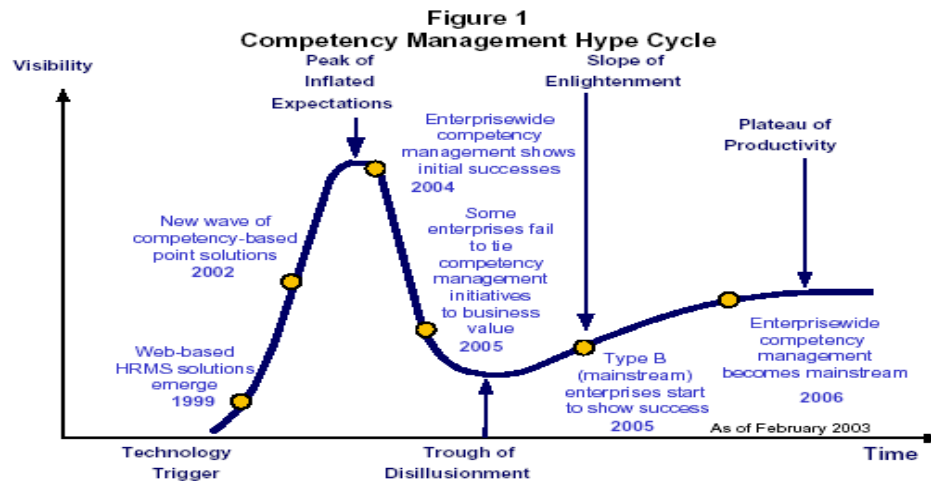
EXECUTIVE SUMMARY

A successful company is one in which a high-performing workforce demonstrates the competencies necessary to drive business success and meet the organization's strategic goals. Half of success is execution. This is particularly true of key human capital initiatives, such as competency management, the foundation for organizational performance management. This paper will focus on avoiding the common pitfalls in competency management project design and implementation, and demonstrate how to phase in implementation of strategic, mission critical competencies to drive systematic workforce planning and management. It will also discuss the best practices organizations can take to successfully implement a competency management system.

COMMON PITFALLS

There's been a fair amount of discussion about competency management in recent years. Many organizations struggled with implementing and effectively using a competency based system. Understanding why this happened, and learning from the challenges and failures of others, is an important part of ensuring future success. While some people "hyped" competency management to fuel the sometimes-inflated expectations of its promise, there isn't a quick and easy fix to competency issues. The types of challenges that competency management helps solve have evolved over the years and are very complex. And complex problems don't have simple answers. Figure 1 illustrates the complexity inherent in competency management.

Common Pitfalls



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Before looking at how to successfully implement a competency model, it is necessary to evaluate why these initiatives often fail. Why do they? Some organizations:

- Try to build it all at once
- Fail to have a maintenance strategy
- Don't actually use it

Tricia Duplika, Vice President of Services at Workstream, suggests that to counter these three pitfalls, organizations should, "Build what is needed, use the right tools to make changes easy and dynamic, and respond to organizational needs," so that the model is both useful and used. Another reason for failed implementation, says Duplika, is that companies don't ask some pertinent questions before embarking on an initiative. These questions include:

- Why are we doing it?
 - What's the business purpose?
- What will it be used for?
 - What human capital processes will it manage?
- What will it include?
 - What elements are needed to make it work?
- How will it be created?
 - What is the process?

WHY ARE WE DOING IT?

The "why" is the first and most important question to answer, and "organizational performance" is the answer. A successfully implemented competency model becomes the "ultimate business model." It can streamline and simplify operations that drive efficiencies and operational excellence throughout the organization. It demonstrates to

all employees how they contribute to the bottom line and sets clear expectations for them, thus increasing accountability among all stakeholders.

Further benefits include freeing HR to provide strategic services that improve the profit and loss posture of the company, improve in-house service and reduce costs, and manage the human resource base by providing a knowledge of what transferable skills individuals in the organization have, and the ability to do individual and organizational analysis using a consistent set of criteria.

A successful competency model initiative allows an organization to, “Be consistent with what you hire people for, train them in, what you measure their performance against, and develop leadership potential. It identifies competency gaps in mission-critical occupations.” There are also gains to be made in addressing the issues of demographics (specifically, succession concerns) by developing new leaders, identifying where “bench strength” is lacking, and dealing with the retirement of experienced people in senior-level positions. Competency models also improve talent retention in today’s highly competitive market, and support employee-owned career development by providing them visibility into activities and requirements in different areas of the organization. The result is, “organizational transformation” that identifies gaps for future development plans, and reinforcing behavior that is consistent with the organization’s culture and business perspective.

WHAT WILL IT BE USED FOR?

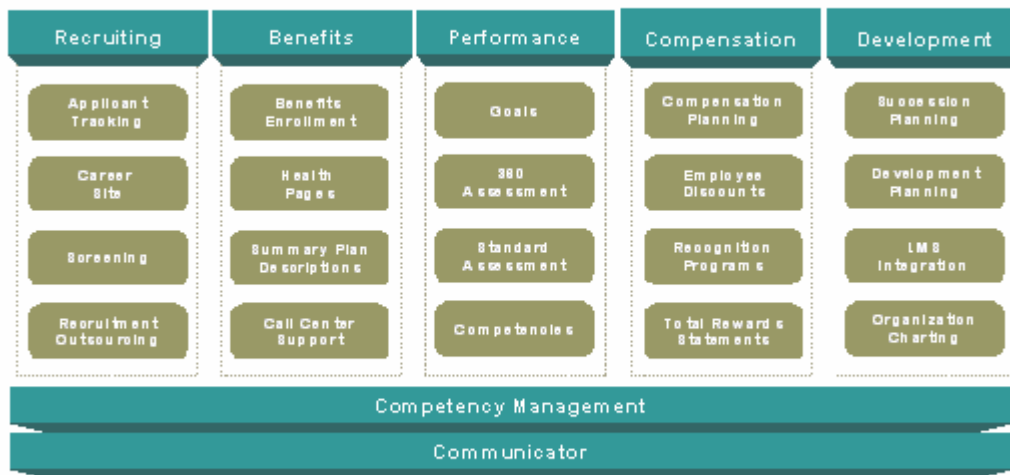
The companion question to the one above is, “What human capital processes will it drive?” Duplika notes several important processes, including hiring, “Bringing people into the organization that have the skills and behaviors that top performers have,” by providing consistent criteria for hiring. Another process that a competency model can improve is performance management, by setting consistent metrics to measure and reward individuals based on what they do as well as how they do it.

A competency model also affects employee development by identifying

what skills they need to polish, and can increase the overall “skill health” of the organization by eliminating skill gaps. This development is also closely linked to career management, that is, helping employees learn about and develop the competencies needed to let them move up or around the organization.

The core of any of these processes is the competency model. A truly integrated talent management solution is able to deliver across all these processes. Figure 2 illustrates what processes an integrated solution might address.

What will it be used for?



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WHAT WILL IT INCLUDE?

This question is closely related to the “used for” question, but it requires a more detailed focus on the elements underlying the macro elements discussed in the previous section. Specifically, the elements at this level focus on competencies and closely related issues. For example, performance management might require a look at the key job requirements (KJRs) of a position, the goals desired of the person who fills that position, and the behavioral and technical competencies necessary to be successful in the position. Each major human capital process that a

competency model will affect undergoes the same exercise.

The end result of this will be the identification of competencies (and other elements) for each human capital process. This can be represented in a Comprehensive Job Profile (CJP) where one can quickly and easily identify what competency is used in each process, while using a consistent profile. Once it is known what the business drivers are and what processes they will support (i.e. what columns are turned on) and what it will include (competencies, KJRs, etc.) the next step is to actually create the model (i.e., put competencies in the list).

What will it include?

Delete	Competency	Desc.	1 Development	2 Performance	3 Selector	4 Self Assessment	5 Successor	6 360 Assessment	7 Job Description	1 2 3 4 Required Level	1 2 3 Key
Behavioral Competencies											
<input type="checkbox"/>	<input type="checkbox"/> Analytical Thinking	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Excellent	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/> Communication	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Proficient	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/> Detail Oriented	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Strong	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/> Information Gathering	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Excellent	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/> Problem Solving	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Excellent	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/> Relationship Building	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Proficient	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/> Service Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Proficient	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/> Teamwork	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Proficient	<input type="checkbox"/>
Functional Competencies											
<input type="checkbox"/>	<input type="checkbox"/> Best Practices	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Proficient	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/> Business Requirements Forecasting	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Expert	<input checked="" type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/> Client Needs Analysis	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Expert	<input checked="" type="checkbox"/>



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HOW WILL IT BE CREATED?

There are several basic ways to create a competency management model, based on various existing resources:

- Utilize existing models
 - Job and role library and competency dictionary built in
- Subject matter expert (SME) input
 - Focus groups, interviews, and surveys
- Job family template/forced choice bucketing
- Differentiation research

There are pros and cons to each approach, says Duplika. The pros to SME input include involving in-house experts in the process, increasing their

buy-in. "It reflects the 'uniqueness' of your organization," and produces accurate and valid results. The arguments against it are that it is more time-consuming and takes the best employees away from their "day jobs."

The benefits of using existing, or off-the-shelf models, include speed and pre-validation, but such solutions don't address the unique aspects of a particular organization, typically focus on behavioral competencies, and may or may not leverage the competitive advantage one organization has over another.

A job family template or “forced bucketing” approach is both effective for behavioral competencies and quick to develop, but it is difficult to incorporate technical competencies into the model.

Differentiation research looks at individuals’ actual capabilities within an organization, and can identify other useful to know organizational dynamics and issues. But there’s little room for employee involvement.

There are, however, a number of vendors who can implement customizable competency models that are validated and that can accommodate differing levels of organizational collaboration. For many companies, Duplika notes, this may be the best solution – but with the right talent, technology, and process a model can also be built in-house.

DESIGN, IMPLEMENT, EXECUTE

Duplika outlines seven key ideas to keep in mind before one goes further in the process of a competency model initiative:

1. Edit, don’t create
2. Leverage what you have in resources
3. Get buy-in from all stakeholders
4. Phase the model in
5. Make sure you have a purpose for it
6. Link to business results
7. Don’t underestimate the importance of change management

EDIT, DON’T CREATE

“Reinventing the wheel isn’t efficient.” Duplika estimates the cost of creating a definition of a competency is \$50 to \$60 for the name alone, \$100 to \$125 for a brief description, another \$200 to \$300 to work up validated behavioral anchors at *one* proficiency level, and \$400 to \$500 overall for validated anchors at each proficiency level. With several sources of validated competency descriptions available at a lower cost than in-house development, there’s no need to make this a do-it-yourself step.

LEVERAGE WHAT YOU HAVE

Current job descriptions might need to be reviewed for accuracy, but most companies have descriptions that clearly state duties and key responsibilities. These can help identify roles and competencies. “Even outdated job descriptions can inform,” the process. Roles tend to be more stable, and descriptions can be found in competency libraries, and they include key job responsibilities. Training material is also useful. “Work backwards from curriculum to competencies.”

GET BUY IN

“The support of senior management is critical. Get them involved – create a steering committee and job family sponsors. Show them how they’ll benefit – ‘What if you could . . .?’”

PHASE IT IN

Phase it in by groups. Identify a pilot group, using one of two options:

1. Who needs it the most?
2. Where is management the most supportive?

Phase it in by process. Use core competencies for performance management and succession, and build for development over time.

HAVE A PURPOSE

The design stage is critical, and it is essential to show stakeholders how it aligns with the talent lifecycle and business strategy. There will be higher participation when the consequences of success or failure are known.

LINK TO BUSINESS RESULTS

Lay out the plan in the beginning so it can be reviewed and verified that it is truly aligned with the organization’s business strategy. Measure the ROI – the cost of doing so is typically 2% to 5% of the project. Do an annual report – at least – in order to communicate the progress of the model’s implementation. Internally, the latter action can help compare the effectiveness over time of the model with pre-model performance.

DON’T UNDERESTIMATE CHANGE MANAGEMENT

Change is difficult for most people; even in dynamic organizations there are always

more than a few individuals who find change difficult. Getting advance buy-in and planning the phase in carefully, while essential, isn’t a substitute for the importance of managing change. Plan it from the beginning. Do a stakeholder analysis – make sure that buy-in is robust. “It’s important to communicate differently with different groups.” This doesn’t mean telling one group one thing and another group another – it means speaking to different business units within a company in terms that they understand – explaining to them the impact the change might or will have. Then give each unit a specific role on the implementation team.

CONCLUSION

The benefits of competency management have been described in detail above. In summary, business excellence and individual fulfillment are related. “Great companies create

sustainable performance.” They do so by acknowledging the importance of high quality talent, and taking robust action to manage that talent. Furthermore, great companies understand what competencies they need when they need them, and know how to align them with their business strategy.

Based on the Human Capital Institute webcast, *Implementing a Successful Competency Model*, August 8, 2006

Presenter

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Karen V. Beaman, VP, Chief HCM Strategist, Workday™

Cyndi Gaudet, Professor, University of Southern Mississippi

Lynne Smith, Manager, Organization Effectiveness, Robert Half International

Frank Schultz, Ph.D., Faculty, Economic Analysis and Policy, Organizational Behavior, Haas School of Business, UC Berkeley

Moderator

Joy Kosta

As Director of Talent Development and Leadership Communities at The Human Capital Institute, Joy brings twenty-five years of experience in multiple facets of organizational development, human resources and business management with an emphasis in customer satisfaction, service quality, process improvement, and applying the Malcolm Baldrige Criteria for Performance Excellence. As founder and President of Performance Partners in Health Care, a company dedicated to building better patient experiences, she has

authored several curriculums in leadership and staff development, and co-authored with Harold Bursztajn, MD Senior Clinical Faculty member, Harvard Medical School, *Building a Treatment Alliance with Patients and Families*.

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