The Role of Competencies in Integrated Talent Management

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Methodology

The intent of this research is to provide the reader with an understanding of the use of competencies within an integrated talent management system, including what, why and how organizations of various sizes and from a variety of industries are using competencies.

To accomplish this, we surveyed 282 people with the following characteristics:

- 90 percent based in the US;
- 93 percent from HR and talent management disciplines;
- 70 percent director level or above;
- Roughly 50 percent from organizations with 5,000 employees or more.

We also interviewed twelve senior leaders from large, well-respected organizations known for having strong human capital processes. Finally, we accumulated and reviewed research, articles and case studies in competency management going back two decades.
Executive Summary

According to our findings, more than 85 percent of US organizations use some form of competency framework or model in talent management. However, less than 15 percent have rolled out competency management enterprise-wide. Of those that have not implemented any form of competencies, more than half plan to do so; and of these, about 60 percent will do so in the next twelve months. It is fair to say that “competencies” have moved from exploration to implementation in most organizations but remain a work in progress.

The reasons organizations invest in competency management are clear. Of the twelve motivations for competency management that we suggested to our survey takers (including an open ‘other’ option) three stood out. Organizations implement competency management in order to drive a performance culture, to make more precise and effective hiring decisions and to integrate talent management initiatives around a “common language”.

It is the use of competencies as the “common language” in integrated talent management that is key. It is perhaps the most intriguing and potentially powerful strategy HR leaders possess to drive performance and other competitive advantage through talent management. In an era in which HR is being asked to base its decisions and budget requests on metrics and data, competency frameworks and models are emerging as the essential ingredient in making meaningful comparisons, conclusions and decisions in enterprise talent management. Indeed, almost 95 percent of our survey takers agreed or strongly agreed with the following statement:

“Competencies serve as the common language to align disparate talent processes and are at the very core of any talent management strategy. Competency management enables organizations to identify the critical skills, behaviors, and knowledge required to attract the right talent, manage talent, and develop talent to ensure a sustainable organization.”

Nevertheless, while many of those we surveyed and everyone we interviewed saw the potential in competencies at the center of their talent management systems, very few had reached that
stage across the enterprise. Only 28.6 percent of our respondents assessed their competency management initiative as successful or very successful thus far. 62 percent said that they were “getting there”. Comments about the state of competency initiatives being “in the works” or “not yet in the DNA or culture” were frequent. Indeed, the top three challenges to successful competency management cited by survey respondents were: “Maintaining the competencies and use of the competency system over time”; “Communicating the competency initiative and gaining buy-in”; and “Integrating the competencies into various talent management processes.”

Despite the challenges, almost 44 percent of organizations reported that their competency initiatives generate a positive Return on Investment (ROI) versus just 10 percent that believe they see a negative ROI. Not surprisingly, the rest aren’t sure. After all, only 17.6 percent have devised metrics to track the business impact or ROI of their competency efforts. More (29%) report that they assess ROI anecdotally and 35.6 percent say they don’t consider it at all.

“\[quote\]We want to create an organization that is well aligned so that no matter where you are, the same five things you need to focus on and execute are understood. To do that consistently you need a common language.

Ultimately we want to fully integrate competencies into learning and we want to interview and make hiring decisions based on a common set of competencies. We know it pays off. For example, the way we structure our Action Learning Assignments with is to have the bus identify real business problems. The people are assigned to think about the problems and come up with solutions; this is based on competency development. We’ve found that savings in the millions of dollars come from this and we’re developing required competencies in leaders at the same time.\[quote\]" - Mark Bocianski, Head of Global Talent Management, Aon Hewitt

Most tellingly, of the organizations that have somewhat advanced competency systems (specific competencies for most positions) 64 percent rate their programs as successful or very successful. And of those with advanced programs (specific competencies for all positions) 68.1 percent rate their programs as successful or very successful. By comparison, less than 25 percent of the rest of our respondents were satisfied or very satisfied with their competency management programs so far. Not surprisingly, the somewhat advanced and advanced groups are also more likely to report a positive or very positive ROI from their competency initiatives.
The results from our research support a conclusion that competency management drives better integration of talent management processes (i.e., workforce and succession planning, recruiting, development, deployment, career planning, performance management, etc.) and provides much more granular and precise data on which to make better decisions about investments in talent management.

When an organization defines the core, role-based, job family and job specific competencies it needs to be successful, workforce planners can identify the gaps between the organization’s needs and its existing staff complement. From here, more precise and sophisticated hiring, development, deployment, leader identification, succession planning and performance management can be accomplished and the gaps can be closed by the most effective means possible.

Similarly, when employees understand the competency requirements for other positions and the gaps between their competencies and those required by the jobs they want, they can be proactive about learning, stretch assignments, seeking mentors and accessing other developmental activities to close the gap between where they are currently and what they aspire to.

Naturally, more precise and sophisticated talent practices, combined with employees more able to manage their careers within the organization, leads to higher levels of employee engagement, lower turnover, better hires, more effective training and more robust leadership and succession pools. Each of these can and should be measured to gauge the impact and ROI of competency management.
Part One: The Use of Competencies in Talent Management

Our research results were encouraging with respect to the use of competencies. 85 percent of US based organizations report that they use a competency system of some description in their HR or talent management programs (Figure One). Of those that don’t, more than half have plans to do so, and the majority of those, within twelve months (Figure Two).

**Figure One: Do you have a competency framework in your organization?**

![Figure One: Competency Framework](image)

**Figure Two: Are there plans in your organization to develop a competency framework?**

![Figure Two: Competency Plan](image)
The use of competencies in talent management appears to be growing. For example, Mercer HR Consulting’s 2004/2005 U.S. Compensation Planning Survey reported that just 36 percent of companies used a competency-based performance management system at that time, while 16 percent were considering it. A 2001 Arthur Andersen study found that 48 percent of participating organizations used competency-based performance management systems.¹

While it is impossible to make direct comparisons between the studies, it is fair to say that competency management has gone mainstream and is now a widely accepted best practice in talent management. Nonetheless, the use of competencies in organizations is, for the most part, in its infancy and very much a work in progress.

Figure One tells a good and bad news story. While 85 percent of organizations use competencies, only about 30 percent can be described as somewhat advanced or advanced in their implementation of a competency system across the enterprise. More than half (53%) of organizations that report using competencies do so on a very limited scale, either stopping at core competencies, or they have deployed job

“The most challenging aspect is answering that question of why we are doing it. And so we have to show that it ties it into acquisition, retention and in getting the right person in right place at the right time. We have to make sure it’s integrated to recruiting and assessment, learning and performance management. We have to tie it to promotions and career advancement also. Competencies have to be core, they have to be at the center of talent management, with all the processes tying in.

Many times people in charge of the talent management components don’t want to go through it and so you have things going on in isolation, but you have to ensure that competencies bind everything together as the central common language.”

- Ashley Fields, Sr. HR Manager, KBR


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specific competencies for only “some positions.” Most (62%) characterize their competency program as “getting there.”

As will become clear throughout this paper, competency programs are more likely to fail when they are restricted in their deployment. Organizations err in limiting the effectiveness of competencies in two main ways: A) They fail to define most or every position in the organization in terms of competencies; and B) They fail to integrate competencies into all human capital management (HCM) processes.

It is, in our opinion, often necessary and practical to implement a competency framework in a staged manner. That is, organizations that target core or critical positions first and perhaps focus on integrating competencies in one or two HCM processes at a time, may be more likely to sustain the project and achieve ultimate success. However, the process of extending competencies across the enterprise and into the entire HCM lifecycle should be the ultimate target. The credibility and value of the competency management system grows exponentially as it is implemented and integrated across every aspect of talent management in the organization.
Part Two: Why do Organizations Invest in Competency Management?

Designing, implementing and maintaining a competency system is no easy task. In fact, twice as many of our respondents told us that building and maintaining a competency system required more effort than other HR/TM initiatives (32.9%) versus those who said it required less (16.4%). The largest group (43.2%) rated it as about an average amount of effort compared to other HR/TM initiatives (Figure 3).

Figure 3: How would you rate the effort involved in creating, implementing and maintaining your competency framework/system compared to other HR/TM initiatives?

The most difficult aspects of designing and implementing a competency system, according to our survey takers and interviewees are:

1. Maintaining the competencies and use of the competency system over time.
2. Communicating the competency initiative and gaining buy-in.
3. Integrating the competencies into various talent management processes.

At the same time, the main reasons organizations invest in competency management are to drive a high performance culture; to integrate talent management practices and to make competencies the common language of HR. Respondents expect competency management to
help them become more precise in recruiting and hiring people with the right skills and in developing talent with the attributes needed for success (Figure 4).

**Figure Four: Why have you implemented a competency framework?**

<table>
<thead>
<tr>
<th>Value</th>
<th>Count</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not sure</td>
<td>8</td>
<td>3.3%</td>
</tr>
<tr>
<td>Our HR and Talent Management efforts are more successful when run within a competency framework</td>
<td>46</td>
<td>18.8%</td>
</tr>
<tr>
<td>We want to do better workforce planning, i.e. know our gaps more precisely, etc.</td>
<td>63</td>
<td>25.7%</td>
</tr>
<tr>
<td>We believe it will help to drive a high performance culture</td>
<td>112</td>
<td>45.7%</td>
</tr>
<tr>
<td>We want to be able to assemble project teams quickly, by selecting the right people with the right skills needed</td>
<td>10</td>
<td>4.1%</td>
</tr>
<tr>
<td>We have or are integrating our talent management practices (i.e. workforce planning, recruiting, training, performance management, etc.) and competencies are the common language</td>
<td>103</td>
<td>42%</td>
</tr>
<tr>
<td>We want to be more precise in recruiting and hiring people with the right skills and in developing our talent with the skills we need, etc</td>
<td>97</td>
<td>39.6%</td>
</tr>
<tr>
<td>We want a tool that will help us hold managers more accountable for the development of their reports</td>
<td>51</td>
<td>20.8%</td>
</tr>
<tr>
<td>We want to help employees chart their career paths more effectively</td>
<td>60</td>
<td>24.5%</td>
</tr>
<tr>
<td>We want to identify future leaders more accurately</td>
<td>53</td>
<td>21.6%</td>
</tr>
<tr>
<td>We want to develop leaders more precisely</td>
<td>50</td>
<td>20.4%</td>
</tr>
<tr>
<td>Other (explain)</td>
<td>7</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

“*It gives employees a tool to either develop themselves or in cases where performance is lacking, a way for leaders to identify what’s going on and then to help their direct reports gain the competencies. So if someone is lacking a competency required for their position or to move to the next, we can walk them through what is needed precisely, it may be a range of things but you get good ideas on how you can correct those things, it gives us and them the tools to move to the next role and it helps us in recruiting the right people.”*

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The emphasis on integration of competencies as the common thread or language across talent management practices is clearly critical when organizations consider the benefits of competency management. Indeed, a consistent framework for the language of human capital management is the essential connector of what would otherwise be stove-piped talent processes. It is also the
The Role of Competencies in Integrated Talent Management

codec that can allow global organizations, with several languages and decentralized people practices, a means to achieve at least some degree of enterprise, integrated talent management.

The bottom line is that organizations invest in competency management to drive higher performance. As such, they often develop it first for their performance review process.

Performance reviews are notorious for employees’ and managers’ dislike of them. They are often subjective and unevenly performed across organizations because one manager interprets scales or ratings differently than another. A well-defined competency framework can remove much of the randomness from performance reviews, giving employees and management confidence that the reasons for a rating in one part of the organization will be much the same as in another part.

Moreover, organizations with a competency model make it possible for employees and managers to identify gaps in skills during the performance review and adjust individual learning plans accordingly.

Too often though, organizations stop at performance management. Yet the same benefits that competencies bring to the performance review can be leveraged into other aspects of talent management. As our research reveals, more organizations are beginning to see the benefits of integrating competencies into candidate sourcing, interviewing, training & development, deployment (to put the right person in the right place at the right time) leadership assessment and identification, career pathing and workforce & succession planning. Doing so not only brings a new level of precision and sophistication to these processes, it also binds them together into a true integrated talent management lifecycle.

“For our HR generalists, a competency definition is integral to our desire to provide the highest level of services to our businesses and internal clients. As we continue to modify and improve our delivery model, we have discovered that the analysis, development and alignment of "real-world" HR skills, re-affirmed strengths and helped us to easily identify gaps. This new and improved competency model can now be integrated into current development programs and future hiring strategies. Simply put, it's a major ingredient in HR's "secret sauce."”

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Indeed, the “why” of competency management has expanded beyond performance management into all aspects of talent management.

From our survey in answer to: Why have you implemented a competency framework?

“To know our employees strengths and weaknesses and to plan for employee education.”

“We wanted a tool to help associates and leaders be more effective at development and to have a common language for feedback and coaching.”

“Because competencies are being integrated in performance management, recruiting, individual and team development, training and curriculum design and talent identification.”
Part Three: How to Build, Implement, Maintain and Measure a Competency Management System?

The most important part of this paper is the “how”. Few HR executives would argue against the use of competencies in theory, but based on past experience, many would advise that it isn’t worth the effort. The problem rests in how competency management initiatives are built and implemented. There are numerous ways to fail. The following are the best ways to succeed, gleaned from twenty years of research as well as our own survey and interviews.

Best Practice # 1: Ensure Alignment

⇒ Define the goals of the competency initiative. What problem is it intended to solve or what opportunity is it meant to exploit?

⇒ Align the competency solution to the organization’s direction. This means that the initiative must be anchored to the values and strategy of the organization and that the competencies themselves must be aligned to the organization’s most important goals (i.e., we are investing in this competency project to further goals x, y and z). And while the competencies should complement and support the culture, competencies can also shape culture by driving a more performance-oriented workplace.

Best Practice # 2: Build Structured Tiers of Competencies

Most organizations develop tiers of competencies. Almost all start with “Core” competencies. These are the easiest to identify and implement because they are often values-based attributes, soft skills, attitudes and broad behaviors. The competency descriptions can almost always be purchased “off the shelf” if necessary and adapted to the organization’s unique needs.

⇒ Core competencies are often referred to as the “price of admission”. Most organizations adopt 5-7 core competencies that align to what it perceives to be its

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competitive advantage. For example, “innovation”, “speed”, “learning”, “adaptability”, “customer orientation”, etc. These competencies are foundational and extremely important. Implemented correctly, they drive all hiring, promotion, retention, succession planning and leadership identification decisions at a high level.

- **Role-Based Competencies** often differentiate between front-line and middle manager leaders, executives and individual contributors. Working from the core competencies, organizations may develop role-based competencies. Like the core competencies, these are also generic across the organization. An executive in finance, for example, will require the same role-based competencies as an HR executive (though only at the “role-based” level).

In many cases, organizations use the same 5-7 role-based competencies for all roles but they provide different ways of using or displaying those competencies. Executives, for example, may exhibit an “ability to motivate” differently than front-line supervisors. An individual contributor may exhibit an “innovation” competency differently than a vice-president. Examples of how each competency is exhibited at various levels of proficiency must be provided for each role. In other cases, organizations develop different role-based competencies for individual contributors, managers and executives.

- **Job Family Competencies** address the success factors for individuals in groups of jobs, for example Finance, HR, IT, etc. Development of competencies at this level becomes more time-consuming because of the precision required and the consequent need of involvement from stakeholders and subject matter experts from across the organization.

- **Job Specific Competencies** document the success factors and profile for a specific job. For example, accountants and financial analysts will each fall in the finance job family but they require different job specific competencies to be successful. The development of competencies at this level can be extremely time-consuming due to the volume of jobs and the need of involvement from stakeholders and subject matter experts from across the organization.

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Figure Five: A Tiered Competency Model

Figure Five above illustrates the building of a job-specific success profile from a tiered model. The incumbent or candidate should possess the same core competencies as everyone else in the organization. Assuming the position is that of “IT Manager: ERP systems”, they should also possess role-based competencies for managers and supervisors. Next, they should possess the competencies needed in IT, and finally, they will require job specific technical or functional competencies, most likely including some related to being proficient in ERP systems, for example.

Best Practice # 3: Don’t Re-Invent the Wheel

An incredible 49.8 percent of organizations in our survey built their competency systems from scratch. When asked what their best advice would be for an organization starting off a
competency management initiative, ten of our twelve interviewees said some variation of “don’t re-invent the wheel … purchase ready competencies from a lead vendor and customize them from there.” As if to underscore their advice, only 2 percent of our survey respondents who had built their competency systems from scratch reported being satisfied with the result and not one said they were “very satisfied” (Figure Five).

**Figure Five: Build or Buy?**

*Figure five* suggests that those organizations that buy competencies from a supplier and customize them “somewhat”, are the most satisfied with their results. This is an important message; many of our interviewees recommended against extensive customization. After all, they said, the suppliers have spent enormous resources in validating their competencies, if you buy them and dramatically change them, you are throwing away much of the expertise and validity that you paid for.

⇒ Buy “off the shelf” competencies from a reputable supplier
⇒ Customize them as necessary to fit your needs but resist the temptation to overhaul.
Best Practice # 4: Gain Stakeholder Buy-In and Participation

⇒ Involve key members of the organization’s leadership early on. Find influential backers who will communicate the value of the program to other executives and throughout the organization.

⇒ Don’t use “HR speak” in competency models. Use plain business language. Avoid giving it the appearance of an “HR initiative.”

⇒ In addition to winning the buy-in of the leadership, involve subject matter experts, high-performers, managers and leaders from each part of the organization. This process is necessary not only to gain acceptance of the program but to form and validate the competencies themselves. Focus groups, interviews and surveys of leaders and individual contributors are needed to determine success profiles for roles and jobs.

⇒ Spend as much time communicating the program as you spent designing it. Show managers and employees the value of the system, communicate the “what’s in it for me”. Consider starting the integration of competencies with career management and/or training & development before performance reviews or promotion selections, etc. Build credibility and trust.

Best Practice #5: Phase It In

As we’ve seen, the benefits of an enterprise-wide, integrated competency model are enormous. Leaders who are eager to achieve HR Transformation and move to an integrated talent management approach know that to do so properly, they must develop an outstanding competency model and then weave it throughout the system. However, enterprise-wide competency management in which every position is broken down into competency-defined success profiles is a lengthy process. Integrating those competencies into planning, hiring,

“Everyone focused on performance goals, but there was nothing really to show clear behavior and expectations needed to achieve the results. We needed a competency model to provide that detail to employees and managers.”

- Cynthia Grimes, Manager Talent Management Integration, Blue Cross Blue Shield of Tennessee.
learning, deployment, leadership identification, succession planning and performance management presents additional work and very significant change management.

Based on their experience, most of our interviewees agreed that it is practical and often necessary to roll out competencies over a period of time. Most organizations take the following steps in a phased implementation:

A. Start with the competencies that are uniform across the organization – the core and role-based competencies. These are the easiest to identify and implement because they are often value-based attributes, soft skills, attitudes and broad behaviors. They can almost always be purchased “off the shelf” if necessary and adapted to the organization’s unique culture, vision and strategy. Core and role-based competencies are often referred to as the “price of admission”. Most organizations adopt 5-7 core competencies and the same number of role-based competencies that align to what it perceives to be its competitive advantage. For example, “innovation”, “speed”, “learning”, “adaptability”, “customer orientation”, etc. These competencies are

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**The Drivers:**

“Employee engagement is the main driver for our investment in competencies. We do a big employee engagement survey every three years, and of all the things needing improvement, developmental aspects, and opportunities to advance stood out – the feeling they wanted to have a career at Country, and not just a job.

We were way above the industry and national benchmarks in our engagement survey, but we looked at our lowest scores and found that development was the biggest gap and so we spent a lot of time and research going after improvements there. We were surprised to see that people aren’t as interested in promotions and pay and as in enriching themselves through learning. So we knew we needed to improve this with our Individual Learning Plans, career systems, etc., and we knew we needed those things to be driven by competencies.”

**Challenges:**

“It is difficult to know how to overcome the variance between manager ratings in performance reviews. This is a human thing, some care more than others and observe and interact with their employees more, so we have to educate the managers but also make them accountable. But their interpretation of the competency levels and ratings is subjective. One way we create a common understanding and better uniformity is to bring them together in groups—a talent review process, so that they can see how others interpret the ratings and gain consistency.”

- Shelly Prohoda, Director, Corporate Compensation and Employee Relations, Country Financial
foundational and extremely important. Implemented correctly, they drive all hiring, promotion, retention, succession planning and leadership identification decisions.

B. Gradually move to job family and job specific competencies. Start with a commercial competency library. Then, starting with core and critical positions, conduct job analyses. Pull together subject matter experts (SMEs) across the organization – high performers in the positions you are analyzing, executives, managers, HR, etc. Determine the competencies that are needed for success and high performance in the position. Create the “success profiles” for each position, then validate the profiles with the stakeholders. Gradually, all positions in the organization will be defined through competency success profiles.

C. Concurrent to steps A-C, organizations should begin using their competencies in talent management processes. Most organizations start with performance management. Typically, their goal is to bring precision, uniformity and credibility to the performance review process. From here, managers and their reports can identify gaps based on the competencies and then, for example, visit the Learning Management System (LMS) to locate courses specific to the competencies the employee must further develop. Other organizations prefer to begin competency integration with non-evaluative parts of talent management. Career planning linked to learning, for example. Gradually, the competencies must be integrated into all talent management processes so they can drive all hiring, promotion, deployment, learning and planning decisions.

Best Practice #6: Maintain the competency model. Keep it current and relevant. Use future oriented success profiles.

⇒ For all but the smallest organizations, technology is essential in creating a sustainable competency management system and to get real-time, actionable data from the system.

⇒ Among the most frustrating and difficult tasks in competency management is in sustaining them. Organizations can accomplish this the hard way – through a dedicated
team of competency specialists, or the easy way – by placing day-to-day competency maintenance in the hands of employees and front-line leaders.

By using HRIS, succession planning or applicant tracking technologies that are equipped with profiling systems, organizations can deploy a system that collects information on the skills, competencies, aspirations, etc. of the workforce in near real-time. Of course, employees must be given a reason to spend time creating and maintaining their profiles. Successful organizations accomplish this by making the profile the instrument for performance reviews, internal mobility, career self-management and training/development. When employees see that they can use their profiles to map their careers in the organization, to apply for promotions or lateral assignments and to register for training, they are likely to take the time to keep their profiles current. And when the profile becomes the “document” for performance reviews, employees will see that it is in their best interests to participate in the ongoing performance review process by entering their accomplishments into their profile in near real-time (see Figure Six).

An additional advantage of profiling is the deep knowledge gained by the organization when profiles are rolled up into unit, division and organization-wide data-sets of the current competencies of the workforce. Subsequent planning exercises and gap analyses are made far more precise when this is accomplished.
Figure Six: Sustainable Competency Management

“Competencies give our employees a way to get clear and consistent feedback and evaluation on how and what they do and how they do it based on our values. It gives us a common language and platform to do better talent management.”

- Laura Coburn, HR VP, TWTelecom
Best Practice #8: Measure it

HR measurement is never precise. Causal proof does not exist as it might in a controlled, laboratory setting. However, credible estimates of business impact and ROI are plentiful using correlations. In other words, organizations can and should measure the impact of their competency initiatives by observing improvements in various talent management measures.

For example, did employee engagement scores improve following the implementation of a career-pathing system based on competencies? Has retention improved since competencies were integrated within the learning management system? Have better hiring decisions been made since sourcing and interviewing became competency-driven?

Beyond business impact, it is possible to estimate ROI from improvements in some of these areas. Reduced absenteeism, improved retention among high performers, better quality hires as demonstrated in performance reviews and outcomes, are examples of tangible ROI measures that can be at least partially attributed to competency initiatives.

Best Practice #9: Improve it

Well-constructed and implemented competency systems will yield valuable data for improvements right across the talent management system. But the competency management system itself should be constantly improved as well. Leverage feedback from employees, managers and executives. Observe new skills and competencies identified by employees, managers and recruiters as they learn from the hiring process. If technologies haven’t been leveraged, introduce them. If managers are still inconsistent in their rankings and ratings of employees in performance reviews, despite the introduction of a competency system, bring them together in a talent review process so they can rank and rate together – this will accelerate a common understanding of what it means to be rated “superior”, for example, against a competency. There are countless ways to improve the system after it has been launched, these opportunities should be taken advantage of.
Conclusions

The steps in competency management are straightforward: Define the behaviors, skills and attributes necessary to execute the organization’s strategy. Once done, integrate those “competencies” into every aspect of talent management so that the organization knows its precise gaps and can hire, promote, develop, deploy and performance manage the workforce toward the most efficient execution of the strategy.

The devil is in the details. As many of our survey respondents told us, competency management is among the more difficult and time-consuming elements of talent management. A robust, integrated and enterprise-wide competency model is not only difficult to create, it is painful to maintain.

Yet organizations often make competency management more difficult than it should be. Some set themselves back months or years by trying to build a competency model from scratch, for example. Others fail to leverage proven, scalable technologies that can reduce time and effort requirements exponentially and provide a near self-sustaining system.

One theme is very clear from our research and that of others over the past two decades. Except in small organizations, strategic, integrated talent management is impossible in the absence of a competency model.

Much like a decent builder can construct a house from a sketch on a napkin or even an idea in his head, an organization can build an HR system without competencies. But the occupant of that house will soon see cracks and fissures, leaks and misalignments. Eventually, the house will collapse because the builder had no specifications, just a picture. Similarly, the HR system built without the precise specifications of a competency model, doesn’t really know what its planning for, what it’s hiring for, why it’s offering this training or that and who its next leaders should be. That type of organization is no more likely to endure than the poorly constructed house.
Appendix A: Advice

Our interviewees and survey takers had the following advice for organizations new to competency management.

“Get your arms around the values and goals, mission and strategy of the organization. Build the competencies to meet and match that. But don’t let that be the only thing that gets counted. We did competencies in part because we knew we needed to encourage the managers to develop staff and not be independent contributors.”

“You need an automated system!”

- Shelly Prohoda, Director, Corporate Compensation and Employee Relations, Country Financial

“You definitely want to keep things simple, don’t overcomplicate the process. You want to look at embedding what you do in the operating model for the organization, you want business processes to support it and it has to be owned by the business, not HR, and it can’t be called an HR initiative!”

Business alignment, business ownership, simplicity and building competencies into the operating model are the success factors. For example, if they are doing it correct, they are assessing performance against the competency model, if they look at performance against the competency model and identify areas of strengths and needs for improvement, you start to see bench strengths and that can help resourcing and workforce planning, and then you see how well you are developing talent and whether it is better to buy or build. You start to integrate it with sourcing and interviewing and get people better aligned to the business. It’s also important for executive leadership to own it as well and be accountable.”

- Mark Bocianski, Head of Global Talent Management, Aon Hewitt
“When we rolled out competencies, we rolled them out at the same time as a revised performance review system and a new Individual Development Plan (IDP) initiative. I would recommend against that because now many in the organization only associate competencies with performance reviews and IDPs. In hindsight, we should have rolled them out separately so employees would better understand what competencies are and how they can be used across talent management.”

“Don’t develop a homegrown system, you can buy something already done and validated. Then you can select the competencies appropriate for your organization.”

- Cynthia Grimes, Manager, Talent Management Integration at BlueCross BlueShield of Tennessee

“Get the right people involved and decide your approach, a multi tier or just a core set of competencies and your approach will be based on that. A core set of competencies would mean getting the right people involved from all levels appropriate and don’t reinvent the wheel, use tools that are out there who have done the studies and have data to back the competencies up as valid. If you invent your own it’s a slippery slope for sure.”

- Change Management Lead, Fortune 500 consumer products organization

“We started with our vendor’s validated competencies, and had senior executives prioritize them based on our strategic business objectives. This enabled us to select competencies and customize the behaviors that would resonate with all employees and build greater alignment. We limited the competencies by selecting five which were core to all employees, and three additional leadership competencies for those in people manager and senior individual contributor positions. We are now engaging employees in high volume jobs to identify professional competencies and technical skills unique to their job families. This whole process is providing the opportunity to get buy-in from key stakeholders and develop a common language which will drive business success.”

- Scott Cohen, Vice President, Talent Practices, Human Resources Mass Mutual Financial Group
“I would advise anyone doing this to get real clarity on the values and culture from the leadership, that’s the basis to develop competencies around. Then decide the type of model – is it off the shelf, a hybrid with a company/consultant or home grown? Decide the tactics. Have a blueprint.”

- Ashley Fields, Senior HR Manager, KBR

“Don’t put an HR person in an office to write the competencies. First, work with a vendor to do a series of semi structured interviews with everyone from leaders to front line managers and high performers in all cross functional areas. Ask them ‘what does it take to be successful in this organization and in your job, now and in the future?’

From this you can discern the important themes for success. You will end up with the same handful of competencies as many other organizations but they will be tailored to your organization. And, critically, you will get the buy in you need from the involvement of stakeholders. Then build the draft competencies and take them back to focus groups for testing, refinement and validation.

Now you can integrate the competencies into Selection, 360 degree reviews, Succession and Performance Management – and they become part of the fabric, not some weird HR stand-alone initiative.”

- Laura Cobin, HR VP, TWTelecom

“I wouldn’t advise doing it from scratch, we thought about doing that, we had a lot of data but to translate it into words and have it make sense would have been time-consuming and very challenging. The competencies have more validity when people know that it was done by experts, but you have to customize it and choose the competencies, you may not use the whole library that you purchase. What the vendor describes at the job level may not reflect your environment or culture, so you have to refine it.

We tried to keep it simple:

- 3 universal competencies (core)
- 4 family competencies
- Usually 10-15 at the job level but we encourage them not to use that many for recruiting or in performance management or development. We want them rated on no more than 10-12.”

- Diana Leventry, Senior Director, HR Services, The University of Iowa
“Get your senior leaders’ support. That helped garner the momentum we needed. Our CEO is very involved and engaged.”

“Also get the right tool and platform, we are very pleased with ours and are able to customize it.”

“Don’t try to roll out too much, too soon and always look for your organizational lifecycle of initiatives so you don’t roll it out in the midst of something else. That is huge, for us, trying to roll out competencies while we were transitioning to electronic medical records made it much more difficult.”

- Beth Thornhill, Manager, HRIS, St. Anthony’s Medical Center

“I would not be too grandiose, I think we sometimes believe that everyone understands the language of competencies and so we have a lot of business discussions and dialogue but it often makes no sense to many people, they don’t understand. If I’m a non-HR employee I want a person to tell me what they are looking for and how I get there. We try to do that at Pitney Bowes. We speak plain language. Gobbledygook and buzzwords are always there but I would avoid it, it has to be plain and they have to know how having or getting a competency impacts their career.”

- Tricia Hopkins, Workforce Effectiveness Partner, Pitney Bowes