Delivering on the competency promise

So much potential.

So much waste.

You've made a substantial investment to acquire and/or design competencies, but have precious little to show for it… or to share with the C-suite. Maybe you've improved the fairness and accuracy of your selection system, perhaps you've fine-tuned your development efforts but, even so, you've still come up short on realizing the ultimate power of competencies – to drive and achieve current and future business objectives.

You're not alone.

HALOGEN® SOFTWARE

DDI®

Delivering on the competency promise

Competencies are ubiquitous; organizations have them and copious research demonstrates their usefulness. At the same time, there is widespread discrepancy around how to best define and structure them.

Worse yet, in many organizations there is little knowledge about best practices for optimal utilization and consistent application. This is about to change.
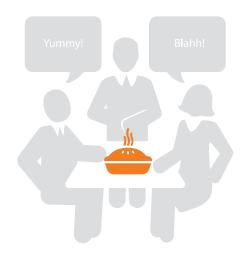
Well-designed competencies spell out the specific behaviors needed for effectiveness in a given job or role. They are differentiated from other important elements of success, including experience, knowledge, motivations, and other more stable, personal attributes of individuals. Once they are wired to key business objectives, we can then clarify, communicate, evaluate and develop these behaviors. And, when implemented properly, they can be used as a metric against which every individual can be selected, developed and evaluated fairly and consistently.

Most importantly, competencies are the first order of business. They provide a method for the organization to articulate its strategic and cultural priorities in an actionable way, by identifying the behaviors and skills needed to overcome key challenges and enable success.

Imagine needing to prepare dessert, knowing only that your dinner guests enjoy pie. You have no idea what kind they prefer, or if dietary restrictions are a consideration. And, you have to begin baking without a clue as to which ingredients will produce the expected "wow" dessert. Talk about pie in the sky! Only after you understand your guests' preferences, can you select the proper recipe – and ultimately the proper ingredients.

Likewise with talent programs; you can't start selecting competency "ingredients" – e.g., Operational Decision Making and Leading Change – until you've first established the end goal or business challenges that will be most critical to overcome (Drive Efficiency, for example). Then, with the "recipe" in hand, you can align your talent systems to target the right behaviors that will get you where your business wants to go.

Yummy!

Blahh!

Competency management

Competency management, meanwhile, is a set of practices that identifies and optimizes the skills/competencies required to deliver on your business strategy.* These practices also provide the foundational data to support multiple HR processes, including talent acquisition (sourcing, recruitment and selection), performance management, leadership development and succession planning (workforce planning). Research shows that 96 percent of best-in-class organizations use a consistent competency model for all of these processes, compared with 39 percent of "laggards". **

In this white paper, we'll explore the best practices used by leading organizations to identify required skills and integrate competencies within talent management systems, and offer how-tos for getting the biggest bang for your competency bucks.

Performance Management

Talent Acquisition

Competency Management

Leadership Development

Succession Planning

Value for stakeholders

Competencies are nothing more than words if they aren't meaningful to the people who use them.

Failing to understand and account for critical differences between unique user groups is a common mistake organizations make, which inevitably leads to a lack of competency uptake across the organization.

Simply put, the meaningfulness or value of competencies is unique to each group of stakeholders. Thus, when planning, designing and launching your competencies into your talent management systems, it is critical that you consider each group, define what they have to gain and provide usage training where appropriate.

System designers should also spell out how the groups are uniquely connected to the organization's business and cultural priorities. This will ensure buy-in and engagement with your competency framework and aid in the elimination of waste associated with underutilization. You can leverage the competency checklist provided to gauge areas for improvement in your organization's competency management strategy.

Competency checklist:
Can your competencies do this?

Senior Stakeholders	Managers	Employees	HR Team
☑ Provide the primary source of intelligence for making crucial talent decisions: the WHOs to place in available positions or the WHATs required by your strategic development.	☑ Bring focus to critically important decisions: acquiring talent, developing and evaluating employees in current roles and preparing others for future careers.	☑ Provide a roadmap of expected behaviors.	☑ Provide the foundation upon which to build and connect talent management systems.
☑ Ensure alignment of HR's strategies with those of the business.	☑ Instill confidence that decisions are fair and aligned with team and organizational goals.	☑ Delineate HOW goals should be accomplished.	☑ Reduce costs and confusion associated with implementation; increase efficiency.
☑ Enable responsiveness to changes in strategy.	☑ Create a big-picture understanding of the connectedness between talent management systems.	☑ Illuminate development needs in current or future-planned role.	☑ Demonstrate value of talent programs via metrics to senior executives.

Realizing the value: Challenges and solutions

If your stakeholders are not seeing the full value offered by competencies, one or more of these common challenges may be the reason:

Poor design

Challenge. No matter how well-written, competencies must also be usable – actually applied by users to talent management systems and not just compiled in a lovely little library gracing the walls of a welcome center or files of an intranet site. When competencies become purely decorative and are "abandoned," organizations tend to lose sight of their intended use and the audiences for which they were designed.

This often happens because the competencies are either to broad or too complex. In the first scenario, a one-size-fits-all approach is often utilized. Organizations are in this situation when the senior leader stakeholder group seeks to align talent to some core value they feel should

pervade the entire corporate culture and apply to all associates. While this is a great place to begin when building competency models, the process can't end here; it needs to build in relevance for the remaining stakeholder groups.

For example, suppose "Innovate" is defined as *Generates ideas that delight customers, solve problems and enhance the lives of people and communities*. What performance guidance does this offer managers and employees? Not much. This too-general competency is not only difficult to apply, it is also difficult to apply consistently as it is open to interpretation. Plus, it is hard to measure in talent management systems.
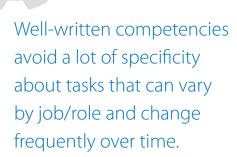
Poor design (continued)

Going to the other extreme, when competencies are overly complicated, they are also hard to manage and implement. Models that define a multitude of performance levels (e.g., different behaviors at levels one through six) for a single competency challenge the user to discern the nuances between the levels. Feedback communication is also compromised: Does performing well on level three, for instance, mean mastery of levels one and two? Which level is job-appropriate? Are the behaviors spelled out in levels four to six necessary for promotion? All of these questions can be overwhelming to manage for an HR team and difficult to consume as an employee.

Solution. The solution is well-written competencies that avoid a lot of specificity about tasks that can vary by job/role and change frequently over time. They also include key behavioral descriptions that specify the unique, component behaviors that define success appropriately for a targeted level of leadership (i.e., executives or frontline leaders). This allows for refined definitions of a related concept which is targeted to different levels of leader. For example, if your organizational imperative is to drive product innovation, you probably want all of your employees to be proficient at behaviors related to innovation. Therefore, you'll want to define the behaviors that all employees need to demonstrate, while ensuring appropriate differentiation of level-specific behaviors that will, let's say, pertain to senior and operational leaders, but not to supervisors. In this way, six performance levels of a single competency may not be necessary, but you may need more than one to describe the related behaviors it takes to accomplish your business objective. Perhaps two competencies – Driving Innovation (for executives) and Innovation (for other leaders and individual contributors) – would offer the right balance. These behaviors also provide a better guide for evaluation and development, and greatly improve the value for both managers and employees.

And, continuing with the pie analogy: When it comes to design, order matters. Most organizations develop their competency models first, and then try to line them up with their business strategies (i.e., they choose the ingredients and try to turn them into a dessert). The reverse should happen. Start with the identification of your business imperatives and then use those to build your competency models.

> Well-written competencies avoid a lot of specificity about tasks that can vary by job/role and change frequently over time.

Haphazard integration

Challenge. Once your competencies are clearly defined, the next challenge becomes integration. How can competencies be woven consistently throughout all your talent management systems in a way that enables and engages your organization to maximize their value? It doesn't matter where you start – with talent acquisition or performance management. What's important is to proceed as quickly as possible to ensure the competencies you are hiring for are the same as the ones you are leveraging for succession planning (and everything in-between). Here's how:

Solution. By leveraging competencies in performance management, managers and employees can acquire a common language that spells out the HOWs of performance. Without competencies, there is a tendency for performance plans to rely too heavily on the WHATS (outcomes and objective) – without providing behavioral guidance. The competency framework can also help evaluate associates and provide feedback throughout the performance cycle. And, once you've established a set of consistent competencies linked to your business objectives, you can encourage all employees to choose a few related competencies for inclusion in their performance and/or development plans. This assigns joint ownership for performance and prevents managers from selecting competencies haphazardly.

Within talent acquisition systems, sync up created competencies with your role/job descriptions. This way,

expectations can be set from the start and communicated to prospective candidates. And, when your behavioral interviewing guides target the key actions associated with each competency, managers can improve the accuracy of – and reduce the subjectivity within – their evaluations and hiring decisions. More advanced tools, including assessments, tests and screening techniques can also be aligned to the competency profile to fortify the decision-making process even further.

Competencies also play an essential role in both learning and development. They provide the framework supporting individual development plans and managerial feedback. Not only can individuals be rated on specific competencies, but their results can be measured against those of larger groups, to inform personal and organizational development strategies.

In succession management systems, competencies can be used as standards against which individuals can be assessed. With the intelligence that comes from assessment, you can pinpoint talent gaps before deficits rear their ugly heads and negatively impact business results. Conversely, you can spot high performers and those best qualified for key promotions or other stretch opportunities.

The consistent application of competencies also benefits HR. It allows for both waste reduction and achievement of business objectives (something senior stakeholders will appreciate, as well).

Stakeholder apathy

Challenge. Another competency launch-related challenge concerns change management. Here we're talking about the lack of clear communication and an internal marketing effort to support the rollout of your new competencies. To create engagement – a receptive audience – you must have a strategy in place (i.e., plan, plan, plan) to educate users and "sell" stakeholders on the value of the change.

Solution. Soliciting advocacy from influential executives is one way deliver on this. There are also many tools to aid with audience engagement: competency reference guides, observation and feedback guides, self-guided career development tools, leader success stories, etc. The key is to take a multi-method approach for engaging stakeholders, driving uptake and creating energy for the application of the competencies. Reinforce the connections between the competencies and your business and cultural priorities in your messaging, as a way of building confidence and engagement. Too often this important piece of the implementation strategy gets overlooked.

Sustainability

Challenge. Organizations, after tremendous commitment of time and financial resources, often encounter sustainability issues. ROI is compromised due to a lack of ongoing ownership or accountability to support the application of competencies within talent systems. Responsibility for measurement – to document and share success, and evaluate the impact on business and talent outcomes – is critical to continued success.

Solution. Early in the process of identifying competencies, stakeholders should articulate expected outcomes and plans should be set for gathering data to evaluate the impact. Involvement of your organization's financial experts can help ensure you have access to impactful metrics that will be meaningful to the business.

Also important is the assignment of accountability for determining when the business and competitive situation require modifications to the competency management system, and for quickly revising the existing system to meet the challenges. Your business doesn't stand still – neither should your competency models. Ensure you have a method in place to stay ahead of changes in the business which may shift the importance of competencies or implicate the need for new competencies in the future.

Have a plan in place to make adjustments as necessary. Most organizations anticipate minor adjustments every three to five years, or major changes when shifts in strategy occur. The closer your competencies are tied to your talent system as a whole (as well as to each of the component systems), the more responsive and agile your organization is to deal with change.

Steps for success

Successful competency management can be boiled down to a series of steps that proceed circularly, rather than linearly. No step can be skipped or short-changed if you want to establish and maintain an effective system that accomplishes your organizational goals.

Planning

First and foremost is the planning stage. Why is this important? As Benjamin Franklin famously said, "If you fail to plan, you are planning to fail." To prepare properly you must identify stakeholders' needs and the required elements of your talent management systems (e.g., interview guides for talent acquisition, learning journeys for development, etc.). Determine how you can best engage your senior leaders before the launch is a one-and-done and they are left without a participatory voice. Also, identify the metrics and measurement methods that will tell you what is working and where improvement is warranted.

This is also the stage of the game where you tie your competencies to your business strategy. Identify those that are critical for all of your talent management systems and those that are best used in specific systems. An example of the latter is Adaptability. Because it is a difficult-to-develop competency, talent acquisition systems need to place a heavy emphasis on it upfront. In this case, all subsequent systems, performance proficiency might be "assumed", or at least less of a priority, and therefore receive less emphasis. To ensure scalability throughout all systems, identify job families that require similar competencies.

Be sure your competencies are relevant to each of your target levels (e.g., individual contributors, leaders and executives). Well-designed competency models specify by job the competencies and behaviors appropriate for each level, and avoid a one-size-fits-all construct. The key is to determine the right level of specificity for your organization and outline the competencies that will drive your business and cultural priorities – without overly complicating your talent process.

Communicating the value

Second, when you're ready to roll out your competencies, make sure you communicate to stakeholders what the value will be for each of them. Once you integrate the competencies into all of your talent systems – talent acquisition, learning and development, and succession and performance management – establish an engaging way to excite and train your users for maximum buy-in.

Evolving competency models

Finally, or should we say continuously, monitor and adjust your competency models as needed. Again, with appropriate accountability and competencies that are plugged into all talent systems, adjustments can be made more easily. If you think "find and replace" rather than "start from scratch," your organization will be more agile at rolling with the punches.

The bottom line?

Use your competencies. Reap the benefits of their potential by ensuring you design, launch and deploy in a manner that takes into account your stakeholders' needs. By doing so, you can be confident that your talent strategies optimally support and power your business and cultural priorities.

Halogen Software and Development Dimensions International: Helping organizations accelerate leadership and employee development

Halogen Software and Development Dimensions International (DDI) have partnered to integrate and resell DDI's comprehensive, newly-updated behavior-based competency library and proven leadership development content into the Halogen TalentSpace™ suite. Through this partnership, customers can choose from a variety of content bundles and use DDI competencies and learning modules pre-configured within Halogen TalentSpace, to establish a company-wide language and framework for attracting, assessing, retaining and developing talent at all levels, business-wide.

Development Dimensions International helps companies transform the way they hire, promote and develop their leaders and workforce. The outcome? People ready to execute business strategy and address challenges head-on.

Our clients are Fortune 500s and multinationals, doing business across a vast array of industries, from Shanghai to San Francisco, through 42 DDI-owned or closely affiliated offices. www.ddiworld.com.

At Halogen Software, we offer an organically built cloud-based talent management suite that reinforces and drives higher employee performance across all talent programs – whether that is recruiting, performance management, learning and development, succession planning or compensation.

With over 2,100 customers worldwide, we have been recognized as a market leader by major business analysts and have garnered the highest customer satisfaction ratings in the industry.

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