

## Using a Competency-Based Approach: *Linking Core Competencies to your Business Strategy*

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### **What are Competencies?**

You may have heard of competencies, competency modeling, competency-based management and the like. So much has been written about the topic that we can have trouble understanding the usefulness of this approach. The solution is to take a step back and understand the simplicity of the method, and when used properly, how it can bring value and success to your organization and its members.

The Competency-Based Approach is a research-supported approach based on the primary goal of defining the critical *behaviors* needed for effective and superior individual and organizational performance. Simply defined, a competency is a set of related behaviors that (1) impact job performance; (2) can be measured against established standards; and (3) can be improved through training and development.

Competencies are always described as *observable, measurable* behaviors, but they are not simply concrete actions that are easily imitated. Instead, competencies can be manifestations of some underlying intent — driven by a person's basic motivations, personality, attitude, values, or self-concept. It is an enduring characteristic of a person that predicts behavior across many workplace situations. For instance, a *conscientious* worker is organized, keeps commitments and promises; an *achievement-oriented* person sets challenging goals and takes calculated risks; a *self-confident* person is able to make sound decisions despite uncertainties.

So — what are the crucial competencies, you ask? Well, you can argue that being flexible, innovative, and the ability to lead change are all very important competencies needed for organizational success—but for what type of organization? This model would prosper in an entrepreneurial company but could be detrimental in a highly structured, internal-focused company. You can also define competencies at the functional level. You can argue that the ability to manage conflict, being customer-focused, and interpersonally effective are all necessary job competencies — but for what position or function? This would be appropriate for a customer service role but probably not for finance, legal, or IT position. This is the key — alignment — that makes the Competency-Based Approach most effective, and is the topic of the subsequent section.

### **Aligned With Your Business Strategy**

The Competency-Based Approach is widely used today by many successful organizations—and for good reason. It works. However—in order for this approach to work for your organization, you have to align your competency model with your business strategy or objectives. In order to do this, you must take the time to determine which major themes of behavior or competencies — e.g., innovation, customer engagement, action orientation — need to be demonstrated across your organization in order for your business strategy to work.

Every organization will have its own 'competency model' that includes the critical behaviors necessary for success in that culture. In ThinkWise, we have defined a core set of leadership and organizational competencies necessary to drive company strategies. We believe maximum alignment and value can be realized by focusing most participants at this overall, strategic level.

Here are some *examples* of core competencies executives and leaders need to possess in order to optimally drive 4 very different types of business strategies. These strategies are differentiated on the business focus (internal or external) and environment (stable or fluid):

<b>External-focused</b>	<p><b><u>Competitive</u></b>            Action Orientation            Business Acumen            Customer Engagement            Results Focus</p>	<p><b><u>Entrepreneurial</u></b>            Flexibility            Innovation            Leading Change            Technical Expertise            Vision &amp; Strategy</p>
	<p><b>Internal-Focused</b></p>	<p><b><u>Structured</u></b>            Decision Making            Project Management            Self Management            Supervisory Skills            Talent Management</p>
	<b>Stable</b>	<b>Fluid</b>

ThinkWise maintains a comprehensive list of competencies, which have been proven to be frequent predictors of successful job performance across different types of roles and organizations. Its primary purposes are to bring more detailed definition to the behaviors that are important for your organization to achieve its strategic goals and to create a common, objective language for talking about behavioral skills. *This is the building block for where your **customized** competency model that is aligned with your organization’s business strategy is created.*

***How Do You Use a Competency-Based Approach?***

Using a Competency-Based Approach links your business strategy to a set of critical competencies. It becomes a blueprint against all organizational practices. Thus it assures that how you hire, set and track goals, assess performance, develop your employees, and identify your organization’s future leaders are aligned with your overall organization’s vision and strategy.

Here are examples of the business processes that can be competency-based and strategically aligned if you use this approach:

- Structured interviewing to improve selection and placement decisions for both internal and external candidates.
- Assessment surveys for identifying candidates with higher likelihood of success in your organization.
- Succession planning by assessing competencies to identify and develop future leaders.
- Talent mapping to assess the current workforce for gaps in critical competencies needed for organizational (and individual) success.
- Training and development program investments targeted on addressing the strategic gaps.
- Team development and performance processes.
- Performance management processes including performance appraisal and performance feedback and coaching.
- Multi-source (360-degree) assessment for development planning.

When a Competency-Based Approach or a particular competency model is used in multiple applications within an organization, they can serve as a *unifying framework* for all your organizational practices.

## **Selecting Competency Modeling Approaches**

Competency models can be defined at different levels — from organization-wide models to single-job models and at various levels in between. At one extreme are "one size fits all" or organizational competency models — where a single set of core competencies is strategically defined as expected of all organizational members. At the other end of the spectrum are systems of competency models where each model applies to one or a handful of positions. In the middle is a hybrid approach that tries to incorporate the best aspects of the one-size-fits-all approach and more customized approaches. There are costs and benefits to each approach — however *the best approach depends on the strategic goals of the organization and applications for which competency models will be used.*

The advantage of using an organizational level model is that it provides a common language of success across all applications, easily assures that all workforce performance management practices will be tied to this shared competency model, and that everything clearly aligns to the organization's vision and strategy. The limitation to this model is that there may be certain competencies at the functional level that may not be shared at the organizational level — e.g., sales can have critical competencies—interpersonal effectiveness, customer engagement — that may not be evident in the overall organization's business strategy or vision. The way to address this limitation is to use the organization level competency model as the base requirement, then fine-tune competency models for each major function as warranted. This retains the strategic alignment and shared vision of what good performance looks like while allowing the different functional disciplines to add the richness they need to make effective decisions.

While using single-job competency models will get you the best fit between competencies and job requirements, the time and resources needed to develop these highly-customized models for a wide-range of jobs can be quite excessive and cannot help but undermine the alignment with the strategy and vision of the organization as a whole.

## **Why Use a Competency-Based Approach?**

The Competency-Based Approach supports the integration of various workforce performance management activities — selection, training, performance management, career development — because all are derived from a common competency model. It serves two complementary objectives: it is directed to the accomplishment of the *organization's* goals; and to the *individual's* development. Implementing this strategically driven initiative helps organizations reach their goals by getting the right people in the right jobs that possess the right competencies; and creates a more committed *workforce* by providing developmental opportunities aligned with these goals.

To highlight the major benefits using practical terms — using a Competency-Based Approach has (1) selection benefits — by defining one candidate as more effective and superior than another thus creating a better fit; (2) provides performance benefits — by clarifying and raising the bar on what is expected; and (3) provides developmental benefits — by setting individual goals that employees can strive to reach that are aligned with the business strategy. Given that you can make the basic assumption that people generally have the desire to do well in their jobs, and be a part of a successful, reputable organization — using this approach will work for you and to your organization's advantage.