Solving Workforce Issues

Using a Competency-Based Approach

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Business and HR leaders who are evaluating talent management tools and systems for their organizations will often contemplate: Do we (really) need a competency management system? How is a competency-based system different from a broader talent management system with a competency management module or "bolt-on"? What are the advantages of a competency-based approach to solving workforce management issues?

Talent Management vs Competency Management

The category of talent management is a broad area. It's essentially a roll-up of many smaller areas related to recruitment, employee development, employee performance, and compensation. Hundreds of vendors have thousands of technology solutions that help to manage a single talent management task or some combination of time tracking, payroll, leave management, employee recordkeeping, project management, learning management, performance management, recruitment, hiring … and more.

Long before the term "talent management" emerged, a small group of businesses, including Avilar, approached talent management from the competency management angle. Over time, many talent management companies added system features from adjacent areas to gain a larger market share and to address at least the basic client needs in those areas. Competency management was one of those areas, and many vendors have "bolted on" that component, usually covering a single dimension of competencies.

So, answering the question of whether an organization needs a competency management system or a competency-based system depends on what the company needs. (Of course).

A competency-based approach starts with the question, "Can a person do what they need to

do?" From there, you can ask other workforce-related questions, such as:

- How well does an employee perform the tasks of the job?
- Are teams able to do their work?
- Which skills do we need for our future?

Competency management is not the answer to *every* business question. If the primary issues that you need to address relate to managing payroll, employee home addresses and emergency contacts, or paid time off, for example, one of the other solutions may serve you best.

A competency-based system essentially supports all things related to knowledge, skills and on-the-job behaviors. Organization and categorization of competencies. Essential competencies for job roles. Incorporating competencies into employee performance, succession planning, and every other part of the talent management ecosystem. A competency-based talent management system can help you understand your employees better, understand how employees' jobs and performance connect to other data you care about, and inform planned and unplanned business decisions related to your workforce.

To help answer the question about whether a competency management system is right for your organization, this article outlines five advantages of a competency-based approach to solving workforce issues.

ADVANTAGE #1

Competency-Based Recruitment and Hiring Delivers Skilled, Diverse Employees that Fit

We all know that hiring the best employees is better than finding the right skills and experience. Success comes from finding candidates that fit. They need to have the right skills, sure. They also need to gel with their team and feel comfortable with your organizational culture. You may have diversity, equity and inclusion (DEI) initiatives that wisely emphasize talent over background when hiring. If you're hiring into a rapidly evolving marketplace, your new hires will need to thrive on continuous professional development. And you're generally looking for people who want to stay; not professionals seeking 12 months of experience before moving on to the next employer.

All of these factors influence the skills and competencies that you are seeking in your next recruit. By evaluating the competencies of your most successful employees in the roles you're hiring for now, you can target the most essential skills you need in your next recruit.

Competencies are also essential elements when hiring for jobs that are new to a market. A car factory trying to hire into new positions related to the manufacturing of pure electric vehicles (EV) is one example. Clearly, experience with the previous generation of manufacturing tools, techniques, and technologies is relevant – but not as directly relevant as it would be if the

company were hiring for gas-powered vehicle manufacturing roles. A competency management system could be used to store videos of employees (and potential employees) demonstrating specific tasks. Subject matter experts can then rate applicants on the selected technical skills that are important to EV manufacturing, such as wiring or using a circuit fault analyzer.

A competency management system can help hiring managers and recruiters:

- Capture the essential technical competencies for the jobs
- Identify non-technical skills such as personality traits, analytical skills, leadership abilities, or communication skills that influence success
- Update job descriptions with the competencies that make a difference
- Update job descriptions to REMOVE requirements (such as educational background and job experience) that may unnecessarily screen out talented recruits
- Include a meaningful skills assessment as part of the hiring process

Armed with competency-based job descriptions and assessment tools, a recruitment professional can think outside the box about where and how to find potential employees. Ultimately, they will be better able to make recruitment and hiring decisions for the company – and for the professionals involved.

ADVANTAGE #2

Competency-Based Management Leads to Better Performance Across the Company

"Our people are our most important asset." That claim, that truth, has appeared in nearly every company's strategic plan or annual report. Of course, employers care about the performance of their employees. And they have indicators of performance that show up in sales results, productivity reports, and balance sheets. But those are all lagging indicators, to show what's happened already. Fewer employers are getting timely, actionable information about workforce performance. Who, exactly, is performing well? Which teams are the strongest? What are the consequences of how they are performing? Which recruiters, which managers, which training initiatives get the best (and worst) results?

Because other companies came from different spaces in the talent management world, their systems are not designed to understand competencies. Most focus on a single dimension of competencies – typically not competency models. With talent management systems that were created having competencies at their core, like Avilar's WebMentor® Skills, everything ties back to the underlying competencies a person possesses. A competency management system should be able to incorporate a wide variety of competency models, libraries, or frameworks. They should be easy to import, export, and edit in place. A bolt-on system usually has only limited capabilities that cannot address the broad set of skills and competencies a company may need for job roles across the company.

By starting with the question, "Can a person do what they need to do?" a competency management system can get to the specific skills, knowledge, and on-the-job behaviors that define success. It can illuminate what's working – and what's not – for individual, team, and organizational performance.

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Most employees want to perform the tasks you need them to do, as long as they understand what they should be doing. A competency-based management approach enables company leaders and managers to communicate what employees should be doing. By focusing on skills and competencies related to performance, you can:

- Conduct skills assessments to determine where there are skills gaps in your workforce
- Create and monitor employee development plans so employees can build the skills they need to succeed
- Promote employees and managers with confidence and pride
- Build an informed succession planning program that identifies and supports your next-gen leaders
- Support your managers in building and strengthening an evolving set of skills required to lead effectively in a rapidly changing business world

By agreeing on what skills and competencies are needed in every job role, employees and managers at all levels across the company can communicate clearly about expectations, progress, and success. Focusing on competencies minimizes the influence of relationships and biases that so often inadvertently skew results, freeing the organization to confidently understand and act on performance trends.
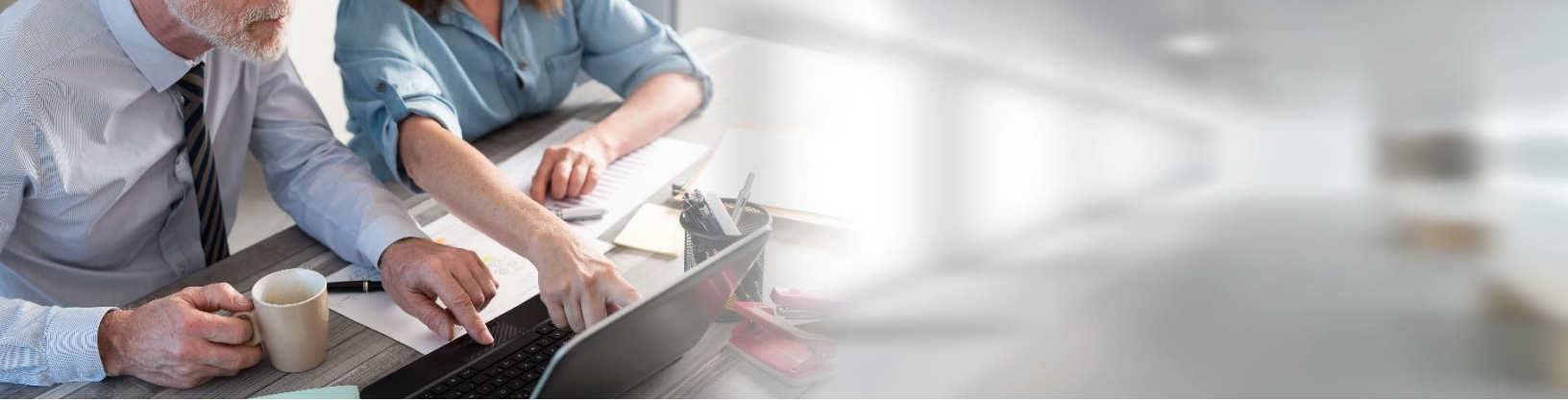
ADVANTAGE #3

Competency Management Systems Support Pandemic Planning and Business Continuity

Competency management systems can be one of your most valuable tools in responding to operational disruptions. Unlike bolt-on tools that are likely to be rigid and shallow when it comes to competency data, a competency management system holds deep information about the skills and competencies of current and past employees.

Business continuity is all about the ability to continue serving customers even in the face of operational disruptions. Fires, floods, tornados, civil unrest, and, yes, pandemics can all disrupt your business operations. You may take a direct hit to your physical office space or manufacturing facilities. Or your employees may be unable to work due to loss of home, accident or illness, family demands, or worse.

The best business continuity and pandemic plans call for a review of competency data as part of the planning and response. When something happens, whether you need to temporarily rebuild a physical space or backfill workers, competency data can provide insights that simply aren't available from other talent management systems.

Your ability to view and analyze where your people are and what skills they have can make the difference between a rapid or a prolonged recovery.

With a competency management system, you can:

- Quickly gain a holistic view of your affected and available workforce
- Understand the skills and abilities of employees who are unable to work
- Discover who among the available employees possess the critical skills to step in
- Identify which of those employees are in the right location, have the right experience, work the right schedule – and have the right personality or temperament to fill in
- Find out if there are remaining skills gaps that need to be addressed
- Assess development opportunities to see which are best at filling the gaps

Without using competencies to inform your business continuity and pandemic response, your ability to recover becomes ad hoc – based on chance, rather than informed decisions.

ADVANTAGE #4

Competency-Based Management Systems Can Answer Broader Talent Management Questions

Companies often analyze workforce competencies whenever someone is coming on board or leaving. A competency-based approach – with a view of historical competency data – can improve job descriptions, identify fruitful places to recruit, better find employees that fit, and even show who to let go when times are tough. They can also help identify which employee development program is working best. Or what attributes (beyond skills and competencies) describe top performers.

Because bolt-on competency management systems tend to be rigid, it's tough to get to the "cuts" of competency data needed to answer more than a single workforce question. Competency-based talent management systems, though, easily collect and store the data – and correlate it with other data to make more informed staffing decisions.

Especially when needed competencies change over time, competency data can help managers dig into questions whose answers change over time. For example, a small chain of grocery stores experiencing hypergrowth needs to decide who should be the first set of new hires. What do they need to learn? Which training is working the best? Once they are more competent, how does that change who we hire next?

Similarly, a call center manager facing inconsistent service levels will want to know more about their top performers. What are they doing differently? Where did they come from? What else do they have in common? Do service levels improve when we introduce X, Y or Z training?

During the COVID-19 pandemic, many employers had to make difficult decisions about which employees to retain and which to furlough or lay off. Many didn't have adequate competency management systems in place – or

didn't take the time they needed – to map employee competencies to the scaled-back, redesigned work environment. The best employees – or the best employees for that situation – were not necessarily retained.

Now, those employers may be facing a return to more normal operations. A competency management system can support policies and procedures around:

- Which jobs can work remotely? And which cannot?
- Are the employees who relocated away still a good fit?
- What kinds of skills are needed on site? Who is available with those skills?
- For those coming back, what new skills do they need to learn? Are there skills that have atrophied over the past year?
- Who is ready for a promotion? Who will fill their shoes?
- Once we know who's coming back (and who isn't), who do we need to hire or train to fill in the gaps and thrive again over the next year?

Problems related to workforce performance often change over time. (Just ask 2020 and COVID-19.) Your competency management system needs to be flexible enough to answer the questions that you don't yet know to – or need to – ask.

ADVANTAGE #5

Harvesting and Analyzing Longer-Term Competency Data Informs Strategic Business Decisions

Data is power. It's no accident that governments, commercial entities, and nonprofits are all investing in big data and data management. Data about our clients, customers, constituents, and our employees reveal precious truths about our organizations, products, services, industry, and community.

The same is true for employee competency data. Historical competency data can inform

recruiters and managers about the attributes that align with the most successful employees. It can also inform company leaders who are making other strategic business decisions. For example, as market disruptions such as emerging technologies and new competitors redefine a marketplace, companies need to map their workforce talents to future needs.

Most mainstream talent management products have some form of skills assessment. But most aren't able to correlate sales, product, or manufacturing data with skills. They think about employees as someone who is performing a job; but they're missing the bigger picture of seeing employees within the context of geographies, industry certifications, or compliance with local, national, or international rules and laws.

Competency data can help company leaders who are thinking about expanding to new markets or new geographies. Whether planning to grow organically or through a merger or acquisitions, they are likely assessing a range of company and employee attributes needed to succeed.

Long-term competency data can help those leaders to understand:

- Which employees have experience living or working in the potential new markets
- How well the current workforce is suited to the skills required for the new market
- Whether the company has reskilled or upskilled employees in a related field, what worked, and what didn't
- What skills and competencies are most important to hire in the expanded markets or geographies and whether or not those competencies are available in those communities

Answers to these questions will help to guide long-term strategy and investments. Look at Amazon. When searching for a second headquarter location, Amazon conducted

market assessments to determine which cities would be best suited for the work the company did then, for what it wanted to do, and to complement its existing workforce strengths.

In Summary

All of this is to say … if you have a workforce issue, a competency management system is often the right tool to help you address it. If you want to get beyond a snapshot of what's happening now, to dig into questions such as how or why, a competency management system will offer the data set you'll need to make good talent management and business decisions. Remember that the problems you'll want to solve will change over time, so look for a system that is flexible enough – one that can be easily configured to solve multiple problems and deliver the confidence you need to make the right things happen for your organization.

If you're still wondering about the ins and outs of competency management or the advantages of a competency-based approach, start with our **Competency Management Toolkit** to get started. Or ask us how Avilar's **WebMentor Skills**™ competency management system and assessment tools can help you address your workforce challenges.

About Avilar

Avilar – The Competency Company™ is a leader in web-based competency management and learning solutions for corporations, government, and non-profit organizations. Formed in 1997, Avilar's award-winning WebMentor™ product line has built itself on highly adaptable product design. Avilar consultants are recognized as industry thought leaders and have decades of experience in implementation and analysis. Let Avilar help transform your organization from ordinary to extraordinary.