

Implementing Competency Management

The Critical Success Factors

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The Idea of Gap Analysis

The idea of gap analysis is so compelling and so simple that it's hard to imagine an implementation that is less than totally successful. Here's the concept:

- (a)** define competency requirements in terms of skills and proficiencies required for high performance;
- (b)** survey employees to determine their current comfort level (proficiencies);
- (c)** compare (a) and (b) where overages represent strengths and shortfalls represent gaps.

If this kind of information were reasonably accurate, it would be invaluable for planning training and development activities, identifying candidates for projects or jobs, justifying training investments, supplying metrics for period-to-period tracking, and so on.

So why aren't all competency projects successful? Many of them fall short of achieving the expected results. To be fair, a number of projects have had surprising outcomes that were completely unexpected and exceeded expectations. In my opinion, those projects are the exception rather than the rule.

This paper poses a series of questions which, if answered, will substantially contribute to a successful project. They were learned

the hard way, through experience and working on skills projects for many years. The outcomes improved as time went on because we developed a simple list of prerequisite considerations which served to reduce the unwanted side-effects of the process. If potential clients could respond favorably to the list, chances were good that all parties would end up pleased with the results. In other words, comfort with the answers to the questions means you've anticipated obstacles and are prepared to navigate around them. Discomfort means you should probably not proceed at this time.

The list which follows shouldn't surprise you. It's mostly common sense. The unique characteristic of implementing a skills project has to do with the fact that it involves people, lots of them. We have systems for tracking products, systems for tracking cash, even systems for tracking materials and supplies. It's ironic that inventorying our most valuable asset, people, is such a relatively recent development. A small improvement in managing inventory produced big financial benefits. Adding a good forecasting model increased those benefits. The same can be said for a skills inventory. Considering the investment in salaries, a small increase in productivity could produce significant ROI. At this point, we need to address a couple of important questions in order to comfortably proceed. They are:

Improved Job Performance

1) Do we believe that someone who is skilled will perform better than someone who is less skilled?

2) Does improved job performance imply better business results?

No doubt there are cases which contradict and support these questions but, in general, most believe that performance is a combination of being “willing and able”. Given the same personal attributes and characteristics, the person with higher proficiency in specific job-related tasks would typically be our preference.

Most executives and sponsors believe that a consistent and systematic approach to identifying skills within their organization is a big plus. Most recognize that it’s not a perfect science, but that the results will be a quantum leap over the information they’ve used in the past. In one memorable project, the CIO stated “I’m not particularly interested in the data and reports. The fact that the staff and managers are reviewing competency standards together is the outcome I want... (that) we’re committed to developing people and care about skills. It’s not something we’ve done consistently in the past.”

Communication Within the Company

3) How will the project and its purpose be communicated to managers and employees?

There are advocates and assassins for this kind of project. In the absence of a convincing communication program, your employees and managers will offer a surprising number of creative speculations on why management is “doing this”. The communication program is crucial to a successful rollout. Managers need to have a consistent response to the employee’s inevitable question “How will this information be used?”

The process is done with flair and enthusiasm, using whatever tools you like, such as videos, all-hands or town-hall meetings,

director and manager meetings, letters and/or emails from the sponsor, balloons, or t-shirts. You should use whatever it takes to bring the purpose out into the open. You will not convince everyone but most will sign up and they will be disarmed by a well designed information campaign.

Most systems either have a ‘commitment orientation’ or a ‘compliance orientation’. Systems are perceived to enable or constrain people. Implementing competency management systems should be viewed by employees as enabling them to acquire the right skills, or be selected based on their talents. Users should be motivated to build development plans, complete their T&D activities and apply their new found skills on the job.

Which Skills and What Level of Detail

4) *What about content – what skills and at what level of detail?*

The quality of the end result is significantly impacted by content. The most expeditious route to implementation is to locate an external source of skills (a dictionary) that can be licensed or purchased. Some customization will likely be necessary, but the basic structure will provide an excellent starting point. It's worth some staff time to do some Google research and determine if there's a skill set available for your purpose. Don't be too frightened when you see the price tag for licensing content. Just remember what it would cost you to do it yourself.

There are efforts underway to build industry-specific standards. As an example, the National Workforce Center for Emerging Technologies has developed an excellent skill set for Information Technology organizations, developed through a grant from the National Science Foundation and supporting the structure recommended by Department of Labor. Utilizing industry associations is a good way to shortcut the development cycle and save time. As for the behavioral and interpersonal types of skills and abilities, there are many sources which address the cross-functional needs of leadership, supervision, communications, project management, etc.

As a footnote, the work done in competency development often revitalizes job descriptions and will support and benefit other HR activities.

Content Validity

5) *What about content validity?*

When developing competencies, it's important to focus on those areas having the most influence on job performance. A competency is valid if it impacts job performance and is frequently used. Who decides if it impacts job performance? Valid job standards are often drafted by high performers (in the job) and reviewed by peers and/or a skills advisory group for validation. An important reminder when it comes to developing competencies is the 80/20 rule. This means 80% of the results can be accomplished by 20% of the effort. Stated

differently, constructing job competencies will be easy for individual high performers in the job, but they'll reach diminishing returns very quickly. When they do, you've probably gone far enough. Guidelines should be developed so that content can be acquired quickly. Avoid turning this into a detailed task analysis or a time and motion study.

If it can be demonstrated that a number of top performers are also highly proficient in a certain competency area, it's a safe assumption that the competency is "valid".

Project Management Resources

6) *Are we prepared to commit project management resources?*

The tasks required to implement a competency system/project are well understood. The timeframes involved relate mostly to content development. Contributing factors to timeframe are: number of job roles required, the availability of existing and applicable content, access to high performers for structured workshops, technical integration requirements, and priority given to the project.

The project manager will organize and track activities for the initial implementation. The person assigned should have strong communication and facilitation skills and keep the project focused. If the project timeline is continually extended because of content development issues, the chances of a successful project decline.

One large equipment manufacturer insisted that the marketing, manufacturing, and engineering people work together to build consensus on organizational skills needs. After one and a half years of debate and accusations, it was decided that each could implement on their own timetable. Sponsorship and funding dried up and the project was tabled indefinitely.

Large projects typically include a project manager, a systems administrator to handle the technical application requirements, department coordinators to watchdog and support their respective areas, training department resources to match courses to competencies and interpret results, and an advisory group to handle policy questions as they emerge. The initial implementation is usually supported by vendor staff and consultant(s) for assistance in sharing best practices and methodology.

Implementing Forecasts Into Existing HR Models

7) *How does this fit into our HR strategy and systems?*

Competency systems require data imports or direct integration with HR systems. The exception to this is where a competency module is a standard part of the HRIS/ERP. The technical matters of sharing data are straightforward. Of greater concern is how the competency project supports current HR initiatives. Because momentum for a competency project often starts within a single department, it's important that HR be represented and advise the project team on policy and practices. After an initial implementation

and, assuming the project meets expectations, the process owner would likely become HR.

Some clients have opted for periodic "snapshots" of their competencies. In this case, the project may only require a single loading of employee names and ID's, eliminating the need to tightly integrate systems. Those clients who license products and embed the process in their annual development planning process are highly motivated to integrate or link the competency and HR systems.

Business Strategy and Competencies

8) *How do we maintain alignment between business strategy and competencies?*

Aligning competency requirements with business strategy should be part of the annual planning discussions. Because competency management is relatively new, most of the projects appear to be “reactive”.

In early 1991, the president of a leading chip manufacturer announced that all operators at a specific site achieve “level 1” certification on all tasks required in their jobs by the end of the year. The previous fall they had made flexible staffing and cross training a priority. It just trickled down late with increased pressure on the team.

The key ideas are simple:

- (a)** Strategy formulation produces specific initiatives
- (b)** Initiatives turn into projects (which support strategy)
- (c)** Projects require specialized competencies and skills (which support initiatives)

A large airline company split off their technology division so it could compete in the services market. The strategy was to (a) leverage the internal experience and knowledge base and become a competitive consulting services company.

(The transaction software used internally applies to a number of industries, particularly airline and finance). (b) It was decided that reorganizing into Centers of Excellence would best support this strategy and (c) the skills inventory project collected 300 skills for each of their 5000 IT staff. This data was exported to their HR system for queries that would cluster individuals with similar skills into a COE.

Reorganization and restructuring is an excellent time to introduce a skills management process. Inventorying human assets and determining the areas of strength and weakness is not a bad way to start. Do we have the resources we need to embark on the new journey?

A standard function in most competency systems is weighting. Certain competencies may be defined as “modestly important” one year and “critically important” the next. Skills may not change fast, but strategy can. Changing the weighting factors and re-running gap analysis reports will tell you how well configured your current skills are for new strategies. The same idea applies to evaluating project risks based on skills. High skills (in underlying technologies, for example) reduce project risk.

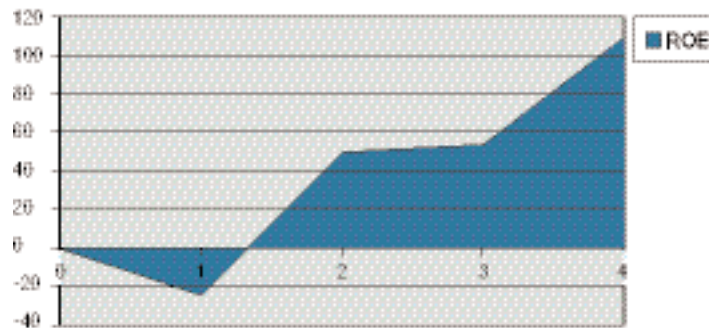
Resource planning often stops at headcount numbers and, at best, position descriptions. Adding specific competencies to recruitment efforts will produce closer matches.

Roadmap to Competency Management

Competency systems can be used for staffing, training and development, performance management and compensation. The degree of difficulty goes up significantly with each application. The process below outlines a phased and gradual approach to introducing

competencies into an organization with a high probability of success, focusing the initial implementation on staffing support and training and development.

Objective	Process	Results
1 Define competencies directly impacting business performance	Strategic Competency Methodology (Strategy -> Projects -> Technology->Skills)	A database of knowledge, skills and abilities required for high performance by the organization
2 Access to the knowledge base inventory	Inventory proficiency levels using online survey of employees	A database of skills, distribution, strengths and weaknesses. Search access for resource planning.
3 Define competency standards specific to job functions and roles	Job tailoring workshops to establish high performance standard for job roles.	Competency models, detailed job descriptions, target proficiency, importance factors
4 Action planning based on strengths and needs analysis	Gap analysis (compare Phase 3 and Phase 2 outputs) Match T&D resources to needs	Individual Development Plans Leveraged T&D investments



The chart above is representative of what can be expected (Return on Effort) as the organization climbs up the learning curve. Note that Phase 2 and 4 produce a variety of outputs and benefits to the organization, but that the Phase 1 investment, although a valuable and necessary prerequisite, consumes resources with less visible outputs. Similarly, the Phase 3 development of competency models

requires construction and validation before enjoying the benefits accrued in Phase 4 needs analysis.

Before you start, answer the (8) questions, recognize that competency management is not a perfect science and try to position the process as a “commitment-oriented system.”

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H. A. (Hal) Gerrish, Jr. is currently the Director of Competency Management with Avilar Technologies, Inc. He was formerly President and Managing Partner of Skills Management International (SMI), a software and consulting company focusing on the identification of organizational skills needs. SMI was founded in 1988 specializing in alignment of skills with business objectives. In 1997, Learning Tree acquired SMI. In 2002, Avilar Technologies, Inc. added competency management tools to their product line through a partnership with Learning Tree.

Hal's background includes 19 years with IBM Corporation in systems engineering, marketing and marketing management, and five years in executive education. During this time, he spent two years in Hong Kong conducting classes in Asia Pacific and two years managing IBM's Advanced Education Project at Stanford University. Prior to

IBM, Hal was a programmer for Lockheed Missiles and Space Company and Dynalelectron Corporation, and a computer operations manager for Pacific Telephone and Telegraph.

He is currently managing the planning and implementation of WebMentor Skills, Avilar's competency management system. He works with large organizations to assist in planning the integration of skills assessment with other internal information systems and processes. WebMentor Skills is a web-based application supporting staffing, training and development and performance management.

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