



White Paper

Redline your business “RPMs” with enhanced competency models

Executive summary

Most organizations have invested extensive labor hours and considerable expense in the creation of competency models. While on-the-job skills and tasks are often the topics of competency discussions, there is another aspect of a strong competency that many HR leaders overlook: the core behavioral characteristics that naturally drive success in a specific job. How can competencies plus core behaviors increase your business revenue, profit, and manpower?

This white paper describes a process to improve existing competencies, or assist in the creation of new ones, that will fuel a stronger business and more capable workforce by mapping competencies to behavioral dimensions that support actual business goals. After linking behaviors that are proven performance enhancers to a competency model, you can maximize your business “RPMs” in several ways. Revenue/profitability is increased through the development of the company’s manpower into a team of employees who meet organizational needs, turn over less often, and are more productive.

Cornerstone concepts of competencies

In today’s organizations, it is common to find some level of confusion regarding the definition of a competency. To gain a better understanding of competencies, we must revisit and understand the original intent of a competency model.

Most business entities define a **competency** as a skill or task (or a set of skills/tasks) that describes excellent performance in a particular work context. Similarly, a **competency model** is a set of competencies that includes the key requirements for success in a certain job. What most competencies leave out is a concern for the core behaviors proven to promote success in a particular job role.



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To find the true origin of competencies, most business scholars point to the writings of Harvard University's David McClelland. He published the article that is often credited with introducing the modern-day competency model. Up to the late 1960's and early 1970's, the primary focus of testing and assessment was determining intelligence. Of course, this singular focus did not provide the depth and breadth to predict tenure and performance on the job. Dr. McClelland believed deeply in criterion-related testing. Simply stated, this testing methodology evaluates the outcomes of tests or assessments based on specific job performance data. He felt the predictors of future success could be found within those who performed best at that job.¹

The challenge in using criterion-based testing and assessment was the number of tests that would be required to cover all the different aspects of any given job. This is where the term competency was born. To save an organization from having to administer a large volume of tests, Dr. McClelland believed it was important to pull the components of a job into clusters to simplify the process. He called these clusters "competencies." There were a few specific stipulations originally advocated for a competency model.

- You must be able to test for a competency.
- Competencies should be developed based on success in the role.
- Competencies are designed to understand individual jobs.

As we undertake the task of elevating our competencies to the next level by adding that special ingredient, core behaviors, to the equation, we need to establish the value of a good competency in a business setting.

Making sense of competencies

Why are competencies useful in business? They help us understand the various roles within organizations. Organizations should thoughtfully label or categorize tasks, skills, and, yes, **behaviors** into competencies in order to make the requirements of a job easy to understand. This framework of competencies creates a common language or a simple way to communicate concepts related to the job. Additionally, it simplifies selection, training, and performance measurement aspects of workforce management.

When discussing the complexities of a competency model, it helps to organize the components within the context of something we can visualize, like the parts of an automobile. In the next section, we will relate a competency to various parts of a car. You can easily repeat the model over and over again to enhance competencies for all jobs in your organization. Competencies must include four components to keep your car firing on all cylinders, rolling smoothly to the desired destination, and increasing the RPMs of an organization.

A car that is not well constructed will be an inefficient, unreliable vehicle when it comes to getting you from one destination to the next. Poorly constructed competency models will produce similar results, but the outcome is that your business is stalled at the side of the road as competitors go whizzing by. When you have mastered this competency-enhancing process, you can jump back in the fast lane with revenues, profits, and a workforce working together to maximize your business RPMs.

1. McClelland, D.C. (1973). Testing for competence rather than for intelligence. *American Psychologist*, 28, 1-14.

The four components of competencies

A full, completed competency model is a set of competencies required to succeed at the job. Using our analogy, a car represents the competency model. We will select one **competency**—one part of a typical competency model—to represent one component of the finished car. Likewise, we will designate a job **task**, a **skill**, and a core **behavior** as we build our work-related competency.

Part 1: The door

Think about our car example. Since the competency model is represented by the whole car, then a competency is one part of that car. For instance, we can relate our selected competency to the hood, the suspension system, or the car door. It is one part of many that helps create a whole car.

Part 2: The tires

For our discussion, tasks are defined as any action that requires an outcome. The more complicated a job is, the more tasks associated with that job. Generally, a series of tasks are bundled together into every competency. Daily activities may require an employee to conduct a series of tasks, such as placing calls using a certain phone system, filling out custom order forms, completing expense reports, filing paperwork, leading a meeting, etc. Notice the size and scope of these different tasks change according to the job.

Tasks answer the “how and what” employees do to be successful on the job. When analyzing the aspects of a job, it does not take long to come up with a long list of tasks needed to be successful. With that long list comes the challenge of picking and choosing which tasks overlap each other. Another challenge is deciding which tasks are the most critical.

Just as a car requires a minimum of four tires to keep it rolling, a task is one of many activities that keeps productivity rolling in any one competency.

Part 3: The transmission

A skill is often seen as the “know how” based on experience or training. Skills are the tools an employee uses to complete tasks. One question to ask regarding a candidate’s skills is “Can he/she do the job?” We hope that over time, employees will gain skills that will help them to functionally achieve more and produce at a higher rate, with better accuracy and performance. Skills can be developed through education, training, and on-the-job experience. The trick is to identify all of the necessary skills and develop your workforce skill level.

From a performance standpoint, if the skills necessary to be successful in the job are not present, the expected outcomes will not occur. Success will be infrequent. Because skills determine how smoothly the job proceeds, you can equate skills to the transmission of our competency car. Like the transmission, skills determine if an employee can shift productivity into Overdrive, or be stuck in Park and never get out of the garage.

Part 4: The engine

When we talk about behaviors, we are really talking about the “engine” that drives all the other components of the car. Without a supporting behavior to drive a person’s efforts, how long would an employee be satisfied fulfilling the tasks and skills of a position in which she is required to struggle constantly against their own core character traits?

Behaviors provide the “will or why” employees are good at their jobs. It is important to ask the questions, “Will a person do the job” and “Will they continue to do a job over time?” Another aspect is to understand “why” a person is good at a job. Behavioral studies allow you to dig deeper into motivations not easily seen on the surface. Behaviors are typically the drivers of long-term success in a role.

Traditionally, we tend to focus on tasks and skills, but behaviors serve as the underlying power source of those successful in the job. Behavioral preferences are the chosen method in which employees execute tasks and skills. By understanding the behaviors of a position and fastening them to the actual performance data, you will better understand the “will or why” of someone who is good at a job. Understanding behaviors also provides you with the advantage of assessing and comparing job applicants to predict future success.

Practical application of a business competency

We have selected some of the parts that make up our competency model car: the door, tires, transmission, and engine. Now we can apply this concept to the actual components of a competency model related to business. In this section, we will determine a sample competency, task, skill, and behavior that play an important role in increasing RPMs.

Target a competency

Many businesses have some sort of sales component (retail, auto sales, manufacturing, hospitality, etc.) so we will focus on a typical sales position for our practical competency exercise. Naturally, many individual competencies support the competency model we are calling “sales.” For the purposes of this paper, let us focus on one competency that many would agree is a very important function in a sales role: the ability to close a sale.

Since we are talking about closing a sale, this competency relates nicely to our example of the car door (after all, doors must be able to close as well!). Closing a sale is only one ingredient in a successful sales competency model. For this single aspect of sales, we can select a related task, skill, and behavior to help define the competency.

Tasks related to the competency

Continuing the examination of the selected competency, the ability to close a sale, you can pinpoint the tasks most related to the successful closing of a sale, which in turn drive revenue and profits.

One major task that contributes to a closed sale is meeting with the potential buyer. This may occur in person, on a webinar, or over the phone, but the conversation should produce the desired outcome. Since we have determined that tasks effectively keep the car rolling toward the destination—i.e., a closed deal—we will categorize this task as the wheel on our competency car.

Skills related to the competency

What specific skill can we attach to the competency that supports “successfully closing a sale” and “meeting with the potential buyer”? One skill that helps foster success in this area is the skill of negotiating. Skills, like a transmission, keep things moving in high gear.

Core behaviors related to the competency

Because behaviors are the most relevant factors to an employee's ability to fulfill all components of the competency, they are the true engine that drives success.

What is a core behavior that helps a salesperson close a sale, facilitate meetings with clients, and negotiate a winning deal? To not take "no" for an answer and offer rebuttals to multiple objections? An important trait that supports all these tasks and skills is assertiveness.

Because of our detailed review of the job function, we can say with some certainty that a job candidate who does not test as being "very assertive" will most likely have difficulty fulfilling the competency of closing sales.

Here is a recap of our new competency under the job position of sales.

- Competency: Ability to close a sale
- Related task: Meeting with prospective clients
- Related skill: Negotiating
- Supporting core behavior: Assertiveness

This is only one slice of a sales competency model. Keep in mind that most competency models will have multiple competencies, tasks, skills, and related behaviors that can be designated and leveraged to guide hiring, training, coaching, and retention efforts.

Test for three competencies within the final competency

Based on experience and review of many different competency models in many different industries, three basic needs—or to use our discussion term, "competencies"—begin to emerge. Remember our car analogy, which can be used to illustrate the importance of tie-in, focus, and unity when designing and executing a competency model. Specifically, if all of the focus is placed on the tires and not the transmission, engine, or doors, your competency model may struggle to provide value and lack adoption in the field. Your target result should be a quality car, both well-built and well-designed.

Tie-in (is it closely related to the sales job)

A typical step in the development of a competency model is to conduct a series of focus group meetings. This process can be described as a group of people (often subject matter experts) brought together to provide their opinion on the components needed to be successful in a specific job. The objective for the exercise is for the focus group to come to a consensus as to the important competencies of a job. Sometimes, organizations will use a slight deviation of this process where an external consulting company will bring a list of "off-the-shelf" competencies and allow the focus group to choose. Either way the desired outcome of the process is the same—it allows the group to determine what competencies are important for the job.

By design, this opinion-based process is intended to capture the thoughts and ideas, or the "essence," of the job being studied. A valuable benefit is that the competency building process often promotes buy-in to the competency model. Conversely, the challenge is that there is no direct connection to actual performance on the job. Our focus group may agree that the ability to close a sale is important for a sales role, but careful examination of actual performance is the best indicator that the competency ties closely to the role.

I vividly remember being in a boardroom full of very opinionated executives who were very sure that high ambition was a required core behavior to be successful in a mid-level management role. However, after collecting performance data and doing some behavioral testing, it was discovered that successful employees in that mid-level management role were quite a different breed than the executives had in mind. The data showed that the most successful managers had been in the role for a long time and had no ambitions for being promoted out of the position. The managers had a strong desire to work in an environment that did not require them to move up to other positions, allowing them to become “experts” in that specific role. This kind of behavioral misunderstanding replicates itself in the front office of organizations all over the world. Decisions made based on opinions are rarely as reliable as decisions based on actual data.

Make sure that your competencies are tied to actual performance data whenever possible. At a minimum, consider those who are successful in a role compared to all other performers. Seek to understand how much or how little the better performers possess and/or rely on the competency in question to be successful. By relying solely on subjective opinion, you will lose the direct tie-in to actual performance on the job.

Focus (accurately describe the desired outcomes of the job)

Competencies, according to Dr. McClelland, were designed to provide organizations with focus. Specifically, by clustering tasks into job components, organizations could better understand jobs and simplify the testing process, as well as find and develop employees. Simplification leads to focus. Focus leads to improvement and continuous learning of employees on the job. Some organizations may inadvertently introduce conflict between the model and the job requirements. If a competency model is stretched beyond its original focus or has conflicting behaviors, it will lose its focus and ultimately guide the workforce in the wrong direction.

When a competency model is based on subjective opinion, and performance data (especially for superior performers) is not considered in the process, often the values of an organization tend to bleed into the competency model. To maximize focus, competencies should be designed to reflect measurable, tangible, and/or observable aspects of the job. For instance, tracking the number of sales that were closed monthly, quarterly, or annually is an objective, tangible measure of performance.

Many organizations also make the mistake of blurring the line between a good, well-designed competency and a “values statement.” Be careful to keep competencies focused on observable, measurable aspects of the job. A good example of a values statement is “enjoy the journey.” This is a great values statement professing the desire for employees in an organization to focus on today and enjoy the opportunities presently before you. Have fun where you are and appreciate the stage or role in which you are currently contributing. Practically, this concept is very hard to measure or observe. For that reason, it is a great values statement but is not a clear measuring stick if used as a competency to drive performance on the job.

Ask yourself some basic questions about competencies: “Can I measure it?” “Can I observe it?” “How do I know who is good at this concept and who is not?”

Intuitively, we would all agree that different jobs require different people, who think and act in different ways. The uniqueness of each job is why there are many people in an organization all doing their part to grow and prosper the organization.

In some instances, an organization will deploy a company-wide competency to try to capture a certain culture or mindset. As a rule of thumb, the demands of the job should override a company-wide competency model. At a minimum, the competency in question should be examined in context of the job situation. For example, “challenge the status quo” might be part of a company-wide competency model. For many specific roles, it may be a very good idea to challenge the way things have always been done. In a sales role, you can encourage employees to find creative ways to engage clients. However, if the accountants in that same organization begin experimenting with nonstandard accounting practices, you could be heading for trouble. In this context, your better-performing accountants are those who adhere to established accounting guidelines and can work within an organized, predetermined structure.

Job-level application comes from studying the specific jobs and the meaning of a competency at the job level. There are times when less is better. Use resources such as behavioral testing, job analysis, and study of successful people on the job. Let performance, not opinion, define the competencies.

Unity (components of a competency do not conflict with each other)

In the design of a competency model, unity should be part of the equation. As mentioned previously, competency models that are not tied to actual performance are often developed by either soliciting opinions (focus groups, surveys, etc.) or through an off-the-shelf competency model that a group of people in an organization determine is applicable. This process of opinion gathering often lends itself to conflict. When unity is lacking within a set of competencies for a job, the Superman Syndrome may arise.

The name Superman Syndrome is based on the Superman comic book character that could leap tall buildings in a single bound, fly so fast he could turn back time, and ensure that dozens of disasters were averted—all in the same day. Some competencies seem to ask employees to do the same.

The Superman Syndrome represents the opposite of unity in your competency model. The idea is to ensure that aspects of your competency model do not demand things that are undeliverable or that conflict with each other. A good sales example might be “gives full attention to every detail” and “serves customers with a strong sense of speed and urgency.” Another example: a sales job calls for a “highly competitive” person while also being a “great team player.” In both of these examples, the typical sales representative would receive mixed signals and try to choose one trait over the other. “Should I slow my urgency down a bit and be sure I get all the details right, or sacrifice accuracy for speed? Do you want me to compete with my peers to sell more, or spend my time assisting others so they can sell more?” Clear, unified competencies will reduce confusion and help to support the adoption of a competency model.

Unity in your competency model will reduce the confusion and clarify the expectations of each employee. Employees perform better when there is unity between expectations and evaluation of performance on the job. Keep employees from having to “figure out” what is expected and how they are going to be measured.

By structuring your competencies to tie in to the job activities, focus on only one job, and present a unified message, you will be able to put the competency to work in its most efficient form.

Summary

Once you have revamped your competencies to include behavioral attributes, you have several avenues of practical business application to pursue. For example, your competency models can be used in training of business enterprises using the knowledge, skills, and attitudes required for high performance. In the area of selection, competency models work in partnership with a behavioral assessment to indicate which candidates have the “engine,” or the behavioral attributes, to succeed in the role. Once hired, the employee can be actively directed and coached to achieve a career planning strategy. In this context, stronger competency models also help managers to lead their teams by supporting employees to reach their maximum potential.

By applying the competency modeling principles supplied in this white paper to your new or existing competencies, you will create the architecture needed to redline your business RPMs (revenue, profits, and manpower) and keep your organization running like a well-oiled machine.



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