Competency: What's behind a new buzzword

If you are competent at what you do, that means you have innate abilities that allow you to perform your job well.

If your employer decides on six or eight innate abilities that one person should have to be a superior employee, that's a competency model.

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And that's a trendy way to evaluate, train and promote employees.

Competency models are catching on — after being around for about 20 years — because there's a new dynamic in many workplaces, says Sandra O'Neil Gaffin, director of the Human Capital Services Practice at Arthur Andersen in Miami.

"What is happening is for a long time, organizations did not focus on the individual," she said. "But that's changing as our workforce becomes more knowledge-based and as our businesses become more technology-based."

Competency is all about treating people as a company's most important resource. It's a forward-looking process that evaluates a person's behavior, rather than test scores or college degrees. The point of a competency model is often to rate the employee's potential rather than to measure what happened in the past.

Helps during changes

How competency models work: Say your workplace needs a transformation, from one where a few people excel to a workplace where everyone's performance is high. When the boss knows what skills the best performers have, the company can use that as a model for training and motivating the rest of the workforce.

Or say your company is about to make a big leap. You can objectively measure what skills your organization has today. Then, you can compare that to the skills it will need tomorrow as it changes direction or explores new markets or opens new stores. The competency model becomes your basis for hiring people with what you need to meet your goals.

Whether the focus is on individuals or on organizations, the process of creating a model can bring a company's resources and goals into sharp focus, says management consultant Edward J. Cripe of Fort Lauderdale.

"There's something about it," he says. "It's a very involved process of putting the model together. You have to learn something about every aspect of the business and the strategic plan."

Cripe is a former human resources executive with Ryder and Bendix. His firm, Merit Performance, has an impressive list of clients for whom it has developed competency models, including ConAgra, American National Can, Cigna Dental Health, New York University Medical Center and retailer The Limited.

Gaffin recently hosted a pair of seminars on competency models that drew representatives of about 45 South Florida firms.

Can be expensive

This is not a simple process. The experts say developing the models is not quick, not easy and not often cheap.

Cripe's fees begin at a few thousand. For lots of jobs at a large organization, the bill can top $100,000.

The process often starts with an inventory of the existing managers' most effective behavioral skills or traits. An executive is interviewed and asked how he handled a complicated situation. Customers, peers and supervisors are sometimes quizzed as well. Or the person is observed at work.

If the company knows it does not have the skills in place that it is going to need — for example to enter markets outside the United States — sometimes a panel of experts is convened to identify what's needed.

The executive's answers or the panel's list is coded or boiled down, sometimes by behavioral psychologists, to the model.

Each model consists of a list of traits. Each trait is accompanied by the specific behaviors needed to demonstrate that trait or the results that the trait can produce.

For example, a model Cripe developed for a computer analyst or programmer lists "analytical thinking" as a core competency. That's followed by 10 behaviors, such as "weighs the costs, benefits, risks and chances for success in making a decision" and "identifies many possible causes for a problem."

Royal Caribbean Cruise Line Ltd. uses the models for some hospitality functions. The models are closely linked with training and performance evaluation.

Royal Caribbean Vice President for Human Resources Thomas Murrill says evaluating employees based on skills works especially well in a multicultural, multinational environment.

For example, because competency models are objective lists, they are supposed to eliminate the inherent biases of the person rating the employee.

It could be difficult, for example, for a manager in Santiago to subjectively evaluate an employee in the same way as a manager in Hong Kong.

Those cultural differences can become major management obstacles. Royal Caribbean has a workforce from more than 50 nations and it operates training centers in five nations.

The company began making a competency inventory of 100 positions in 1994. The last of the models was put in place in March.

Of course, as with any trendy idea, competency models have their detractors.

The American Management Association devoted $2 million to researching the concept about 20 years ago, but it eventually folded its program.

At $10,000 each for participants, the evaluation and training was still costing the association money, says AMA Director of Research Eric Greenberg.

"More often than not, it's not done correctly," says Maxine Dalton, a research scientist at the Center for Creative Leadership.

Incorrect, she says, is a company that spends all its effort on developing the model then fails to seriously implement it.

Without follow-through, all the organization ends up with, she says, is a wish list for the manager everyone would like to have. And that, no doubt, the company could have developed in no time and at no cost.

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A SAMPLE MODEL

Here's a sample taken from a competency model for a system analyst and programmer, created by Workitect, Inc. The list of skills or behaviors is followed by a definition of what that skill means.

1. Technical expertise
Depth of knowledge and skill in a technical area.

2. Diagnostic information gathering
Identifying the information needed to clarify a situation, seeking that information from appropriate sources and using skillful questioning to draw out the information, when others are reluctant to disclose it.

3. Analytical thinking
Approaching a problem by using a logical, systematic, sequential approach.

4. Customer orientation
Demonstrated concern for satisfying one's external or internal customers.

5. Results orientation
Focusing on the desired end-result of one's own or one's unit's work; setting challenging goals, focusing effort on the goals and meeting or exceeding them.

6. Stress management
The ability to keep functioning effectively when under pressure and maintain self-control in the face of hostility or provocation.

7. Thoroughness
Ensuring that one's own work and information are complete and accurate; careful preparation for meetings and presentations; following up with others to ensure that agreements and commitments have been fulfilled.

8. Communication
Ensuring that information is passed on to others who should be kept informed. Expressing oneself clearly in conversations and interactions with others and in written communications.

9. Initiative
Identifying what needs to be done and doing it before being asked to or required by the situation.

10. Team participation
The ability and desire to work cooperatively with others on a team.

So what can an employee do to show, say, *initiative?* The competency model defines these three behaviors:

- Do more than what is normally required in the situation.
- Seek out others involved in a situation to learn their perspectives.
- Take independent action to change the direction of events.