

# Developing a Competency Framework

## Linking Company Objectives and Personal Performance

**Objectives should align across the organization.**

You're probably familiar with the phrase "what gets measured gets done." Defining and measuring effectiveness – especially the performance of workers – is a critical part of your job as a manager.

The question is: how do you define the skills, behaviors, and attitudes that workers need to perform their roles effectively? How do you know they're qualified for the job? In other words, how do you know what to measure?

Some people think formal education is a reliable measure. Others believe more in on-the-job training, and years of experience. Others might argue that personal characteristics hold the key to effective work behavior.

All of these are important, but none seems sufficient to describe an ideal set of behaviors and traits needed for any particular role. Nor do they guarantee that individuals will perform to the standards and levels required by the organization.

A more complete way of approaching this is to link individual performance to the goals of the business. To do this, many companies use "competencies." These are the integrated knowledge, skills, judgment, and attributes that people need to perform a job effectively. By having a defined set of competencies for each role in your business, it shows workers the kind of behaviors the organization values, and which it requires to help achieve its objectives. Not only can your team members work more effectively and achieve their potential, but there are many business benefits to be had from linking personal performance with corporate goals and values.

Defining which competencies are necessary for success in your organization can help you do the following:

- Ensure that your people demonstrate sufficient expertise.
- Recruit and select new staff more effectively.
- Evaluate performance more effectively.
- Identify skill and competency gaps more efficiently.
- Provide more customized training and professional development.
- Plan sufficiently for succession.
- Make change management processes work more efficiently.

How can you define the set of practices needed for effective performance? You can do this by adding a competency framework to your talent management program. By collecting and combining competency information, you can create a standardized approach to performance that's clear and accessible to everyone in the company. The framework outlines specifically what people need to do to be effective in their roles, and it clearly establishes how their roles relate to organizational goals and success.

This article outlines the steps you need to take to develop a competency framework in your organization.

## Design Principles of a Competency Framework

A competency framework defines the knowledge, skills, and attributes needed for people within an organization. Each individual role will have its own set of competencies needed to perform the job effectively. To develop this framework, you need to have an in-depth understanding of the roles within your business. To do this, you can take a few different approaches:

- Use a pre-set list of common, standard competencies, and then customize it to the specific needs of your organization.
- Use outside consultants to develop the framework for you.
- Create a general organizational framework, and use it as the basis for other frameworks as needed.

Developing a competency framework can take considerable effort. To make sure the framework is actually used as needed, it's important to make it relevant to the people who'll be using it – and so they can take ownership of it.

The following three principles are critical when designing a competency framework:

1. **Involve the people doing the work** – These frameworks should not be developed solely by HR people, who don't always know what each job actually involves. Nor should they be left to managers, who don't always understand exactly what each member of their staff does every day. To understand a role fully, you have to go to the source – the person doing the job – as well as getting a variety of other inputs into what makes someone successful in that job.
2. **Communicate** – People tend to get nervous about performance issues. Let them know why you're developing the framework, how it will be created, and how you'll use it. The more you communicate in advance, the easier your implementation will be.

3. **Use relevant competencies** – Ensure that the competencies you include apply to all roles covered by the framework. If you include irrelevant competencies, people will probably have a hard time relating to the framework in general. For example, if you created a framework to cover the whole organization, then financial management would not be included unless every worker had to demonstrate that skill. However, a framework covering management roles would almost certainly involve the financial management competency.

## Developing the Framework

There are four main steps in the competency framework development process. Each step has key actions that will encourage people to accept and use the final product.

### Step One: Prepare

- **Define the purpose** – Before you start analyzing jobs, and figuring out what each role needs for success, make sure you look at the purpose for creating the framework. How you plan to use it will impact whom you involve in preparing it, and how you determine its scope. For example, a framework for filling a job vacancy will be very specific, whereas a framework for evaluating compensation will need to cover a wide range of roles.
- **Create a competency framework team** – Include people from all areas of your business that will use the framework. Where possible, aim to represent the diversity of your organization. It's also important to think about long-term needs, so that you can keep the framework updated and relevant.

### Step Two: Collect Information

This is the main part of the framework. Generally, the better the data you collect, the more accurate your framework will be. For this reason, it's a good idea to consider which techniques you'll use to collect information about the roles, and the work involved in each one. You may want to use the following:

- **Observe** – Watch people while they're performing their roles. This is especially useful for jobs that involve hands-on labor that you can physically observe.
- **Interview people** – Talk to every person individually, choose a sample of people to interview, or conduct a group interview. You may also want to interview the supervisor of the job you're assessing. This helps you learn what a wide variety of people believe is needed for the role's success.

- **Create a questionnaire** – A survey is an efficient way to gather data. Spend time making sure you ask the right questions and consider the issues of reliability and validity. If you prefer, there are standardized job analysis questionnaires you can buy, rather than attempting to create your own.
- **Analyze the work** – Which behaviors are used to perform the jobs covered by the framework? You may want to consider the following:
  - Business plans, strategies, and objectives.
  - Organizational principles.
  - Job descriptions.
  - Regulatory or other compliance issues.
  - Predictions for the future of the organization or industry.
  - Customer and supplier requirements.

Job analysis that includes a variety of techniques and considerations will give you the most comprehensive and accurate results. If you create a framework for the entire organization, make sure you use a sample of roles from across the company. This will help you capture the widest range of competencies that are still relevant to the whole business.

- As you gather information about each role, record what you learn in separate behavioral statements. For example, if you learn that Paul from accounting is involved in bookkeeping, you might break that down into these behavioral statements: handles petty cash, maintains floats, pays vendors according to policy, and analyzes cash books each month. You might find that other roles also have similar tasks – and therefore bookkeeping will be a competency within that framework.
- When you move on to Step Three, you'll be organizing the information into larger competencies, so it helps if you can analyze and group your raw data effectively.

## Step Three: Build the Framework

This stage involves grouping all of the behaviors and skill sets into competencies. Follow these steps to help you with this task:

- **Group the statements** – Ask your team members to read through the behavior statements, and group them into piles. The goal is to have three or four piles at first – for instance, manual skills, decision-making and judgment skills, and interpersonal skills.

- **Create subgroups** – Break down each of the larger piles into subcategories of related behaviors. Typically, there will be three or four subgroupings for each larger category. This provides the basic structure of the competency framework.
- **Refine the subgroups** – For each of the larger categories, define the subgroups even further. Ask yourself why and how the behaviors relate, or don't relate, to one another, and revise your groupings as necessary.
- **Identify and name the competencies** – Ask your team to identify a specific competency to represent each of the smaller subgroups of behaviors. Then they can also name the larger category.
- Here's an example of groupings and subgroupings for general management competencies:
  - Supervising and leading teams.
    - Provide ongoing direction and support to staff.
    - Take initiative to provide direction.
    - Communicate direction to staff.
    - Monitor performance of staff.
    - Motivate staff.
    - Develop succession plan.
    - Ensure that company standards are met.
  - Recruiting and staffing.
    - Prepare job descriptions and role specifications.
    - Participate in selection interviews.
    - Identify individuals' training needs.
    - Implement disciplinary and grievance procedures.
    - Ensure that legal obligations are met.
    - Develop staff contracts.
    - Develop salary scales and compensation packages.
    - Develop personnel management procedures.
    - Make sure staff resources meet organizational needs.
  - Training and development.
    - Deliver training to junior staff.
    - Deliver training to senior staff.
    - Identify training needs.
    - Support personal development.
    - Develop training materials and methodology.

- Managing projects/programs
  - Prepare detailed operational plans.
  - Manage financial and human resources.
  - Monitor overall performance against objectives.
  - Write reports, project proposals, and amendments.
  - Understand external funding environment.
  - Develop project/program strategy.

You may need to add levels for each competency. This is particularly useful when using the framework for compensation or performance reviews. To do so, take each competency, and divide the related behaviors into measurement scales according to complexity, responsibility, scope, or other relevant criteria. These levels may already exist if you have job grading in place.

- **Validate and revise the competencies as necessary** – For each item, ask these questions:
  - Is this behavior demonstrated by people who perform the work most effectively? In other words, are people who don't demonstrate this behavior ineffective in the role?
  - Is this behavior relevant and necessary for effective work performance?

These questions are often asked in the form of a survey. It's important to look for consensus among the people doing the job, as well as areas where there's little agreement. Also, look for possible issues with language, or the way the competencies are described, and refine those as well.

## Step Four: Implement

As you roll out the finalized competency framework, remember the principle of communication that we mentioned earlier. To help get buy-in from members of staff at all levels of the organization, it's important to explain to them why the framework was developed, and how you'd like it to be used. Discuss how it will be updated, and which procedures you've put in place to accommodate changes.

Here are some tips for implementing the framework:

- **Link to business objectives** – Make connections between individual competencies and organizational goals and values as much as possible.

- **Reward the competencies** – Check that your policies and practices support and reward the competencies identified.
- **Provide coaching and training** – Make sure there's adequate coaching and training available. People need to know that their efforts will be supported.
- **Keep it simple** – Make the framework as simple as possible. You want the document to be used, not filed away and forgotten.
- **Communicate** – Most importantly, treat the implementation as you would any other change initiative. The more open and honest you are throughout the process, the better the end result – and the better the chances of the project achieving your objectives.

### **Key Points**

Creating a competency framework is an effective method to assess, maintain, and monitor the knowledge, skills, and attributes of people in your organization. The framework allows you to measure current competency levels to make sure your staff members have the expertise needed to add value to the business. It also helps managers make informed decisions about talent recruitment, retention, and succession strategies. And, by identifying the specific behaviors and skills needed for each role, it enables you to budget and plan for the training and development your company really needs.

The process of creating a competency framework is long and complex. To ensure a successful outcome, involve people actually doing carrying out the roles to evaluate real jobs, and describe real behaviors. The increased level of understanding and linkage between individual roles and organizational performance makes the effort well worth it.

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