

Competency Framework: Build for Tomorrow

Michael Ganeles and Joe Sillner



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It's an understatement to say the business world and global economy are facing hard times. The global pandemic has made several swift and irreversible changes to the economy, altered entire industries, and knocked some already-struggling businesses into bankruptcy. The economy hasn't faced such a difficult situation since the financial crisis of 2009 or times of war and global unrest.

It's created a lot of uncertainty among organizations and their employees. Executives are asking how to pivot to survive the pandemic and thrive coming out of it. Meanwhile, HR leaders are asking how the shift in strategy will affect talent needs across all levels of the organization. Leaders and employees are also wondering what skills they will need to be successful in this new reality. What is certain is that they need to be agile and adapt their skill set to meet their industry's ever-evolving needs.

The pandemic has forced many organizations and talent development leaders to quickly shift their business strategies. They need their HR strategy and employees to adapt at the same

rapid pace. But in times of disruption, how can companies accelerate the shift in their talent strategy? A critical component lies in their leadership competency framework.

Competencies are a cluster of behaviors and abilities—such as interpersonal, leadership, and business management skills—that define effective performance in a role. While some organizations may call competencies different names, such as *leadership expectations* or *leadership behaviors*, the value they can bring to your organization and employees is profound.

In this issue of *TD at Work*, we will:

- Outline the reasons a competency framework is important.
- Explain why organizations need to regularly evaluate competencies.
- Provide talent questions that a competency framework addresses.
- Present examples of competencies in action.
- Discuss six competencies required for the future.

A Framework for Talent

As a talent development leader, you and your organization need to address changes with talent—from individual contributors to top-level leaders—to stay ahead in your industry. You need to understand how your business is changing and identify the key business drivers—that is, the challenges leaders must conquer to achieve strategic and cultural priorities.

A competency framework articulates the behaviors that leaders and employees must exhibit to execute the organization's strategic and cultural priorities. If done right, you can use the framework as the foundation of talent management processes, including selection, development, succession, and performance management. The framework also provides employees with relevance, transparency, and vision when considering the business's future demands.

The business drivers should guide what you include in the framework. That helps transform the framework from an HR tool to a business tool. Business drivers align the competency framework with where the business is going and provides a connection between leaders and strategic priorities.

According to the *Global Leadership Forecast 2018* report, approximately 89 percent of best-in-class organizations have core competencies defined for all roles. Those organizations realized a 40 percent lower turnover rate among their high-performing employees, as well as an 87 percent greater ability to hire the best people.

If done right, you can use the framework as the foundation of talent management processes.

No two companies' competency frameworks are alike. They are based on organizational structure; complexity; and unique company, industry, and economic needs. Still, all competency frameworks should address critical talent questions and concerns across three levels.

The individual level. Competencies help provide answers to individual talent questions, including who should be hired for a role and whether individuals are ready to be promoted. They also help individuals determine the developmental areas they need to focus on. When clearly defined, competencies address those questions and concerns and can inform how leaders hire, promote, and develop talent.

The department level. Competencies help provide answers to critical talent questions at the departmental or business unit level. They can help you determine whether a department has the right quantity and quality of employees and leaders to succeed. They also help you assess any specific departmental talent gaps and developmental needs to position the department for success.

The enterprise level. Competencies help you determine whether the business entity has the right talent to drive organization-wide strategic and cultural initiatives. From an enterprise standpoint, competencies provide a blueprint for the behaviors the company expects of all leaders and employees across the organization.

By answering critical talent questions at those three levels, the competencies have the potential to affect

several significant organizational metrics. (See the Competencies at All Levels sidebar for sample questions to reflect on.)

Updating an Existing Framework

Today's uncertainty has many employers scrambling to update their competency framework. Those changes range from small tweaks to a complete rewrite to align to a shifting business strategy. Some updates are fueled by a heightened awareness of diversity and inclusion issues, adjustments to virtual leadership, or even the redefinition of what success looks like in the new economic landscape.

If you already have an established competency framework, where do you begin with reviewing it to ensure it's ready for the new business landscape? How do you define the skills and behaviors associated with upskilling your teams and leaders? And how often should you update the framework?

Reasons for Updating

When choosing a starting point, determine your organization's priority. Various reasons can drive your effort, from creating a talent management system or a new division or role to identifying areas for growth. The organizational priority should steer the entire competency framework creation process. If you use the framework to communicate behavioral expectations to employees but not as the foundation of talent management, then updating may not be a high-value effort to pursue because, in this instance, the competencies are just words on paper.

If you use the competencies as the operational foundation for talent management, it's more critical and urgent to update the framework when a major disruption occurs. Failing to update it could affect your ability to make the right hiring, training, and development decisions. Likewise, it could affect leaders' ability to manage employees' performance against the correct set of expectations. Additionally, it could create a dramatic disconnect between business and talent strategies.

Competencies ensure that your hiring, promotions, development, and leadership succession efforts align with their critical and unique business needs. When done

Competencies at All Levels

When developing a competency framework, address the skills and competencies needed at the individual, department, and enterprise levels. Reflect on the following talent questions to ensure you have accounted for elements at each level.

The framework's differentiated levels should help you clearly create and define plans to hire, promote, and develop leaders. They should also help you identify the key skills that leaders will need to respond to ongoing and future crises and changes.

Enterprise

- What behaviors are needed across the system to deliver the employee and customer experience we want to be known for?
- Do we have the talent we need to drive our organization-wide initiatives?
- Is this person available at another location?
- In what areas should we focus our development efforts?
- Do our leaders reflect the diversity of the customers we serve?
- How can we retain employees by helping them to identify their next role within the organization?

Department

- Do we have enough capability across leadership levels to meet our objectives?
- What specific talent gaps do we have?
- Where should we focus our development roles?

Individual

- Whom should I hire or promote?
- Who should be on an accelerated development track?
- Does the individual deserve a merit increase?
- Does the individual have the skills for that position?