

Performance Test

Designing an Effective Competency Model

The demand for leadership competency models has grown in recent years, but it has done so much faster than the underlying expertise. The value of such models comes from the behaviors that make up the competencies and the processes used for identifying them. Here are some keys to creating an effective competency model.

As organizations seek to improve their competitive advantage, much effort is being devoted to improving leadership, and such efforts often include the use of competency models.

Unfortunately, the results of using leadership competency models have been mixed. An underlying source of many problems is that leadership competency models are often too simplistic in their appearance—that is, it is rather easy to gain a general understanding of what the competency model is and the potential value for the organization. Competency models, particularly leadership competency models, generally have a lot of face validity. For example, typically seen competencies include initiative, influence, business acumen, relationship building, orientation toward results, insight, communica-

tion skills, delegating, motivating others, and managing change. What organization would not consider these to be important components of leadership effectiveness? On the surface, then, selecting the elements of a leadership competency model appears to be straightforward.

However, it is not the competency labels or titles that are most important. The value really comes from the behaviors that make up the competencies and the buy-in resulting from the processes used for identifying them.

Another underlying issue is found in the very use of the term *competency*. The *American Heritage Dictionary* defines *competence* as “the state of being adequately or well qualified; ability.” *Competence* is commonly used to refer to someone’s ability to perform a specific task. It is



by **Kim Kanaga**

The Genesis of Competency Models

Early competency models, developed by social psychologist David McClelland and colleagues, focused on identifying competencies for specific jobs. It was assumed that because different positions have at least some unique tasks and requirements, success was not something that could be well defined across jobs but rather was dependent on

characteristics and behaviors as they applied to a particular job.

It was not practical or feasible to create a competency model for every position in an organization. Instead a few key positions would be identified as significant contributors to an organization's current or future success. Management, from first level to executives, typically fell

into this category.

There is therefore an extensive history of using competency models as tools for selecting, developing, evaluating, and rewarding leaders. In recent years the demand for leadership competency models has grown rapidly as their value to individuals and organizations has become more widely understood.

thought of as a threshold on a continuum beyond which an individual is considered capable of performing as expected. In the context of leadership, a competency is made up of one or more characteristics or behaviors that enable someone to be an effective leader. The more a person exhibits such behaviors, the more leadership ability he or she is assumed to possess.

Although that may seem to be a reasonable approach, it is not how competency models were originally conceived, developed, and effectively applied (see the sidebar above). Competencies were defined as abilities that distinguished superior performers from average performers. They were identifiers of what separates the best from the rest. In defining competencies in this way, the bar is set high, which enables the model to be used as an overarching framework to build leadership capabilities and organizational effectiveness.

What seems to have happened, then, is that the demand for leadership competency models has grown much faster than the underlying expertise. Consequently, outside vendors have developed leadership competency models that appear to capture the general essence of leadership effectiveness. Some vendors are very good at this; others are not. Some develop models more quickly than others. Most vendors provide additional services such as training in support of putting the model to use, but there is a significant range in the cost. If an organization's internal staff responsible for leadership development lack an understanding of what it takes to create an effective competency model and how to use it, they may be led astray, some by external vendors and some through attempts to create their own models.

For example, a few years back I was doing leadership development work with a client. When I inquired how the organization had developed its competency model, the client proudly said that a recently hired vice president brought it with him from his previous employer. The model looked good, so they decided to use it. I have heard of other examples of models being created by an executive or a small task force. This is not to say that such models can't provide some value, at least in the short term. However, organizations are not likely to gain the full benefits that come

from a thoroughly thought-out and researched leadership competency model. Consequently, leadership competency models, although still popular, are beginning to take on the appearance of a fad.

A WAY TO BUILD

Leadership competency models have been a useful framework for building leadership capacity and organizational success. Whether the model is created internally or with the assistance of an outside vendor, a number of precepts need to be taken into account.

Define and Support the Purpose

Many benefits can potentially be achieved through the use of a well-developed leadership competency model. It can be applied as a framework for developing bench strength; increasing productivity; modeling desired behavior; enhancing performance management, succession planning, retention, and leadership development; and shaping the organization's culture. These are just a few of the initiatives that can benefit from a leadership competency model. It is not unusual to have multiple purposes in mind for a leadership competency model, but it is important not only to identify the specific purpose or purposes for which it is to be used but also to ensure that the purposes are compatible and integrated.

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It's also important to consider the extent to which the organization has been adequately prepared for whatever initiatives are to come. A leadership competency model is not a tool for a quick fix. Decisions need to be made and communicated regarding the development of the model and what it is intended to be used for; this provides shared understanding and buy-in within the organization. Clarity of purpose and process are essential elements of getting started in a positive manner. Organizations also need long-term processes and resources to support these initiatives. Clearly, benefits can be achieved, but for that to happen senior managers need to recognize the initiative as a high priority; their commitment and active support need to be highly visible.

Take Strategic Direction into Account

Leadership competency models need to be connected to the organization's strategic direction. The organization may be embarking on a new venture, for example, or setting a new course in response to changes in the economy, its competition, technology, or its marketplace. Such changes often necessitate corresponding shifts in focus, values, priorities, and how things get done—in other words, in the organization's culture.

An organization's culture is typically not easy to change. In fact, it is probably not going to change much at all unless the organization's leaders make some changes in how they do things. They cannot continue to act as they always have and expect the organization to shift in ways that support the new strategic direction. Leadership competency models need to include behaviors that leaders will need to exhibit for the organization to move in the desired direction.

However, focusing only on the future may be going too far. Early leadership competency models received some criticism for not taking

the future into account. These models were created by comparing current leaders who were clearly excelling with their peers who were merely performing adequately. The focus was on superior performance at the current point in time. There is something to be said for this approach. Moreover, some of the competencies identified in this manner are very likely to continue to be important as the organization moves forward.

In other words, a well-developed competency model needs to have balance. It should include leadership behaviors needed to move the organization forward but should also take into consideration what is working now.

Employ a Rigorous Process


Whether an organization is creating a leadership competency model or having one developed, a best practice is to make sure that competencies are selected based on research or some other rigorous process. This can be accomplished in several ways. A behavioral event interview process—in which people are asked to describe how they handled specific problems or challenges—is a very rigorous and thorough methodology. But it is also very time consuming, not only to conduct the interviews and analyze the data but also to train people to do this work effectively. There are also a number of external options; the better ones are expensive but produce models that are very useful as well as solid advice on how to apply them.

An alternative to creating your own competency model or using an external resource is to tap into existing research. There is no better place to do this than in the arena of leadership, where solid research has been going on for years.

One of the choices available is to use a standardized model produced from a specific research project. Examining the research behind the model should always be the first step

in determining whether this model will be appropriate for your organization. An alternative choice is a process, usually facilitated by an external vendor, that maps an internally developed competency model to competencies that have been empirically researched. Still another possibility is to gain assistance in making clear connections between your organization's leadership challenges and researched competencies that fit these specific needs.

In selecting any process, however, keep in mind that leadership competency models are a foundation for ini-



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tiatives developed to build leadership capacity and organizational effectiveness. The success of these initiatives depends on a well-developed model.

Focus the Selection of Competencies

Selecting competencies is often like being a kid in a candy store. Everything looks good, and you feel as though you have to have all of it. Unfortunately, that is not a good practice when it comes to creating a leadership competency model. In reality, the more competencies you include, the more diluted the model becomes. It loses focus and becomes less useful as a tool for enhancing the organization's leadership capacity.

Assume, for example, that you have a model consisting of twenty-five competencies and you incorpo-

rate them into a behavioral event interviewing process to assess candidates. You would not have time to effectively gather data on each competency for each candidate. You would most likely also have difficulty comparing candidates, as their strengths and weaknesses would vary in different ways across the twenty-five competencies. Similarly, if you were going to use this model as a basis for developing leadership skills, there would not be enough time or resources to help participants gain an

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understanding of and develop all the various competencies.

From an organizational perspective, a leadership competency model is a great framework for establishing a common language and using that language as a tool for shaping and focusing the organization's culture. This possibility is significantly diminished as the number of competencies increases. Conversely, having too few competencies creates a one-size-fits-all mentality that does not allow the flexibility needed to address individual and situational differences. A good target is to include eight to twelve competencies in a model.

An approach of creating specific models for specific levels of management in an organization has developed over time. It has become widely understood that what is required to be an effective first-line supervisor is not the same as what it takes to be an

effective executive. For the former, technical knowledge and skills are typically seen as more important; for the latter, an emphasis on strategic and people skills may matter more. This tiered approach is particularly helpful for identifying and developing bench strength. In contrast, a competency model that attempts to cover all levels of management runs the risk of shortchanging one or more levels, even though some competencies may be present at all levels.

Some of the more recent competency models offer skill levels for each competency. This technique is typically used with smaller models of eight to ten competencies. Rather than having a single set of behaviors for each competency, as is normally the case, levels of behavior are clustered at specified levels of mastery for each competency. The lowest level consists of behaviors that are adequate or need improvement. The next level includes behaviors that show a more advanced level of knowledge or skill. The idea is to provide a path or steps toward improved leadership capabilities and thus a boost in the organization's leadership capacity.

Revisit and Revise the Model

Leadership competency models should not be cast in stone. The conditions and circumstances that served as the context for developing a leadership competency model will inevitably change. A clear need to shift the organization's direction may emerge. Significant growth may occur, or perhaps little progress may be made. Key people may leave and have to be replaced. For any number of reasons, a leadership competency model may lose some of its fit for the needs it was originally created to address. That is not likely to happen overnight or even in the span of a couple of years. There is no magic formula for determining when a change is due. The key point is to stay on the lookout for signs that changes may be in order.

When the time has come to revisit the model, it is not likely that it will need to be thrown out entirely and replaced by a totally new version. It is more likely that revisions will be needed. The original model can't be presumed to have been totally accurate and may need some adjustments. There may be changes in the organization's strategic direction. Progress or a lack of progress with some competencies may shift the importance of these abilities. What is important is defining and implementing a sound basis for making revisions that will fit all applications of the model.

PERSONAL GAINS

Considering the points outlined in this analysis will help organizations in developing, maintaining, and applying leadership competency models that perform as desired. An effective leadership competency model can result in many potential gains for an organization as it continues its efforts to grow and succeed.

There is a lot to be gained at the individual level as well. If effectively applied, a leadership competency model can help with slotting individuals into positions for which they are best suited and in which they can perform to their maximum potential and feel good about themselves in doing so. It can also provide clear opportunities for individual growth and challenges that are often motivating and result in advancement and other rewards.

Moreover, many of the competencies found in a leadership competency model will have carryover well beyond the workplace. They may give individuals the opportunity to improve their marriages and become better parents or neighbors. When leadership competency models are well developed and effectively applied, they give individuals the chance to learn more about themselves and become better people. ✍

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