



Multi-Level Competencies: **Building a Foundation for Strategic HR**

HRSG

Today, virtually every organization with more than 300 people uses some form of competency-based human resource management.¹

Why have competencies emerged as the gold standard for talent management?

The first reason is that **they work**. Research shows that competency-based selection leads to lower turnover and higher performance². A 2009 study showed that organizations using core competencies enjoy greater profitability, customer satisfaction levels, and customer retention than other organizations³.

Companies that use competencies enjoy:

63% reduction in turnover,

19% improvement in employee performance,

12.5% increase in sales & profits⁴.

The second reason is that **they inspire**. In over 25 years of competency-based engagements, HRSG has seen the remarkable impact competencies can make on the sense of autonomy, empowerment, focus, and pride that employees develop as a result of a better, clearer understanding of their role and their potential within the organization.

Competencies are effective because they go beyond the basic requirements of a job to identify the behaviors that top performers demonstrate. Instead of focusing on WHAT a person typically does on the job, competencies describe HOW a highly effective worker will achieve success. Most importantly, competencies describe those successful behaviors in terms that are OBSERVABLE.

This enables HR professionals and managers to rely on objective criteria and measurable results rather than intuition and conjecture when evaluating and supporting performance. It also gives the whole workplace — HR, managers, employees, and executives — a shared language for discussing and understanding workplace requirements and performance.

Who uses competencies?

Hewlett Packard, Google, United Nations, Pepsico, Volvo, McDonald's, Starbucks, American Express, Johnson & Johnson, Coca-Cola, Toyota, Bank of America, BP, Wells Fargo, General Motors, HP, Radio Shack, HCA, Carlson Companies, BHP, IBM, General Electric, PDVSA, Anheuser-Busch, Girl Scouts USA, US Federal Reserve, KPMG, Sanofi, Ingersoll-Rand, Lockheed Martin, Konica Minolta, Luminant, Prudential, Invensys, ConAgra, Expedia, DuPont, General Mills, Schlumberger, Grainger, and many more...

1 Boyatzis, R. E. (2008). Competencies in the 21st century. *Journal of Management Development*, 27(1).

2 Rathbar-Daniels, Erickson, & Dalik. (2001). Here to Stay: Taking Competencies to the Next Level. *Worldatwork Journal*.

3. Aberdeen, 2009

4. Spencer, L M. in Cherniss, C. and D. Goleman, eds. (2001) "The economic value of emotional intelligence competencies and EIC-based HR programs", in *The Emotionally Intelligent Workplace: How to Select for, Measure, and Improve Emotional Intelligence in Individuals, Groups and Organizations*.



Single level. Multi-level. What's the difference?

While competencies are widely used to manage talent, there is still confusion around the different types of competency content available.

Many HR professionals use some form of competency-based management within the organization. Those who work in large organizations with extensive HR resources may develop their own competency content in house. Others choose to purchase or license the use of competency content from competency specialists such as HRSG.

Whether they create content internally or purchase it from an external source, the most valuable competencies are those that articulate **multiple, progressive levels of proficiency**, from entry level to mastery.

Why do multi-level competencies perform so much better as a talent-management tool?

Because they provide greater **detail, continuity, and simplicity** than single-level competencies, and these enhancements make competencies more practical and more versatile in the workplace.

Greater simplicity

Many HR professionals assume multi-level competencies are more complicated to use. In fact, the opposite is true. For example, instead of applying three single-level competencies to three different jobs, you can assign different levels of the same competency. This approach allows you to streamline the number of competencies you work with while achieving the depth and flexibility you need.



With multi-level competencies, you have clearly defined behaviors that are expected at different jobs or job levels. The clarity of those definitions facilitates an objective evaluation for the manager, and provides a framework for meaningful discussions between the manager and the employee.

— Lorraine MacKay, Senior Vice-President,
Professional Services, HRSG

Better communication

Breaking a competency into progressive levels of proficiency provides more accuracy and allows managers and employees to see how a competency is expressed differently depending on the amount of experience, skill, and aptitude required for a particular job. This additional detail and context provides a shared language during discussions about performance and greater accuracy when talking about specific workplace behaviors and expectations.

More empowered employees

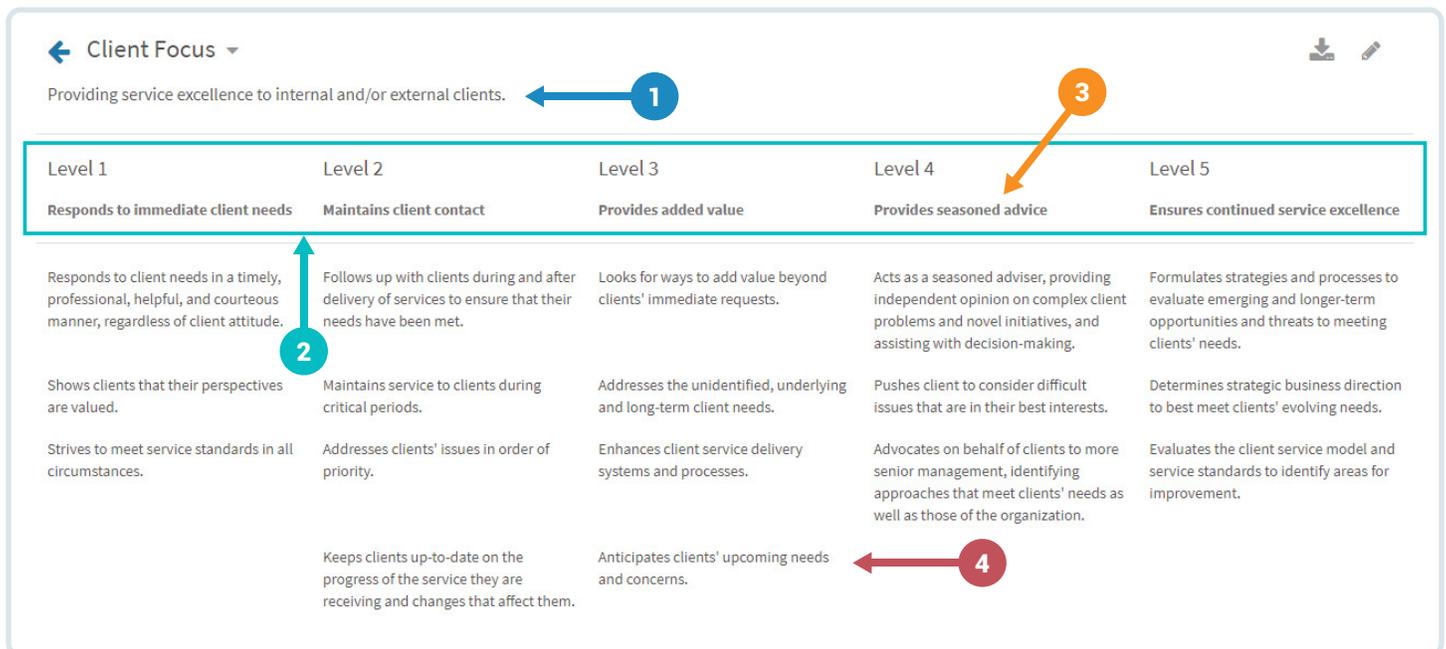
By enabling employees to see how the same competencies are expressed at different proficiency levels for other jobs, multi-level competencies help them explore their potential and work towards lateral or upward career progression.

Better HR coordination

Multi-level competencies connect jobs at every level — from entry to leadership — across the organization. Each competency level describes the observable skills for a specific job, but one competency can link different jobs vertically or laterally across the organization. This helps HR professionals manage talent management more holistically and evaluate the organization's current and future talent needs more confidently.

Anatomy of a multi-level competency

What does a multi-level competency look like? This example of an HRSG competency for “client focus” provides a detailed look at the functional components.



- 1 The **competency definition** provides a high-level description of the competency.
- 2 The **proficiency scale** provides multiple proficiency levels for each competency. Each level reflects a progression from a basic demonstration of the competency towards a more complex and strategic demonstration. For example, an entry-level employee may need to demonstrate level 1 proficiency, while an executive may need to demonstrate level 4 or 5. Proficiency scales help you compare requirements across jobs, which is especially useful when determining potential career paths within the organization.
- 3 The **notion** for each level provides a high-level summary of the overall theme identified for that proficiency level.
- 4 A **behavioral indicator** provides a clear description of the observable behaviors that an employee will demonstrate on the job.

Why five levels?

Why do the majority of HRSG competencies include **five levels—and not three or seven or ten?**

This model is based on extensive experience across a wide range of sectors and HR processes. Nearly three decades of competency-based engagements have shown us that five levels provides enough detail and differentiation to enhance accuracy, while avoiding unnecessary complexity.



Taking the first step

Much has been written about the benefits of multi-level competencies. But it's harder to find information on just getting started.

There's no shortage of research available about competency-based HR management processes. But because the research often focuses on mature processes, it usually doesn't address the initial implementation from the ground up. As a result, while most HR professionals recognize the value of competencies, many are unsure how to begin integrating competencies into their talent-management practice.

In fact, taking the first step is simple. Whether you choose multi-level or single-level competencies, and whether your objective is to manage change, strengthen organizational culture, improve retention, or anything else, the first step is always the same — develop job profiles.

Job profiles are the foundation on which all competency-based activities are built, because they identify the specific competencies and proficiency levels that define success for a specific job. This makes competencies concrete and tangible in the workplace, giving you a common language for describing successful performance, whether that's in the context of hiring, performance management, career progression, or any other HR activity.

A competency-based job profile consists of a group of competencies required for a specific job. When you use multi-level competencies, the profile will limit the expression of each competency to the specific proficiency level required, lending greater clarity, focus, and utility to the profile.



You can get leaders more engaged when they see the relevance and the level of granularity that you just don't get with one-level competencies.

At the micro level, it helps the employee direct their own learning with the manager. At the macro level, it's for workforce capability and planning. It's really become about big data for HR.

— Kristi Conlon, Senior Learning & Development Professional, Intel

By utilizing a combination of **general competencies** — competencies describing the general behaviors required to perform effectively in a range of jobs — and **technical competencies** — competencies describing the application of knowledge and skills needed to perform effectively in a specific role or group of jobs — you can create highly targeted job profiles that focus both on the “soft skills” and “know-how” needed for successful performance.

The competency selection process may seem overwhelming when you consider that many competency vendors offer hundreds of competencies. HRSG, for example, maintains more than 550 multi-level competencies, including technical, general, and leadership competencies, with each competency containing five proficiency levels and 3-5 behavioral indicators per level.

But with automated solutions such as the CompetencyCore Profile Builder, the process of selecting competencies and applying them to profiles at the right proficiency level takes no more than a few months.

With profiles in place, you can apply competency-based management practices to any HR process. For example, you can improve the hiring process by using interview questions that relate to the competency at the specific proficiency level required for the job, or use proficiency levels to identify performance gaps and assign targeted remedial training opportunities.

Learn more about building job profiles using automated software:

www.hrsg.ca/competency-management-software



A blueprint for developing job profiles

Just as a blueprint is needed to guide building a house, a competency architecture is needed to guide the development of competency-based job profiles.

A competency architecture provides a common set of rules that create consistency and continuity across every job in your organization. If you omit this critical step and begin selecting job competencies without those rules in place, you are likely to end up with profiles that are different from one department to the next, and are less effective at supporting the goals of your competency initiative.

The most common type of architecture will include four competency layers:

Core competencies are shared by every employee in the organization — from the CEO to the part-time temporary worker. Core competencies describe, in behavioral terms, the key values and strengths that help an organization achieve a competitive advantage by differentiating itself from its competitors.

Job family competencies are shared by a ‘family’ of related jobs that have common functions and form a logical career path. A job family may define a specific department or organizational unit, but it may also define jobs across departments or units that share common tasks and functions. (For example, salespeople selling different products in different divisions may belong to the same job family.)

Job specific competencies define the skills needed to perform effectively in a specific role or subset of roles beyond those included in the job family competencies.

Leadership competencies are used to define roles in an organization that involve managing, supervising or influencing the work of others in some way. Depending on the organizational structure or culture, leadership competencies may be reserved for a specific leadership team, or applied more broadly to all employees.

For information on HRSG’s services, visit <http://hubs.ly/y0fDPg0>.



Competencies across the talent lifecycle

One of the great advantages of multi-level competencies is their ability to create greater consistency and continuity across the talent lifecycle — from hiring to career progression to succession planning.

Let's take a closer look at the way competencies can be applied to each phase of this lifecycle.

Hiring and interviewing

The hiring process is more focused and productive when job profiles feature competencies, because competencies clearly communicate the ideal candidate profile to interviewers. Instead of evaluating candidates based on vague qualities — “Must be client-focused” — interviewers can ask questions that identify specific behaviors the candidate has demonstrated in prior work environments.

Competencies are particularly valuable in the interview process because they help minimize bias and enhance objectivity by setting consistent criteria by which all candidates are evaluated. CompetencyCore, HRS&G's competency management software, aligns a set of interview questions with each competency and proficiency level, so that interview guides can be easily created for any job in the organization. This is a great way to minimize the time and costs associated with the interviewing process.

Research shows that using pre-defined criteria results in a more valid selection process and a greater chance of predicting on-the-job success. A competency-based hiring process also helps organizations identify any shortcomings in the selected candidate, so that they can be supported with a focused development strategy as part of the on-boarding process.



Managers want to help employees be successful. Employees want to enjoy success. But without the tools to have a meaningful conversation and create the steps to improvement, there can be no success.

For example, an employee is told, 'You should be a better team player.' Their first question will be, 'Well, what do I need to do?' And the manager is at a loss to describe what's needed.

Competencies provide those conversation tools, a common frame of reference, and concrete examples to illustrate the behaviors required.

— Suzanne Massie, HRSG consultant

Performance management

Performance management is an essential HR function, but it's also a sensitive and often challenging process. Multi-level competencies help to keep the discussions objective by providing a set of clearly defined and observable behaviors that are expected at different job levels or for different jobs. This helps managers to articulate any shortcomings and provide actionable feedback for employee improvement.

Competencies support any type of performance-management approach, including total, team-driven, continuous learning and coaching, and project-based performance management.

Learning and development

One of the biggest challenges in HR is determining the best learning resources and approaches to support employee growth. Competencies offer a framework that aligns learning resources and curricula to expected proficiency levels. Once those resources have been identified and mapped to a specific competency and proficiency level, they can be applied across the organization to any employee who needs to improve in that area. By streamlining the development process, multi-level competencies offer quick results and excellent ROI.

Competencies are particularly effective in helping organizations support the development of "soft" skills. While gaps in technical skills are generally easier to identify, soft skills — such as analytical skills, customer focus, planning and organizing, etc. — are harder to quantify. Multi-level competencies define soft skills in concrete terms, offer a clear sense of progression from basic to advanced proficiency, and help managers pinpoint and address deficiencies.

Employee engagement

A competency-based framework gives employees the tools they need to align their skills and ambitions with the needs of the workplace. With multi-level competencies, employees can visualize their career progression, evaluate lateral or upward career opportunities, and take an active role in exploring their career potential. And because learning resources can be aligned to specific competencies and proficiency levels, employees can also see exactly what they need to do to reach the next level.

Gap analysis and succession planning

While competencies are ideal for addressing deficiencies at the employee level, they can also be used to identify organization-wide gaps in talent resources and build a more adaptable, high-performing workplace.

By placing employees on a competency continuum, and by breaking each job down into a set of competencies and proficiency levels, managers can assess the readiness of potential successors to assume leadership roles and identify departments or business areas where existing competencies or proficiencies don't meet current or future needs. Competencies make it easier to see who could fill a specific job and how far away they are from being ready for the challenge.

HIRING	PERFORMANCE	DEVELOPMENT	ENGAGEMENT	PLANNING
Communicate ideal candidate profile	Communicate job expectations	Assess competencies to identify gaps	Career development tools	Assess successors against competencies (e.g. leadership profile)
Select according to key competencies	Coach to competencies	Learning plans to address gaps	Expected behaviors clearly defined	Identify key competencies needed in workforce
Standardized tools and methods		Career development tools aligned with competencies	Reinforce key competencies	
GOALS				
Hire better quality employees	Greater job knowledge & competence	Quick learning curve and targeted development	Greater employee retention & motivation	Build a high performing workforce

Supporting growth. Connecting the organization.

How do you create a strong organizational culture during a time of rapid growth? For Berkshire Associates, multi-level competencies were the solution.

A few years ago, Berkshire Associates, a human resources consulting and technology firm, had made a conscious move towards supporting a high-performance culture. But as the organization grew, that performance standard was harder to enforce and consistently apply.



The feedback has been very positive. The leadership team are starting to see how this process will enhance their ability to not only appraise performance but also focus on development and opportunities for growth among their staff.

— Michele Whitehead, Manager, Human Resources Services, Berkshire Associates



“There was a big disconnect between what a manager in one part of the business defined as high performance compared with a manager in another part of the business. We needed to come together as a team and define what it meant for us across the organization to support a high-performance culture, while acknowledging that each job is unique and contributes in its own way.”

Extensive research convinced Michele Whitehead, Manager of HR, that a multi-level competency structure would enable Berkshire to support high performance consistently across both their product development and consultancy departments.

“It made sense that we could take this multi-level look at competencies and be able to clearly define the behavioral indicators for an entry-level consulting or development role and see when that person is ready to move into the next level.”

Using HRSG’s multi-level competency content and expertise, Berkshire selected a set of core competencies that could be applied to every position in the organization. The multi-level framework meant those core competencies could be expressed at different proficiency levels depending on the job hierarchy, while still connecting every employee to a shared set of values.

CHALLENGE	SOLUTION	RESULT
Maintain consistency in a growing organization	Develop multi-level competency profiles	A shared organizational culture of excellence



Multi-level competencies: Myths and realities

While competencies are now among the most widely used HR tools, misperceptions still swirl around the use of multi-level competencies.

MYTH: The best competencies are developed in-house.

REALITY: Developing quality competencies is a highly specialized skill. Some large organizations may have people with this skill set on staff, but in most cases, it's more cost-effective to outsource competency development to specialists. In the case of multi-level competencies, this is especially true, because an understanding of competency design and implementation is required to achieve the best result.

MYTH: Multi-level competencies are designed for use in big corporations.

REALITY: Originally, the use of competencies tended to be limited to the Fortune 500 because of the high cost of either developing competencies in-house or purchasing extensive competency libraries from specialist consultancies. Today, affordable licensing arrangements and streamlined deployment processes bring competencies within reach of any organization—even those with 200 or fewer employees.

MYTH: Using multi-level competencies is complicated and time-consuming.

REALITY: In fact, multi-level competencies are easier to use, because they reduce the total number of competencies needed to define every job in the organization and create a more connected, holistic picture of the organization's talent resources.

In addition, competency-management software can now be used to streamline and automate competency-based processes such as job-profile development, performance management, assessment, career progression, and more.

MYTH: With multi-level competencies, the goal is to get every employee to the highest level.

REALITY: Multi-level competencies are designed to identify the right proficiency level for the job, not to grade performance against an ideal level. So, for example, a level-one proficiency may be all that's required for successful performance in an entry-level job. In fact, even key leadership positions may include a mix of proficiency levels for different competencies.

MYTH: With competency-based job profiles in place, competency-based talent management just “happens.”

REALITY: It's true that competency-based job profiles are the foundation for every competency-based talent management practice. But ultimately, they are tools—tools that need to be used regularly and diligently before the organization will see improvements in employee satisfaction, organizational performance, and other success metrics.

Multi-level competencies achieve the balance between continuity and culture, while also having the right degree of flexibility to tweak skills as new emerging skills are necessary. You can't do that if it's one level.

— Kristi Conlon, Senior Learning & Development Professional, Intel

Context, continuity, and resiliency

Multi-level competencies help Eastman & Guare Consulting prepare their clients for the needs of today's workplace... and tomorrow's.

Eastman & Guare Consulting builds customized solutions for organizational and personal development for a diverse clientele that spans virtually every sector, including education, the military, utility providers, healthcare, government, manufacturing, and consumer goods.

While they have used competencies for some time as part of their client engagements, they recently shifted from single-level to multi-level competencies.

Janet Eastman, one of the company's founders, says clients are seeing real value in this additional context and detail. *"Having multiple levels means that we can give the client access to the different levels of performance within a single competency. So it enriches their view of what that competency means beyond a one-sentence description and gives them a much clearer understanding of what the competency looks like."*

Eastman says being able to express the competency at multiple levels is especially useful for organizations that are choosing their core competencies – competencies that capture the core values and strengths shared by every employee.



"Many of our clients struggle with succession planning and they're finding a lot of value in multi-level competencies from that perspective."

— Janet Eastman, Senior Consultant, Eastman & Guare

"Using multi-level competencies allows our clients to visualize how a particular competency will look when applied to everyone across the company," she explains. "For example, leaders might be expected to perform it at level four or five, while for entry levels, the requirements might be at level one or two. But everyone is connected to that competency as part of the organizational culture."

Eastman & Guare clients are increasingly seeing multi-level competencies as a way to enhance resiliency and grow capacity for the future. *"Companies are looking for something to help them develop their employees for the future. Having an integrated system, where competencies are tied to strategy, helps them align employee development with a five-year plan."*

CHALLENGE	SOLUTION	RESULT
Help clients become more strategic and resilient	Replace single-level with multi-level competencies	Greater organizational integration and preparedness

6 best practices for developing competency-based job profiles

Job profiles are the foundation of any competency-based initiative. Articulating competencies and proficiency levels at the job level brings greater focus and continuity to the entire talent-management lifecycle.

Based on more than two decades of experience guiding hundreds of competency initiatives — large and small — to successful completion, HRSG offers these six recommendations for organizations that are planning to develop multi-level competency profiles and transition to a competency-based HR practice.

1. Start with a pilot project

Competencies bring the greatest value when they're applied to the whole workforce, but you don't need to do it all at once. Starting with a small pilot project is a great way to explore multi-level competencies and adapt the competency content and profile-building process to the unique needs of your organization.

***For example:** Many HRSG clients begin by selecting competencies for a small group of related job profiles before rolling them out for the whole organization.*

2. Identify the goal

HR professionals use competencies for many reasons. Some want to strengthen or change organizational culture, others want to reduce turnover or ensure consistent performance across different locations, and so on. Make sure you have a clear goal in mind before starting a competency-based initiative, and take baseline measurements so you can gauge the effectiveness of the initiative post-launch.

***For example:** A client who wants to improve the quality of new hires may choose to focus on developing a profile for a particularly high-turnover role within the organization. The client will measure key organizational metrics such as the retention rate and performance evaluations before the initiative gets under way, and after the profile has been used to select new hires.*

3. Leverage automation tools

Using tools such as spreadsheets, email, and Word documents to select and apply multi-level competencies to job profiles can add to the challenge. Using next-generation software tools such as HRSG's CompetencyCore can streamline the process by helping you manage competency content, synthesize organizational input, and ensure a defensible, fully documented process.

For example: HRSG's CompetencyCore Profile Builder leads you through an automated, best-practice survey process for short-listing, reviewing, selecting, and publishing competencies at the right proficiency level for each job profile in your organization.

Trying to determine what the competencies are and define them and then define the behavioural indicators can potentially make this a very lengthy process. By running the campaign in CompetencyCore, we're able to make significant progress in a much shorter amount of time.

– Michele Whitehead, Manager of HR, Berkshire Associates

4. Engage stakeholders

Depending on the scope of your project and your organizational process, developing competency-based job profiles can require input from HR staff, managers, employees, executives, boards of directors, and other external audiences. Invest some time and resources in developing your communication approach, including presentation materials that help stakeholders understand the competency approach, the project goals and objectives, and their role in the process. This will both increase support for the project and enhance outcomes.

For example: Clients that consider the perspectives of each stakeholder and describe 'what is in it for them' typically see higher success rates for their competency initiatives. Employees want to know how competencies will support them in planning and managing their careers. Managers are focused on hiring and managing employees more effectively. Executives want to understand how competencies support the strategic vision and goals for the organization. The key is to understand the target audience and gear the messages to their priorities.

5. Document the process

It's essential to document the development process for your job profiles in order to provide your organization with a measure of legal defensibility. Record and file information including the names and positions of people who participated, their individual feedback, and the process by which that feedback was synthesized to make decisions about the competencies and proficiency levels attributed to each job profile. Doing so will demonstrate that profiles were developed in a fair and inclusive process.

For example: HRSG's CompetencyCore Profile Builder documents every step of the competency selection process and provides you with a clear and defensible paper trail. All stakeholder input is consolidated into a single report that includes each person's selections and any comments or feedback they provided.

6. Share the success

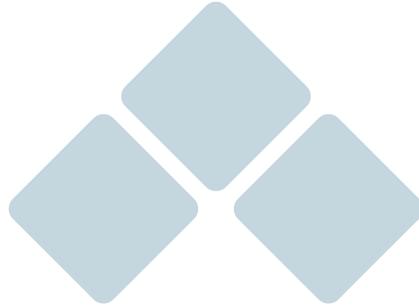
Competencies can have a big impact on the organization in terms of its culture and its performance. But unless you communicate those impacts—in presentations, newsletters, and other promotional channels—they can go unrecognized. Whether it's positive employee feedback or an improvement in KPIs, take the time to share the good news. It will increase awareness and organizational buy-in, and provide forward momentum for additional projects.

***For example:** Measurement of competency applications is similar to the approaches used with other HR applications. They range from feedback surveys to measures of organizational performance and business results. It can take specialized expertise to set up the appropriate metrics and evaluate project success.*



Too often, people are unable to report to management on the successes of the competency initiative because they did not identify and benchmark key metrics at the outset of the project. Competency-based management has been shown to impact key metrics, such as reducing employee turnover or improving employee KPIs, but without understanding the current state at the beginning of the project, it becomes very difficult to report on improvements down the road.

— Suzanne Simpson, President & CEO, HRSG



Want to Get Started with Competencies?

[Get Started Today](#)

About HRSG

For three decades, HRSG has delivered products and services to define talent needs, address skill deficiencies and improve individual and organizational performance.

Our Products division has distilled that 30 years of expertise into a competency, job description and career management software solution. Leveraging the power of AI, CompetencyCore™ is unlike any other product on the market, bringing together the power of competencies and the utility of job descriptions.

Our Talent Management Solutions division delivers best practice professional services in competency-based management, testing and assessment. In addition, we train HR professionals worldwide in our competency-based management methodologies.

To learn more about how HRSG makes HR professionals proactive and in-control, visit us at www.hrsg.ca or call 1-866-574-7041 x600.