Competency Dictionary: Build or Buy?

The "build or buy" debate is one that often crops up for companies deciding whether to buy off-the-shelf or SaaS software or custom-build their own application.

In the case of software, the "buy" side wins hands down: most experts agree that if the application is commonly available, and if your company's core strength isn't software development, it just makes sense to let someone else do the heavy lifting.

For example, while Facebook chose to develop their own sales software rather than use a commercially available offering, they're a company with deep expertise in software development and a robust team of software engineers and developers at their disposal. At the same time, Sharp Corporation, a global electronics corporation, chose to use Yammer rather than build their own enterprise social network.

The same "build or buy" question that applies to software can be applied to competency dictionaries.

A competency dictionary is a collection of competencies that address all the skills, knowledge and abilities required of the jobs in your organization. It often includes a combination of general competencies that are common to all jobs, and technical competencies that are needed for specific jobs or functions within the organization. It's the foundation of any competency-based HR initiative, including selection, assessment, performance management, and succession planning.

A dictionary consisting of well crafted, multi-level competencies is typically developed through a multi-stage process involving research into the key qualities that make up a particular competency, consultation with subject-matter experts to develop insight into the key behaviors required for excellence, and validation of the competency in consultation with additional subject matter experts.

When you build a competency dictionary in house, you can more accurately reflect the breadth of competencies that are required for success in your organization, and you can tailor those competencies to the organization's unique values, vision and culture.

But there is also a downside. The effort and resources required to develop a single validated, multi-level competency can reach upwards of $5000, and if you don't already have a competency expert on staff, the cost of developing the expertise to effectively facilitate the competency development process will drive the cost considerably higher.

The second option is to buy a competency dictionary. Purchasing a competency dictionary from a reputable company has the advantage providing the organization with a dictionary that has been developed and validated by competency professionals, and that can be used "off the shelf" to support profile development and implementation. Purchasing ready-made competencies costs requires significantly less budget than is required to build them, so you'll also see a financial benefit.

The disadvantage in this case is that the dictionary may not reflect the full range of competencies needed for your organization, or it may express those competencies in a language that is unsuitable for the organization.

But it's possible to combine the best of both worlds by customizing a purchased competency dictionary. This customization may include adding specific technical competencies or modifying the language used in the existing competencies to reflect the performance expectation of your organization. This provides a more expedient and cost-effective solution, and results in a competency dictionary that is targeted to your organization's specific needs.

ABOUT HRSG

Since 1989, HRSG has worked with a range of industries to define talent needs, address skill deficiencies, and improve individual and organizational performance. Clients include global corporations and small or midsized organizations operating in sectors such as logistics, finance, accounting, technology, HSE, HR, manufacturing, sales and marketing, and many more. For more information, please visit www.hrsg.ca.