How to Develop a Competency Framework

Please note: This document and its contents is (and remains) the property of Rhodes Business School (an initiative of Rhodes Group (Australia) Pty Limited). Rhodes welcomes the free use/distribution of this document on condition that it remains in its original format, including this statement, the RBS logo, and RBS contact details. For more information please direct enquiries to info@rhodesgroup.com.au or call 1300 RHO AUS / 1300 746 287 on Rhodes Business School go to www.rhodesbusinessschool.com.au
Linking Company Objectives and Personal Performance

You may have heard the phrase ‘what gets measured gets done’.

Defining and measuring effectiveness – especially the performance of workers – is a critical part of the job of a manager.

The question is: How do you define the skills, behaviours, 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. Still others might argue that personal characteristics hold the key to effective work behaviour.

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

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 behaviours the organisation 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 organisation 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 customised 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 standardised 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 organisational goals and success.
Design Principles of a Competency Framework

A competency framework defines the knowledge, skills, and attributes needed for people within an organisation. 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 customise it to the specific needs of your organisation
- Use outside consultants to develop the framework for you
- Create a general organisational 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:

- Involve the people doing the work
- Communicate
- Use relevant competencies

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 analysing 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 organisation. 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
- Interview people
- Create a questionnaire
- Analyse the work
As you gather information about each role, record what you learn in separate behavioural statements.

When you move on to Step Three, you'll be organising the information into larger competencies, so it helps if you can analyse and group your raw data effectively.

**Step Three: Build the Framework**

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

- Group the statements
- Create subgroups
- Refine the subgroups
- Identify and name the competencies

Here's an example of groupings and sub-groupings for general management competencies:

- Supervising and leading teams
- Recruiting and staffing
- Training and development
- Managing projects/programs

You may need to add levels for each competency. To do so, take each competency, and divide the related behaviours into measurement scales according to complexity, responsibility, scope, or other relevant criteria.

**Validate and revise the competencies as necessary** – For each item, ask these questions:

- Is this behaviour demonstrated by people who perform the work most effectively? In other words, are people who don't demonstrate this behaviour ineffective in the role?
- Is this behaviour relevant and necessary for effective work performance?

**Step Four: Implement**

As you roll out the finalised competency framework, remember the principles of communication mentioned earlier. To help get buy-in from members of staff at all levels of the organisation, 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
- Reward the competencies.
- Provide coaching and training.
- Keep it simple.
- Communicate.
Key Points

Creating a competency framework is an effective method to assess, maintain, and monitor the knowledge, skills, and attributes of people in your organisation. 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 behaviours 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 the roles to evaluate real jobs, and describe real behaviours. The increased level of understanding and linkage between individual roles and organisational performance makes the effort well worth it!

About Rhodes Business School:

Rhodes Business School is widely recognised as Australia's leading providers of business and leadership training programs to the Mining, Oil & Gas, Engineering, Construction, and Power and Water industries, its mission being ‘To be recognised as the benchmark for training programs for the industries we service...that when a resume lists a Rhodes Business School program, it guarantees that the person has attended training that ensures improvement in confidence, competence, and performance’.

In addition to delivering industry leading training programs, Rhodes Business School provides a variety of L&D/OD related consulting services, including (but by no means limited to) Skills Gap Analysis, Competency Framework Development, and Measurement of Training Program ROI.

For more information on how Rhodes Business School can assist you and your organisation, please direct enquiries to info@rhodesgroup.com.au or call 1300 RHO AUS / 1300 746 287 on Rhodes Business School go to www.rhodesbusinessschool.com.au.

Rhodes Business School is proudly Australian owned!