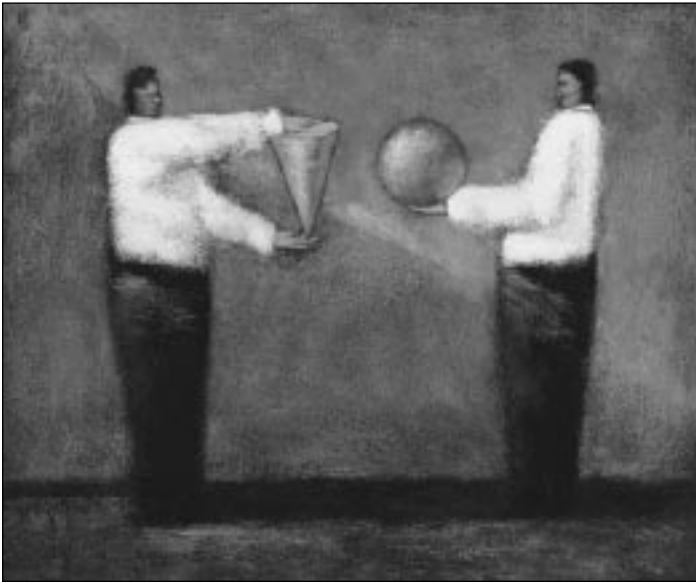




Charting a
Course for
Success

How to put
competencies
to work in your
organization



For most companies, “business as usual” has taken on a whole new meaning. In today’s competitive environment, few can afford the luxury of doing business the same old way. The ebb and flow of the market and shifting customer demands have forced organizations to rethink the way they operate.

The result?

Companies are zeroing in on their core products, services, and customers. They’re looking to employ people with flexible skills who can embrace new ideas and take on new challenges. They’re identifying the factors critical for business success and focusing efforts accordingly.

How well your organization focuses—how well you’re able to get every person headed in the right direction and working toward desired objectives—is the key to your success. That’s what a competency-based approach is designed to do.

Specifically, a competency-based approach lets your organization:

- Adapt to changes in the marketplace and ensure employees have the right skills and abilities to keep pace.
- Align employees’ day-to-day behaviors with big-picture organizational goals and strategies.
- Add consistency, efficiency, and manageability to HR systems and processes.
- Allow employees to take charge of their own performance, progress, and development.

Confused About Competencies? While most people have an understanding of what it means for someone to be “competent” in a job or role, organizations define “competencies” in different ways. These different approaches have led to considerable confusion. Just what is a competency? The three most common meanings are: organizational competencies, personal competencies, and job/role competencies.

One—Organizational Competencies are often called the “core competencies” of an organization. They refer to the unique areas of expertise that make an organization competitive. Some examples:

- Sony and miniaturization
- Intel and microchips
- Apple and user-friendly interfaces

We think a better name for this category is “Organizational Strengths.”

Two—Personal Competencies are what most people think of when they describe someone as “competent.” Personal competencies represent a level of achievement that a person has reached—someone can be a competent bricklayer, pianist, or lawyer, or he or she might have competencies in all these areas.

Three—Job/Role Competencies (also called dimensions) can be defined as “something” a person must demonstrate to be effective in performing a given job or role.

Organizations define that something in different ways:

- DDI takes a behavioral approach, defining the something as either job-relevant behavior, knowledge, or motivation (as measured by likes and dislikes on the job). We feel that this approach best meets EEOC preferences, is easier for managers to use, and promotes more reliable, accurate evaluations. It also makes it easier to select and implement appropriate training activities.
- Other organizations take a more personality-based approach, defining the something as an underlying characteristic of an individual independent of any connection to a job.
- Still others take the middle ground, blending behavioral and personality approaches.

Job/Role competencies are at the heart of a competency-based organization. They make it possible to build the kind of goal-oriented, flexible, and efficient workplace that provides a distinct competitive advantage.

Understanding Competencies

What Competencies Are

In a competency-based approach, an organization not only identifies its critical success factors—the issues it needs to focus on in order to succeed—it also identifies the ingredients for success for the people it employs. These ingredients are called competencies.

A job or role *competency*, what DDI calls a *dimension**, refers to either:

- Work-related behavior (how someone acts).
- Work-related knowledge (what someone knows).
- Work-related motivation (what someone likes or dislikes about a job).

Job/Role competencies can be:

Vision-driven

- Derived from an organization’s vision, values, and business strategies. For example, a retail company might determine that Customer Service Orientation is a competency that supports its vision and values and is necessary for every employee.

Job-driven

- Derived from the characteristics of a broad category of jobs, such as managers or team members. For example, an important competency for all managers, regardless of their specific roles, might be Decision Making.
- Derived from the characteristics of a specific job. For example, the specific competencies required to be the manager of corporate communications.

** Given that the word competencies can have many definitions, both in common language and in professional applications, DDI uses the term dimensions to avoid confusion.*

How Competencies Are Identified

Vision-driven competencies are important because they allow organizations to align what people do every day with broader, organization-wide goals. Identifying these competencies requires close collaboration with an organization's senior management. DDI studies the organization's vision and values statements, reviews business strategies, and interviews executives about their views of future challenges and what people will have to do to meet them. This analysis results in a competency model made up of dimensions that are clearly linked to organizational vision and values.

Job-driven competencies are important because they help people enhance their performance by aligning their behaviors with job requirements. Identifying these competencies requires input from managers, incumbents, and other job

content experts. DDI questions these experts about critical job incidents that reflect both outstanding and ineffective job performance, then gathers information about the activities that make up a job or role. This data is integrated to develop a set of job-related dimensions that are rated and ranked according to their importance and prevalence in particular jobs and roles.

How Competencies Are Used

Many organizations have used one or more types of job/role competencies, but they haven't always used them as effectively as possible. Now, however, that's changing.

Organizations are realizing that by emphasizing and integrating competencies throughout their HR systems, they can become more focused, efficient, and flexible, and their employees can become more self-reliant and self-directed.

For nearly 30 years, DDI has focused on researching and refining the use of dimensions (competencies) and helping organizations succeed by adopting a dimension-based approach. We've conducted worldwide studies of competencies and how they're used, developed classifications of competencies based on work with more than 40,000 individuals, and published several pioneering articles about the use of competencies to integrate HR systems.

Our own selection, assessment, and training and development programs and services are designed around competencies and backed by state-of-the-art technology. We are uniquely qualified to transfer to you the benefits of years of experience and expertise with competency-based systems.



Benefits of a Competency-Based Approach

DDI's competency-based approach means your organization can:

- *Align employee efforts with organizational vision, values, and business strategies.*
By establishing a set of competencies that are driven by your organization's fundamental business philosophy and strategies, and then selecting, coaching, and developing people against those competencies, you can be sure that everyone in your organization is contributing in a positive way.
- *Integrate HR systems and processes.*
Competencies can act as the framework that all your important HR functions are built around, making it possible to select, assess, coach, and develop people against consistent criteria.

Hiring managers, for example, know that the competencies they look for in candidates will be the same competencies they will use to evaluate those people's on-the-job performance and guide their training and development efforts over time.

- *Evaluate readiness for change.*
Competencies can be used to help your organization determine the feasibility of changes before they are implemented. For example, before deciding that the role of equipment technicians should include sales duties as well, your organization could evaluate the Sales Ability of its technical staff.
- *Respond to changes in business climate.*
As the business climate changes, a competency-based approach gives your organization the tools to focus people in different areas. For example, if new-product development becomes an important market

focus, the competencies Innovation or Problem Solving can be emphasized as part of an organization-wide product development effort.

- *Drive organizational initiatives.*
In the same way your organization can use competencies to respond to market changes, you can also use them to drive internal initiatives. A rise in on-the-job accidents, for example, could prompt renewed focus on the competency Safety Awareness.
- *Prepare for the future.*
Succession planning has grown increasingly difficult as organizations have become more fluid and career paths less defined. However, by defining the competencies necessary for success at various levels, organizations can identify individual potential and develop people's skills appropriately, regardless of their current position.

DDI's competency-based approach gives your employees the tools to:

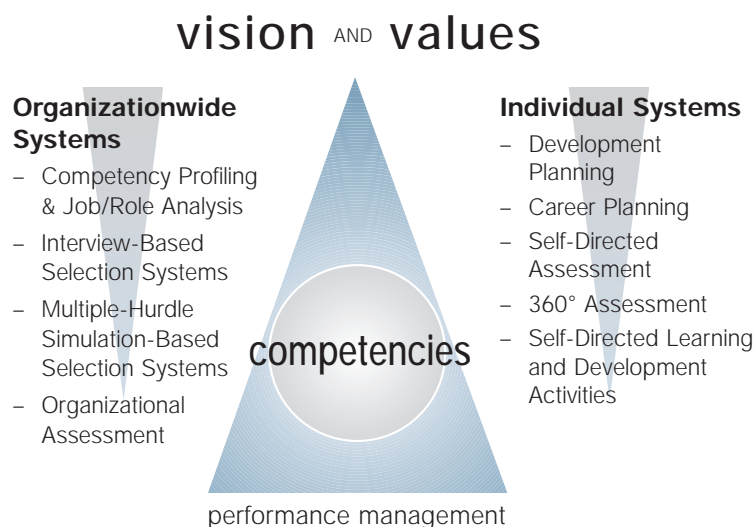
- *Focus their efforts.*
Everyone in your organization will know exactly what's required for success. People understand what criteria they'll be evaluated against and what areas they need to focus on improving.
- *Enhance self-development efforts and career planning.*
Employees are able to monitor their own performance and progress, plan self-development activities, and map career strategies. Transferring these traditional HR functions to individual employees also frees your HR professionals to concentrate their efforts in other strategic areas.

About Competency Models

A competency model is a list of all the competencies that fall under a particular job/role competency category—either vision-driven or job-driven. It should be developed through careful analysis, and when properly constructed is characterized by its:

- Behavioral focus—with competencies clearly outlining specific and observable behaviors that can be linked to training.
- Independence—so that important behaviors are listed in only one competency and avoid overlaps that make assessment difficult.
- Tailorability—to fit the organization's specific vision, values, and culture.
- Relevance—with competencies that have been proven valid given the organization's current operating strategies.

DDI carefully constructs models to meet these criteria. Each competency within a model includes a definition, a list of key actions, and examples of representative actions. The clarity of the competency description makes it easier for HR professionals to classify behaviors reliably and for employees to understand precisely what's expected of them. All of DDI's research-based competencies can be customized to fit your organization's unique requirements.





Begin building a competency-based organization by determining your organization's current level of competency integration.

Building a Competency-Based Organization

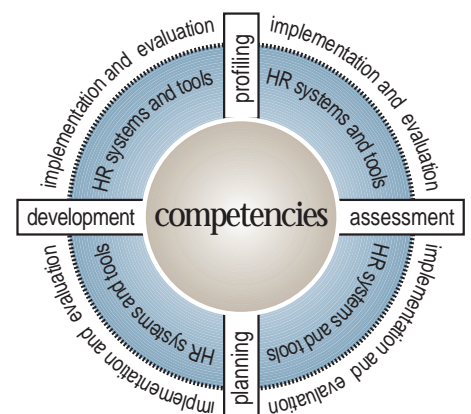
Whether your organization is considering a competency-based approach for the first time or is already actively using competencies, DDI can help. With a quarter century of competency experience, we are uniquely qualified to help you develop and maintain integrated, competency-based HR systems that support your organization's strategic direction.

The best place to begin building a competency-based organization, or improve your existing approach, is to determine your organization's current level of competency integration.

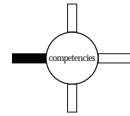
How? By evaluating it against the four primary capabilities of a competency-based organization:

- Competency Profiling
- Competency Assessment
- Competency Planning
- Competency Development

Equally important is having a process in place for systematically evaluating how these capabilities are being implemented and what impact they're having. Periodic "course-checking" and fine-tuning of relevant HR systems and processes helps ensure that competency-based organizations retain their ability to change direction and adapt to various demands as needed.



Understanding the Capabilities of Competency-Based Organizations



What's Involved

Competency Profiling

Building competency models with vision-driven and job-driven competencies.

Competency Assessment

Evaluating the competencies of current employees or candidates.

Competency Planning

Identifying the competencies that will be needed in the future and building systems to support their development.

Competency Development

Providing appropriate learning systems to help people become more competent in relevant areas.

Why It's Important

Identifies the behaviors, knowledge, and motivations needed to support strategic organizational goals and build an appropriate culture.

Helps organizations identify competency gaps and know where intervention is needed to close them.

Gives organizations the means to evaluate bench strength and identify promotion-ready individuals, as well as individuals who require further development.

Ensures that people are developing in ways beneficial to the organization's current and future needs.

Pitfalls to Avoid

Too often, organizations treat competency profiling as a one-time project, rather than an ongoing evolution. If not reevaluated and consistently applied, competencies may overlap and models may lose relevance over time.

Using the wrong assessment tools or using the right tools inappropriately is a common mistake. Assessment instruments should be chosen for their accuracy, fairness, credibility, and cost feasibility.

Development doesn't happen automatically. Organizations and individuals often fail to plan how to develop the competencies necessary to meet future needs.

Training opportunities can be wasted if they're not accessible to the people who need them or available at the right time. Focus should be on developing appropriate learning systems and delivering them in ways that maximize their effectiveness.

How DDI Can Help

DDI's expert consultants and state-of-the-art computer technology can help you create and maintain relevant competency models. DDI software allows you to establish a database of competencies that can be accessed and updated easily.

DDI provides consulting expertise, programs, and services for:

- Behavior-based selection systems
- Simulation-based and multiple-hurdle selection systems
- Standard assessment centers
- 360° assessments
- Self-assessments

DDI provides consulting expertise, programs, and services for:

- Performance management systems that ensure a competency development focus while maintaining accountability
- Succession planning
- Developmental planning
- Career planning
- Coaching support

As traditional instructor-led classroom training becomes a less desirable option for some organizations, DDI provides a number of flexible alternatives, including online intranet-based learning and award-winning self-study programs that take advantage of the latest multimedia technology.



Charting Your Course

More and more organizations are turning to a competency-based approach in order to increase HR efficiency, become more flexible and responsive to market changes, and help employees become more focused and self-directed.

Becoming a competency-based organization is an evolutionary process, but doesn't have to be a linear one. It's not necessary to build the four primary capabilities (profiling, assessment, planning, development) in that order.

Competencies provide the framework that important HR systems can be built around, linking:

- Hiring and promotion
- Training and development
- Performance management
- Compensation
- Career planning
- Succession planning

Instead, your organization should plan first to evaluate its proficiency in the four capabilities, determining if each one exists and, if so, what state of development it's in and how important it is to your business strategy. Based on your findings, you can prioritize which systems or processes to target in any of the four capabilities and begin to implement changes incrementally, evaluating their impact as you go.

The direction you choose is determined by your organization's most pressing business needs. If you have trouble hiring and retaining good people, start by developing a competency-based selection system. If bench strength is weak, start by planning how to improve it through targeted development activities.

No matter where you begin, the positive effects are cumulative—the more integrated and institutionalized competencies become within your organization, the greater the benefits.

DDI's Collaborative Approach

DDI works with organizations in all stages of competency integration. More than a thousand companies around the world use our dimensional library for job analysis, and our various selection, assessment, training, and development systems have improved the work lives of some 15 million people. Through expert consulting services and state-of-the-art computer-based technology, we can help your organization too.

Our approach is highly collaborative. Because no two organizations are alike, we work closely with you to determine where your organization stands and where a custom, competency-based solution would be most effective. From assessing organizational culture and implementing reengineering initiatives, to designing integrated selection, assessment, and development systems that work with your existing systems, to introducing time-saving technology, DDI has the expertise to meet all your competency needs.

DDI's Unique Advantages

- Integrated, competency-based systems for selection, assessment, performance management, training, and development.
- Expert consulting to determine areas of need and develop custom solutions.
- State-of-the-art computer-based technology.
- Flexible delivery.
- Complete outsourcing capabilities.

***To learn more** about how you can put DDI's competency-based solutions to work, contact your DDI representative or call us at 800.933.4463 (U.S.) or 800.668.7971 (Canada) between 7:30 and 5:30 ET. Visit our web site at www.ddiworld.com or e-mail us at info@ddiworld.com.*

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