Human capital has the potential to differentiate an organization from its competition. It may well be the single most important differentiator. Competitors can imitate each other’s products, processes or services. Ideas can be copied. What cannot be replicated is the source of the ideas – the people. It is an organization’s people, or talent, that will provide a consistent edge over the competition.

The market for talent is becoming increasingly competitive because talent is not an inexhaustible resource. Demographic changes, education shortages, and global labor movement are some of the challenges facing organizations in the war for talent (Morel-Curran, 2008). The tension between supply and demand for talent creates a compelling case for strategic HR – a discipline involving the deliberate and strategic selection, development, deployment, and recognition of top talent.

- Competency models create a foundation for integrated talent management systems which are linked to increased shareholder value.
- Extensive research has identified the leadership competencies required for success – do not reinvent the wheel.
- For the best result, a competency modeling effort should be sponsored by senior leaders, aligned to organizational strategy and culture, based on research, and integrated into talent management practices.
Research shows that strategic and integrated talent management practices are linked to increased shareholder value (Pfeffer, 1998; Huselid, 1995). Depending on the organization, the talent management function can span multiple areas – recruiting, generalists, training and development, executive development, organization design, strategic planning, workforce planning, rewards and recognition. It can also involve many resources spread across multiple divisions or brands. Any coordinated or strategic effort across talent management efforts requires a lingua franca – a common language. For strategic HR, the lingua franca is competencies. Defining and using competency-based models for talent management practices has a high return on investment (Ulrich, 2010).

Competencies are the skills, behaviors, and attitudes that lead to high performance. Over the last thirty years the study of leadership and the skills required to be a successful leader has been extensive. Key findings corroborate the core requirements for success. The equivalent of the periodic table of elements for leadership competencies has been formed. This isn’t to say that it is static. As new discoveries are made in the area of leadership, new elements may be added. As we increase our understanding of the nature of each element and the relationship between the elements, the organization of the periodic table may be revised. For now, there is general consensus. Different experts may call leadership competencies by different names or drill down to different levels of specificity, but the themes, content, and essence of the competencies is essentially the same (Tett, Guteman, Bleier, & Murphy, 2000).

With all of the “elements” identified, how does a strategic HR professional choose which leadership competencies are most critical? Like the periodic table of elements, it depends on what you want to make. Water is two parts hydrogen, one part oxygen. The make-up of salt is NaCl. What is the make-up of a successful general manager, department head, or specialized individual contributor? This is where the practice of success profiling and competency modeling come into play.

For the purpose of this paper, we define competency model as an overarching representation of multiple success profiles. We’ll define success profiles as the unique combination of competencies that
describe the skill set of the ideal person for a specific level or key job. Individuals who most closely match a success profile will be considered the best fit, the star performers, the exemplars (Ruyle & Orr, 2010 in press). Those who are mismatched will struggle to meet expectations and will require substantial development in areas where there are skill gaps. Identifying the ideal skill set provides a target, a clearly articulated set of expectations. It creates a focus for the many talent management efforts that take place in order to proactively fuel the talent pipeline; to prepare and grow leaders to match the requirements for success.

Whether success profiles truly make a difference and yield business results depends primarily on two things:

1) The accurate identification of what’s most important for success

2) The appropriate follow through to communicate the expectations and provide support in meeting the requirements for success

Here we provide our perspectives on best practices related to competency modeling – the process of developing and implementing success profiles.

**Developing Success Profiles**

1. *Use a research-based competency library as the foundation – do not reinvent the wheel.*

Core leadership competencies have already been identified, so do not waste precious time and resources conducting a study to figure out what leadership competencies exist (Lombardo & Eichinger, 2002). For example, The Leadership Architect® is a research-based, scientifically validated tool used by organizations to profile and assess leadership behaviors. The development of the Leadership Architect® Library was based on the early work at the Center for Creative Leadership, Hay-McBer, Sears, Exxon, AT&T, and other organizations that seriously studied success at work (The Leadership Architect® Technical Manual, 2010). The Leadership Architect® Library consists of 67 Competencies and 19 Career Stallers and Stoppers which roll up into 21 leadership characteristics for success and 5 negative characteristics that can derail a career (Lombardo & Eichinger, 2009).

Since most competency libraries have tremendous overlap, consider these selection criteria as you’re looking for the right competency library:
• **Accessible, practical, and simple.** Line managers are most likely to adapt and use competencies if they are written in clear, practical terms – not HR-speak. For example, competency libraries that define minute differences in definitions for executives versus managers or each proficiency level can contribute more complexity than value.

• **Normative and validity studies.** Regular studies identifying the skill level of the general population ensure that your success profiles are based on the most up-to-date research available. Validity studies ensure that the competencies identified in the library still function as distinct skills and are organized in the appropriate themes.

• **Global relevance.** For large, multi-national companies it’s important that success profiles be valid on a global scale. A global sample in the norms and validity studies can ensure that cultural nuances are taken into account when identifying the leadership skills required for success.

• **Consulting support or self-sufficiency.** Seasoned competency modeling experts can lead you through the process of success profiling and help you integrate competencies throughout your talent management practices. Alternatively, having the option to become certified and “do it yourself” offers additional flexibility.

• **Integrated tools and resources.** Access to resources that explain the competencies, standardize assessment, offer suggestions for development, or provide selection criteria help you integrate competencies into the everyday practices of your people managers. With integrated and scalable tools and resources, a competency model becomes the foundation for an integrated talent management system.

• **Intellectual property license.** Having the rights to the content allows you to alter and customize it for your organization. It makes it easy to integrate it into leadership development programs, career development materials, or your intranet.

• **Languages available.** For competencies to be the lingua franca of talent management in your organization, they must be translated and localized. Your associates around the world need to be able to speak competencies in their own language and cultural context.
2. **Align success profiles to the organization’s mission, vision, values, and business strategy.**

Involving executives who have contributed to setting the organization’s vision and business objectives promotes a direct link between what needs to be accomplished in the future and the leadership skills that will get you there. Alternatively, if executives are unable to provide the time required, have a competency consultant provide an expert coding to translate the mission, vision, values statements, or business objectives into the leadership competencies required to deliver in those areas. This step is critical because these are the unique qualities of your organization’s culture and strongly influence the right mix of competencies required for success at your organization. Executives do not always know which competencies matter most (Orr & Sack, 2009). An expert translation can be an effective way to validate the competencies that would be most critical to success.

3. **Identify the target areas for success profiles.**

Depending on the context, you may want to focus on creating organization level, position level, functional area, or role-specific success profiles.

- **Role-specific success profiles** based on job analyses are often used to create job descriptions, guide behavioral-based interviews, generate development plans, aid in selection for assignments and promotions, and, generally inform workforce planning activities.

- **Functional area success profiles** highlight the leadership skills that are most critical for different areas of the business. For example, while Creativity might be mission critical for Marketing, it is less likely to be mission critical for Finance.

- **Position level-specific success profiles** are often used to enhance development, career planning, and succession planning.

- **Core organization competency profiles** reflect the set of critical competencies required throughout the firm to shape the organizational capabilities and culture required to achieve the strategic intent (Ruyle & Orr, 2010 in press).

You may want to focus on creating organization level, position level, functional area, or role-specific success profiles.
In many cases, a comprehensive competency model will have more than one of these components. Figures 1 and 2 illustrate two of the many ways comprehensive competency models might be structured. A competency model could specify leadership competencies by core, position level, and functional area (see figure 1). In a slightly altered approach, a competency model could highlight core competencies, and position level competencies - grouped by theme (see figure 2). The success profile for a specific role is found at the intersection point in the competency model. For example, the success profile for a VP of Finance would include the core leadership competencies, executive level leadership competencies, and the leadership competencies for the Finance function.

Figure 1
Example of a competency model that specifies leadership competencies by core, position level, and functional area.
4. **Consult the research and the experts to know which competencies are most critical for success in different contexts.**

Empirical studies have analyzed which leadership skills are most strongly correlated with high performance ratings, business outcomes, and promotion. Conversely, studies have looked at how weaknesses in certain skills or the presence of problematic stallers and stoppers contribute to demotion or termination. For example, studies show that Motivating Others\(^1\) and Strategic Agility are both competencies significantly correlated with performance at all levels of leadership (The Leadership Architect® Technical Manual, 2010). Using these research findings can help you pick the most powerful competencies for your success profiles.

Competency modeling experts are an invaluable resource to tap. They have observed successful leaders in many contexts and have the experience to know how to identify the right competencies to include in a success profile. Because they have conducted competency modeling exercises for numerous organizations across many functions and levels, they have developed a database of best in class

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\(^1\) All competencies referenced in this paper are from the Leadership Architect Competency Library, a research-based set of 67 competencies and 19 stallers and stoppers. These competencies with their associated definitions and developmental remedies can be found in FYI For Your Improvement (2009) and are the copyrighted and proprietary intellectual property of Lominger International, A Korn/Ferry Company. All rights reserved.
profiles for many key functions and roles. Relying on these expert and research-based profiles can give you access to some of the best subject matter experts in your industry.

5. **Identify key stakeholders to participate in the development of success profiles.**

Key stakeholders could include executives, HR or OD experts, or subject matter experts who are stellar performers in the target position. Involving various contributors provides a wide perspective on what is mission critical for a particular role or position. Be careful not to cast the net too wide, however. Too many opinions can dilute the final product. Be selective and involve the right stakeholders. The act of involving key stakeholders goes a long way in acceptance and adoption of the success profiles when you are ready to roll them out to the organization.

6. **Design future-oriented success profiles.**

Success profiles, as compared to traditional forms of job analysis, are designed to focus on what’s required for future success (Sanchez & Levine, 2009). Success profiles are intended to help leaders achieve the business vision and strategies which are future-oriented; therefore, success profiles need to mirror that future orientation. Rather than a description of what makes people successful today, the question we want to answer is what competencies will be critical for success tomorrow given potential future challenges, expectations, and deliverables that will be required for the role or position. Expert facilitation of the competency modeling process is one way to ensure that the stakeholders’ mindsets stay future-focused.

7. **Classify competencies as price-of-admission versus competitive-edge.**

It can be tempting to include a long list of competencies. Those who have gone through this exercise know how hard it is to winnow the list down. Many HR practitioners wonder how many competencies to include in their organization’s competency model. It depends. It depends on how many competencies are needed to accurately predict high performance. It depends on how many competencies the organization has an appetite for. And, it depends on how HR intends to use the model. A general guideline is to select 10 or fewer...
core competencies that can create focus for the organization and another 5-15 competencies to address the skills that make a real difference for different jobs (Lombardo & Eichinger, 2002).

Another way to keep a competency model succinct and focused on differentiators is to classify mission critical competencies as either price-of-admission, something to select for, or a competitive-edge skill that will most likely need to be developed. These decisions are made by referencing what the research shows. According to normative data and developmental difficulty analysis, competencies such as Action Oriented or Perseverance are both high in skill for most people and easiest to develop, therefore they are good candidates for the “price-of-admission” classification. A recruiter might screen for these when reviewing the resume or when conducting the screening interview. Developing Direct Reports and Others is a low skill for most people and moderately difficult to develop, so this would be a competitive-edge competency in the “select for” category. Innovation Management is a weakness for most people, so this would be something the organization would want to invest in developing. Classifying competencies into price-of-admission, select for, or develop for allows for a more fine-tuned approach and keeps employees focused in the areas that are most critical to develop (Hallenbeck & Eichinger, 2006).

8. **Link leadership competencies to technical/functional competency models.**

Leadership competencies account for most of what makes a person successful (Lombardo & Eichinger, 2002). However, specific technical/functional skills are important as well. Thinking through how to seamlessly link leadership expectations with professional skill requirements can complete the picture for leaders. For example, your organization may have core organization-wide competencies as well as competencies identified for each level of leadership. Layered on top of that may be technical/functional competencies for functions such as Finance or job families such as business analyst or project management (see Figure 3). This provides an employee with a broader understanding of the requirements for success for both the level (manager) and the function or technical area (design). Leadership competencies and technical/functional competencies can link up in job descriptions, assessments, learning and development, succession planning, and career-pathing.

Classifying competencies into price-of-admission, select for, or develop for allows for a more fine-tuned approach and keeps employees focused in the areas that are most critical to develop.
Implementing Success Profiles

Oftentimes the effort and investment around the development of competency models far exceeds the care and attention given to ensure that the competency models are integrated into HR practices and introduced to employees in the organization. Plan to spend at least as much time and effort on implementing success profiles as you spend creating them. Here are some suggestions to keep in mind as you begin applying the success profiles you worked so hard to create:

1. **Evaluate current talent management practices and what motivates leaders to determine the best place to begin integrating competencies.**

Where to begin? It’s a big question. It’s important to take an inventory of your current HR and talent management practices and evaluate how embedded they are in the organization. Processes that are widespread and well-implemented may be a harder place to start because of the change management involved. On the other hand, less
Where to begin?

Identify the greatest need and begin there – other talent management practices will follow.

Another way of determining the best place to begin integrating competencies is to consider where competencies would most influence leaders’ behavior and where you would see results most quickly. Depending on what motivates leaders in your organization, you could consider various starting points. Perhaps leaders feel valued when they receive individual assessment and coaching – you could start with a multi-rater assessment process. Perhaps leaders in your organization attach tremendous value to leadership development programs – you could build a curriculum based on the success profiles. If leaders in your organization are most driven by career opportunities, you could focus on developing competencies through on-the-job assignments. Or, if you think it will be challenging to inspire behavior change with existing employees, you may begin using a competency-based interviewing and selection process for new employees.

2. Enable your integrated talent management processes with the right technology.

Consider the underlying technologies that link your talent management processes. You will likely want to embed the organization’s success profiles in your Human Resource Management System (HRMS) or Learning Management System (LMS), communication portal, or other system that allows you to communicate and update the content as needed. Ensure that the applications you have in place are able to draw upon the appropriate inputs and provide the appropriate outputs to other HR applications - a critical foundation for all future efforts to integrate processes. By mapping the interactions of processes and conducting a future state/current state gap analysis, you can assess the best place to begin your efforts to integrate competencies into talent management processes (Rice, 2010).
3. **Start at the top.**

Setting expectations with employees regarding leadership behaviors will fall flat unless senior leaders are on board. Get buy-in from senior leadership teams that these are the leadership behaviors critical to any leader’s success in the organization. Consider providing executives with a multi-rater assessment so that they can get feedback on their strengths and weaknesses. By asking for feedback and creating an improvement plan for themselves, they are modeling the behavior they want the rest of the organization to adopt.

4. **Give something before expecting something from others.**

Before you get too eager to assess and evaluate everyone against the mission critical leadership skills, make sure that you are setting them up for success. In some cases, you might be raising the bar on leadership expectations. Or perhaps the content of the success profile is different from the behaviors that have been rewarded in the past. Either way, it will be important to provide employees with development resources so that they feel set up for success. Consider introducing employees to the competencies in a positive, purely developmental setting before you put competencies into selection tools or even multi-rater surveys. This will help build goodwill and promote the overall adoption of competencies into the organization.

5. **Anticipate that you will revisit and refresh your success profiles.**

Business strategies change. The competency model you create and roll out to the organization needs to reflect adjustments in vision and direction. Think about how you will communicate these changes and make updates to materials and resources employees are using. For example, you may find a way to house success profiles on a centralized drive and encourage employees to download them as needed. This would allow you to make revisions as necessary. Communicating the long-term plan for using success profiles in your organization will also reassure employees that this is not a passing fad – it’s a new, strategic way to integrate talent management efforts.

6. **Determine how you will measure your results.**

What is the business impact you expect to see based on your efforts? Set your targets in key areas such as skill development, engagement, higher productivity, performance ratings, reduced
turnover, or more ready-now candidates for key positions. While it is very complex to measure, it is not unrealistic to assume that a best-in-class integrated talent management system will result in increased shareholder value (Pfeffer, 1998; Huselid, 1995).

**Conclusion**

The charter for strategic HR is to identify, develop, and deploy top talent in order to enable an organization to achieve its strategic objectives. By identifying the competencies that are mission critical for success and providing the support for leaders to meet those expectations, strategic HR provides a lingua franca – a common language – for talent. Competencies become the link that integrates talent management practices from interviewing and selection, onboarding, assessment, leadership development, succession management, and deployment.

Competency modeling helps HR functions leverage their strategic roles by vertically aligning different HR practices to organizational strategic objectives. In addition, competency modeling facilitates the integration of talent management practices by horizontally aligning various HR practices (Bowen & Ostroff, 2004). When different HR processes are designed and implemented using the same model, it creates a holistic, self-reinforcing system. For example, when organizations select, develop, reward, and promote employees on the same set of competencies, the consistency unambiguously communicates to employees the strategic importance of these competencies. This creates a strong organizational climate that contributes to the establishment of high performance work systems (Bowen & Ostroff, 2004).

A less obvious but equally important implication of integrated talent management is the consistency of HR practices across boundaries including job families, business units, and geographies. Because competencies apply to various jobs and functions, competency-based HR practices act as connective tissue in an overall HR system. With competency-based HR practices, different functions, different jobs, different positions become inter-related, making integrated and systematic talent management possible. This type of integration is particularly important for flattened organizations that call for boundaryless working systems (Barnes-Nelson, 1996) and globalized organizations that require standardization across cultures.
Talent management professionals along with line managers will become more adept at using competencies to manage talent - paving the way for more fine-tuned, sophisticated competency-based talent management systems.

Looking ahead, what do the next two decades hold for competencies and competency modeling? For one, we can only imagine that the technology systems that support the integration of talent management systems will become increasingly sophisticated. More detailed and more integrated data will allow HR professionals to become very precise as they assess, develop, and deploy talent across an organization. We also expect to see additional breakthroughs in the science of leadership specifically regarding what variables predict success in various positions or functions. Finally, we anticipate that talent management professionals along with line managers will become more and more adept at using competencies to manage talent - paving the way for more fine-tuned, sophisticated competency-based talent management systems.
References


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The Korn/Ferry Institute was founded to serve as a premier global voice on a range of talent management and leadership issues. The Institute commissions, originates and publishes groundbreaking research utilizing Korn/Ferry’s unparalleled expertise in executive recruitment and talent development combined with its preeminent behavioral research library. The Institute is dedicated to improving the state of global human capital for businesses of all sizes around the world.

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