ULEAD (UL)

UL COMPLIANCE TO PERFORMANCE
LEADERSHIP FORUM 2016

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Track II:
Developing a Competency Management Strategy

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Areas Covered

In a recent survey of UL clients, more than 80% of respondents agreed that "Competency Management" programs that measured technical skills were important to "critical to quality" initiatives. As an employee progresses along a defined competency level, management can correlate this progress to compliance and business outcomes:

- Reduced Manufacturing Cycle Time
- Reduction in Scrap
- Reduced audit observations

In this session, you will understand how a competency management program can help your organization build the skilled and agile workforce necessary to gain a competitive edge.

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Areas Covered

The WHAT

The WHY

The HOW

The MODEL

The STRATEGY
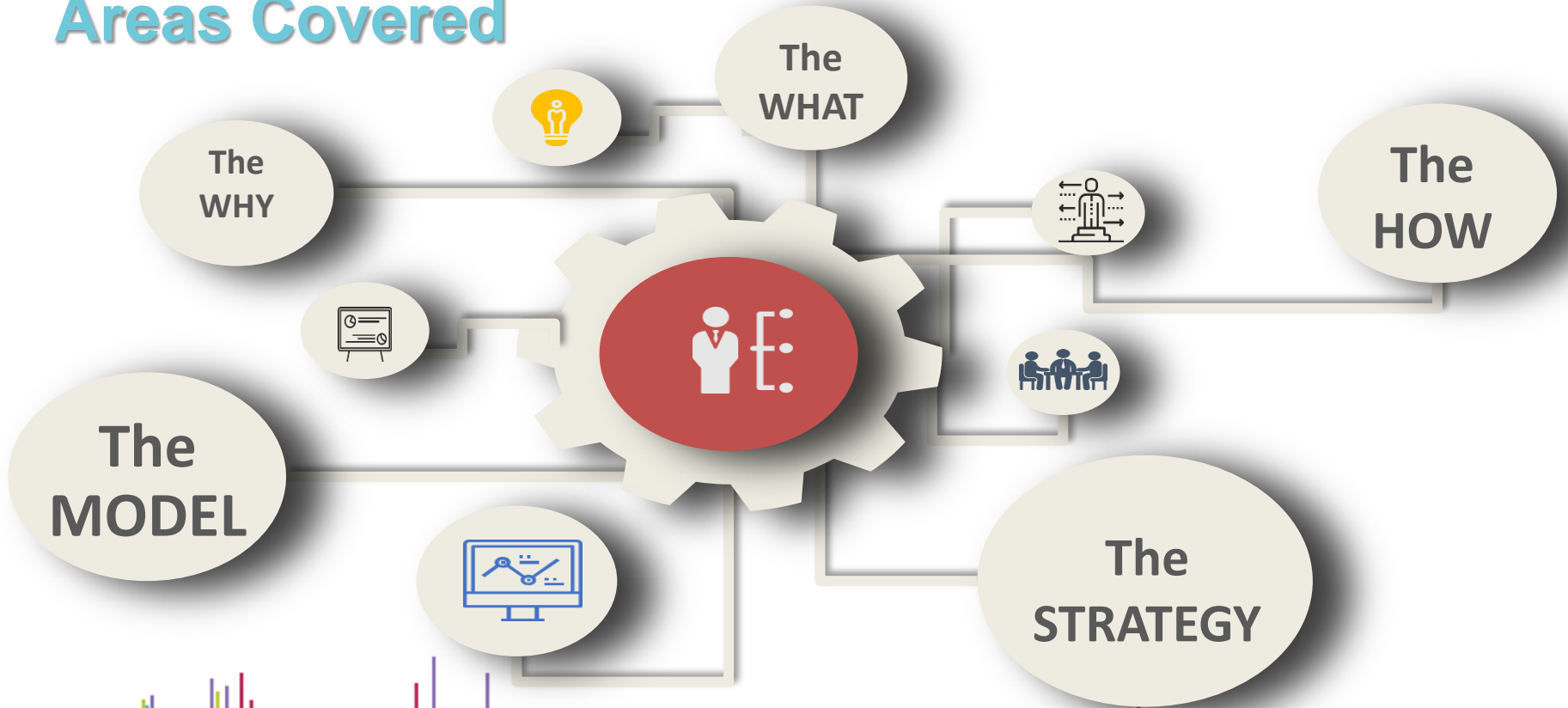
Define:

competence

A cluster of related abilities, commitments, knowledge, and skills that enable a person (or an organization) to act effectively in a job or situation. Competence indicates sufficiency of knowledge and skills that enable someone to act in a wide variety of situations. Because each level of responsibility has its own requirements, competence can occur in any period of a person's life or at any stage of his or her career.

BD BusinessDictionary

Source: http://www.businessdictionary.com/definition/competence.html

What Is Competency Management?

- A business lever to identify and assess knowledge, skills, abilities, and behaviors critical for:
    - Achieving business goals
    - Improving individual performance
    - Meeting compliance regulations
    - Optimizing talent actions, decisions, and practices in an integrated fashion:

What Does Competency Mean?

- How is competency defined in your company?
- How is competency management defined in your company?

We must speak a common language or have a great translation tool that is easy to use before taking any further steps

"The Why"

Today's Talent Challenges

recruiting
retaining
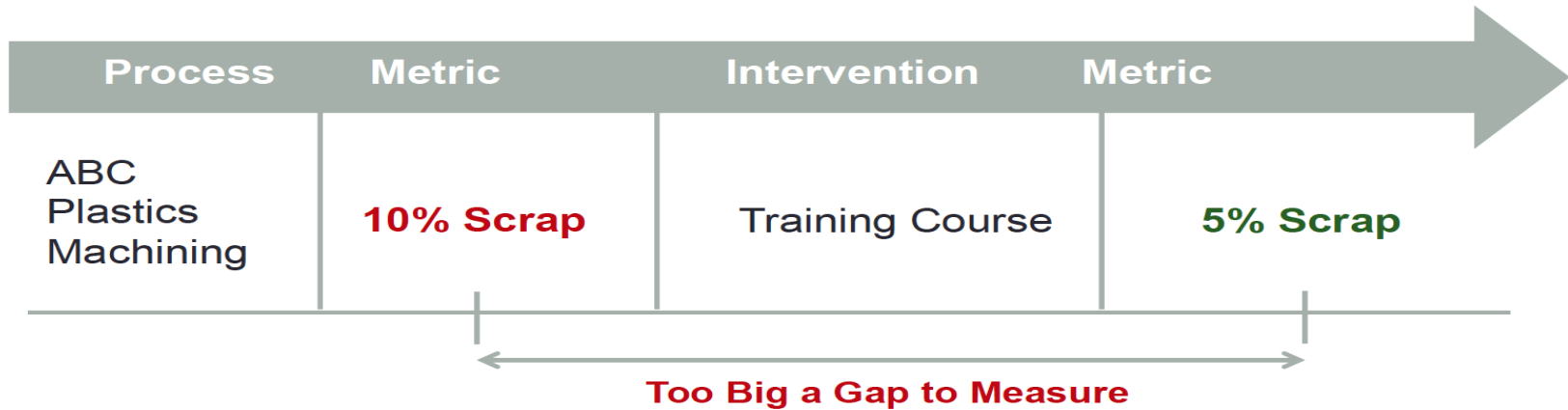compliance
developing
sustaining

The Benefits of Competency Management & Competencies

- Science-based data informing requisite behaviors
- Improved talent planning
- Healthier talent pipeline
- Integrated talent actions, decisions, and processes
- Compliance with industry and other regulations
- Improved employee performance
- Improved operational efficiencies

Using Competencies to Measure Business Performance

Process	Metric	Intervention	Metric
ABC Plastics Machining	**10% Scrap**	Training Course	**5% Scrap**

Too Big a Gap to Measure

Don't Measure Training to Metric...

Measure Training to Competency Level to Metric.

ABC Machine Competency:
- Training Materials
- Performance Support

Competency Level:
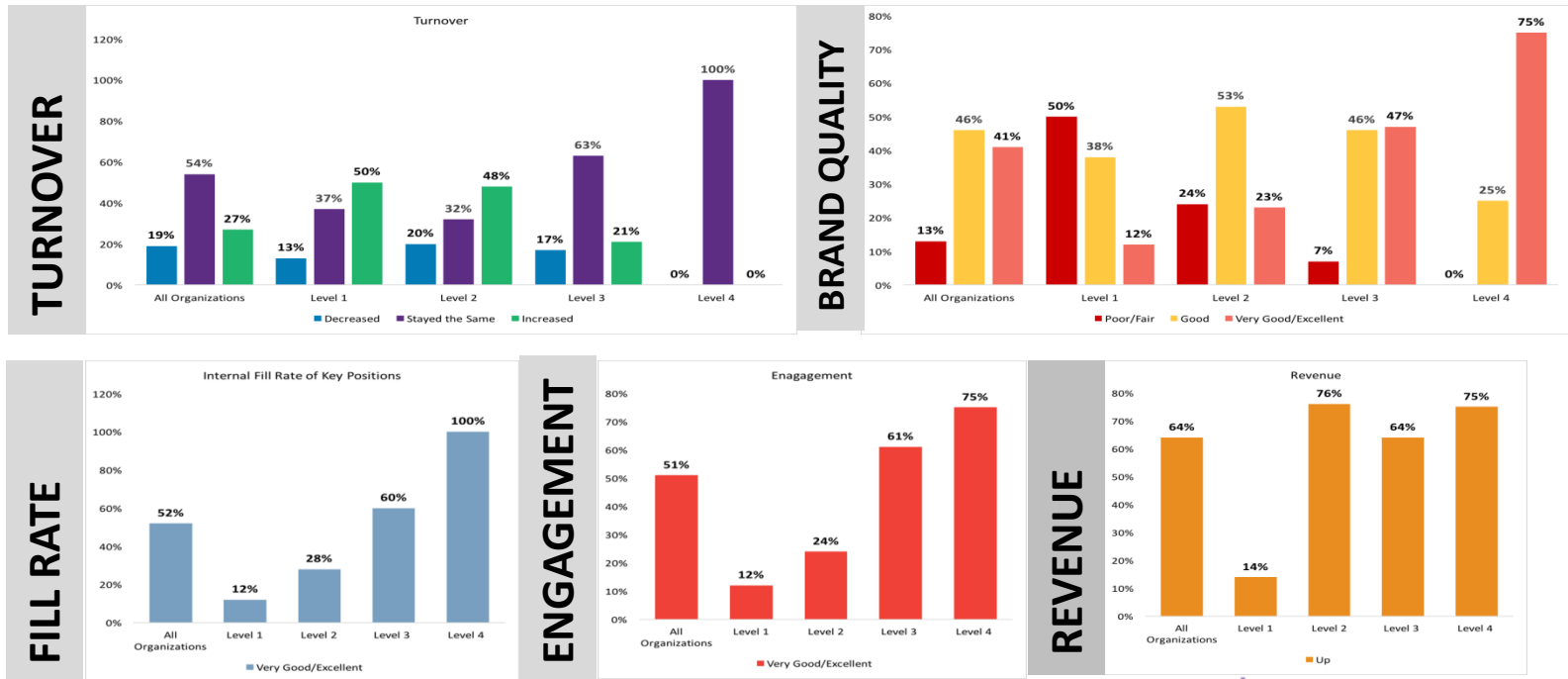- Rater Assessment
- Knowledge Level
- Performance Data

10% Scrap   **75% to 93%**   **5% Scrap**

High Performance Competency Management Yields Better Business Performance

TURNOVER — Turnover
- All Organizations: Decreased 19%, Stayed the Same 54%, Increased 27%
- Level 1: Decreased 13%, Stayed the Same 37%, Increased 50%
- Level 2: Decreased 20%, Stayed the Same 32%, Increased 48%
- Level 3: Decreased 17%, Stayed the Same 63%, Increased 21%
- Level 4: Decreased 0%, Stayed the Same 100%, Increased 0%
- Legend: Decreased, Stayed the Same, Increased

BRAND QUALITY — Brand Quality
- All Organizations: Poor/Fair 13%, Good 46%, Very Good/Excellent 41%
- Level 1: Poor/Fair 50%, Good 38%, Very Good/Excellent 12%
- Level 2: Poor/Fair 24%, Good 53%, Very Good/Excellent 23%
- Level 3: Poor/Fair 7%, Good 46%, Very Good/Excellent 47%
- Level 4: Poor/Fair 0%, Good 25%, Very Good/Excellent 75%
- Legend: Poor/Fair, Good, Very Good/Excellent

FILL RATE — Internal Fill Rate of Key Positions (Very Good/Excellent)
- All Organizations: 52%
- Level 1: 12%
- Level 2: 28%
- Level 3: 60%
- Level 4: 100%

ENGAGEMENT — Engagement (Very Good/Excellent)
- All Organizations: 51%
- Level 1: 12%
- Level 2: 24%
- Level 3: 61%
- Level 4: 75%

REVENUE — Revenue (Up)
- All Organizations: 64%
- Level 1: 14%
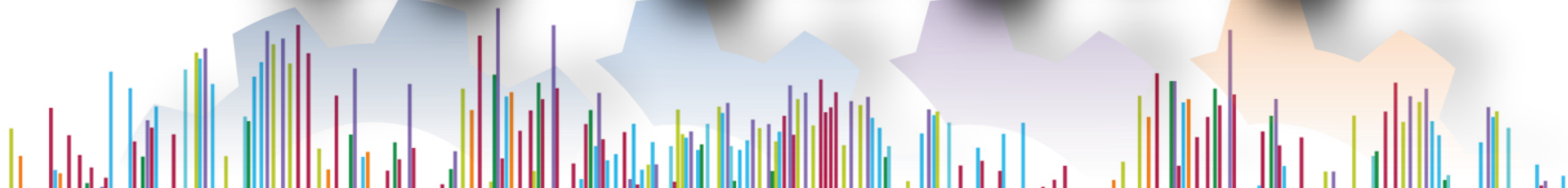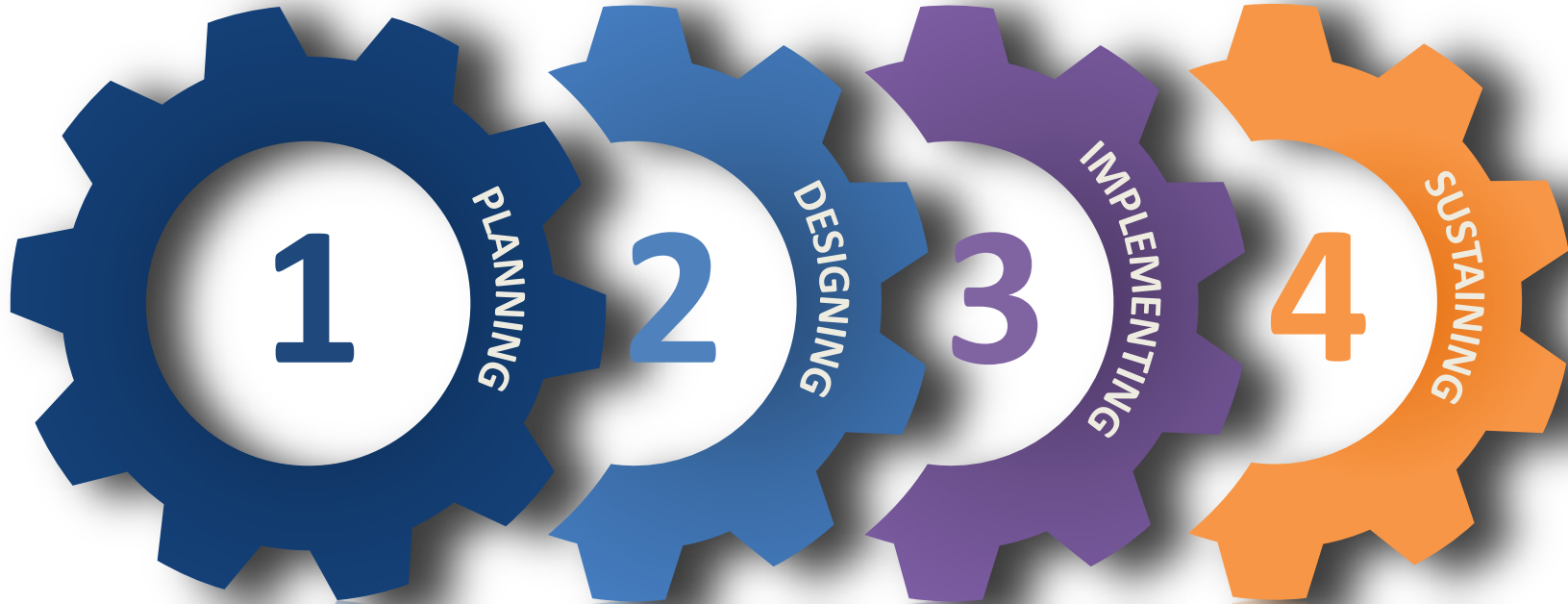- Level 2: 76%
- Level 3: 64%
- Level 4: 75%

The Pre-Work to Strategy Development & Execution

- Understand your culture/environment
- Prepare and plan for known conditions (risk-based approach)
- Anticipate and plan for unknown conditions (risk-based approach)
- Develop/Test/Execute Governance Strategies & Plans
- Develop/Test/Execute Communication Strategies & Plans
- Develop/Test/Execute Tools/Technologies
- Make time to reflect/share at different levels
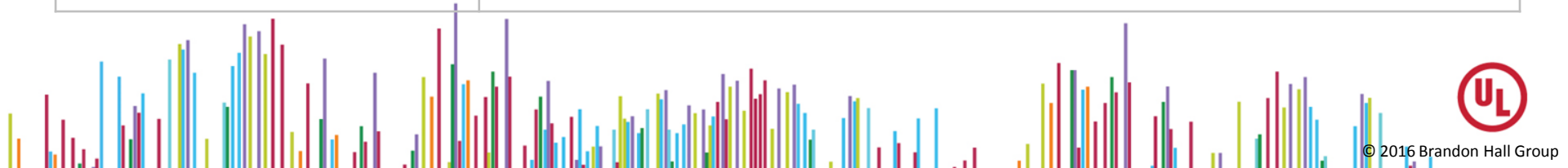
The Challenges and Issues of Competency Management

Because of insufficient upfront knowledge and planning around these competency management issues, 69% of organizations said their competency management was only somewhat, or not at all, effective

| Implementation Phases	Leading Practices	
Planning	• Identify business goals • Understand compliance regulations • Define competency strategy • Identify critical talent segments and key job roles • **Identify critical competencies**	• Define behavioral descriptors • Create success profiles • Define launch plan strategy • Understand stakeholders' needs • Define budget and technology requirements • Identify success metrics
Designing	• **Build a competency model** • Define cascaded proficiency levels	
Implementing	• Integrate with other talent processes • Engage stakeholders • Communicate stakeholder benefits	• **Implement multiple competency measurements** • Take baseline of each success metric • Engage executives and other senior business leaders
Sustaining	• Assign business leader accountability • Capture metrics, compare against baseline, and share with stakeholders • Review and revise competency model regularly to keep aligned with changing business goals	

Most Challenging Leading Practices	Implementation Success Secrets
Identify critical competencies	• Use predictive talent analytics and interviews and focus groups with star and average performers in critical talent segments and key job roles • Define behavioral descriptors using appropriate level of detail and ensuring behaviors progressively build
Build a competency model	• Include all four competency types in your model: core, leadership, functional, and career competencies • Include only those competencies in your model that drive achievement of business goals • Keep the number of competencies in your model to a minimum – 7 to 10 is usually ideal • Consider buying an off-the-shelf competency library & tweaking competencies, behavioral indicators, &proficiency scales to meet your business needs
Implement multiple competency measurements	• **Include data from manager, employee, and peer reviews** • **Include data from knowledge assessments** • **Include performance data from internal systems**

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"The Model"

Competency Model: a definition and example

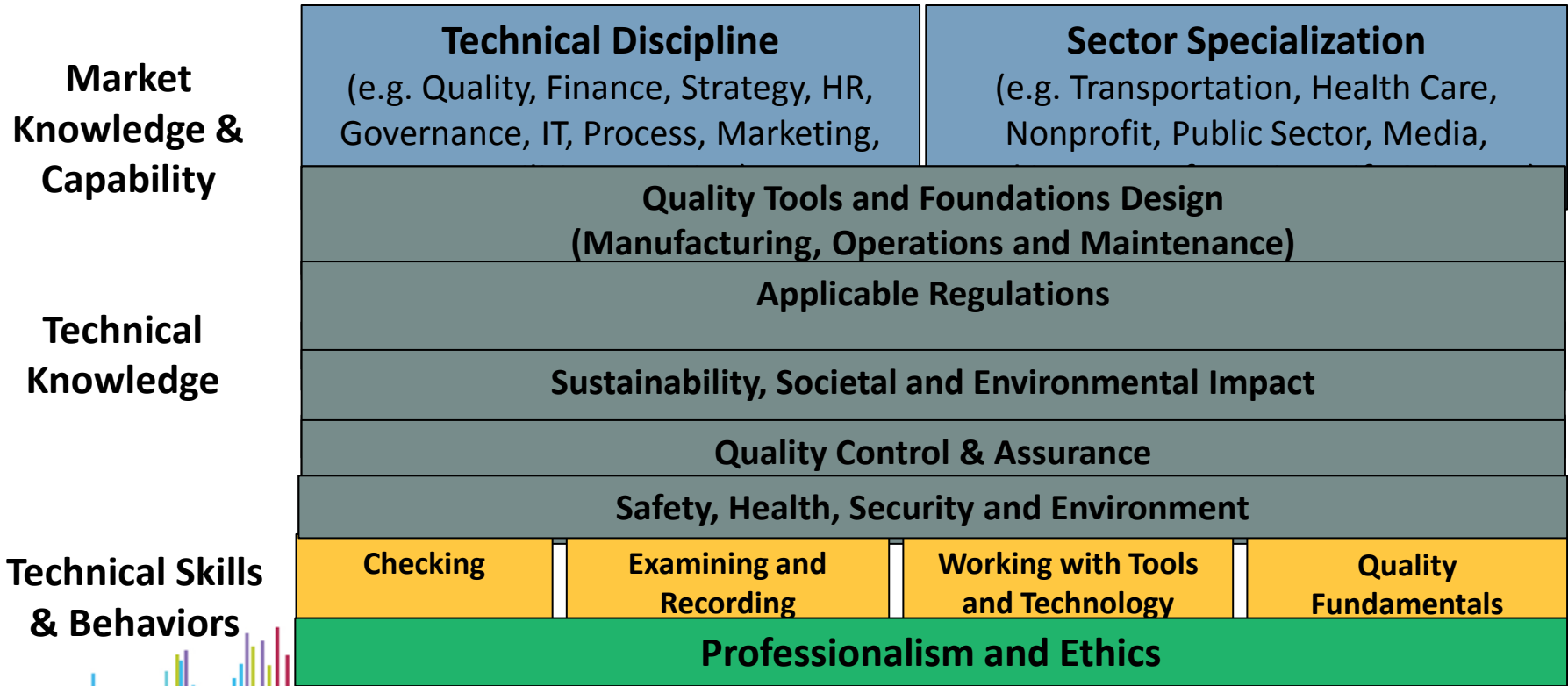A set of key competencies aligned with an organization's business goals.
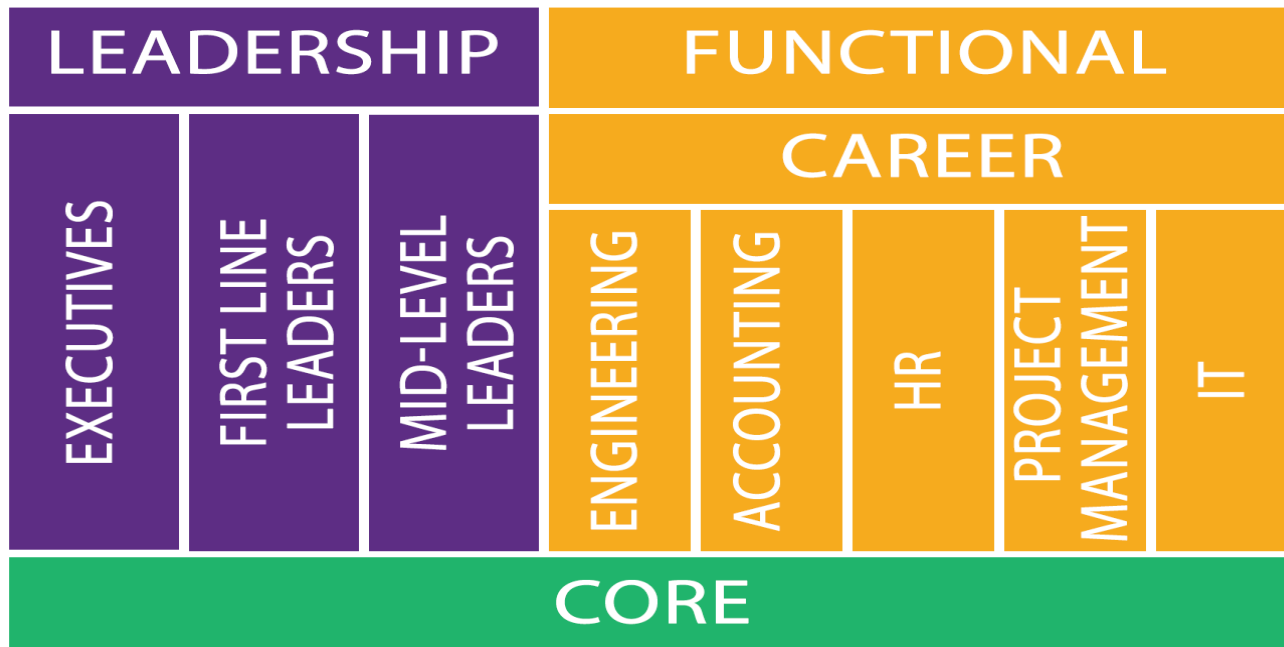
Competencies: a definition and example

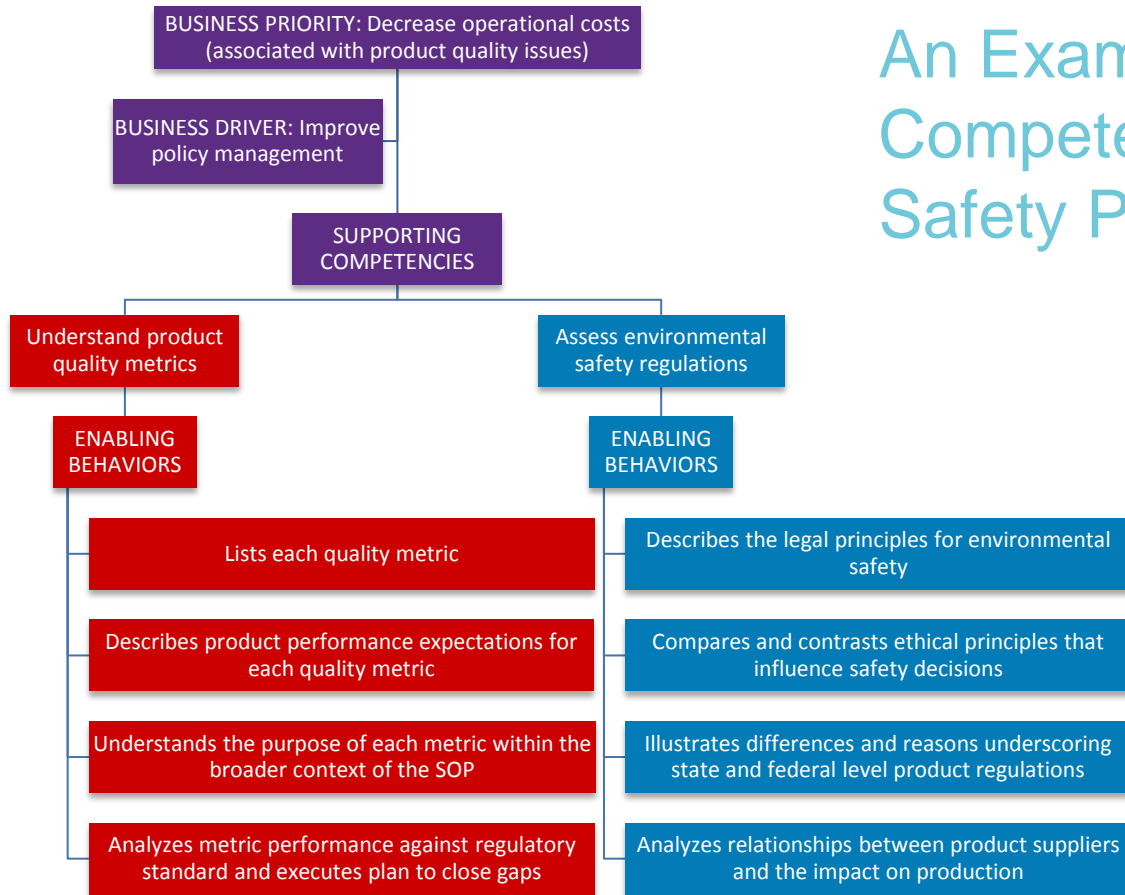**Competencies** are knowledge, skills, abilities, and behaviors.

Sample Competencies of Selected Organizations				
Organizations	Core Competencies	Leadership Competencies	Functional Competencies (could be technical and/or nontechnical)	Career Competencies
3M	Integrity, respect, teamwork	Customer focus, communication, innovation, integrity, problem solving	Resource planning, risk management	The set of core, leadership, and functional competencies that job function to describe the skills required to move up within a particular job role or between job roles.
American Express	Communication, customer focus, integrity	Adaptability, initiative, reliability	Claims management, risk analysis	
Boeing	Communication, safety, teamwork	Challenges, integrity, results-oriented	Purchasing negotiation. Operations safety	
GE	Communication, teamwork	Balance, honesty, integrity	Digital marketing, SQL coding	
Procter & Gamble	Communication, integrity, respect, teamwork	Fairness, honesty, respect	Product testing	
Walt Disney	Communication, customer focus, safety, teamwork	Consistent, creative, detail-oriented	Project management, strategic marketing	

Quality Functional/Technical Competency Model

Market Knowledge & Capability	**Technical Discipline** (e.g. Quality, Finance, Strategy, HR, Governance, IT, Process, Marketing,	**Sector Specialization** (e.g. Transportation, Health Care, Nonprofit, Public Sector, Media,

	Quality Tools and Foundations Design (Manufacturing, Operations and Maintenance)
Technical Knowledge	**Applicable Regulations**
	Sustainability, Societal and Environmental Impact
	Quality Control & Assurance
	Safety, Health, Security and Environment

Technical Skills & Behaviors	**Checking**	**Examining and Recording**	**Working with Tools and Technology**	**Quality Fundamentals**

Professionalism and Ethics

An Example of Mission Critical Competencies for Product Safety Plant Operations Roles

BUSINESS PRIORITY: Decrease operational costs (associated with product quality issues)

BUSINESS DRIVER: Improve policy management

SUPPORTING COMPETENCIES

Understand product quality metrics

Assess environmental safety regulations

ENABLING BEHAVIORS

ENABLING BEHAVIORS

Understand product quality metrics	Assess environmental safety regulations
Lists each quality metric	Describes the legal principles for environmental safety
Describes product performance expectations for each quality metric	Compares and contrasts ethical principles that influence safety decisions
Understands the purpose of each metric within the broader context of the SOP	Illustrates differences and reasons underscoring state and federal level product regulations
Analyzes metric performance against regulatory standard and executes plan to close gaps	Analyzes relationships between product suppliers and the impact on production

"The How"

Build Your Functional Competency Model

1	2	3	4	5	6
Competency Dictionary	Proficiency Scale	Competency Model	Success Profiles	Communicate	Review & Revise

Automate The Process

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An Example: Build Your Functional Competency Model

Steps	Actions
1. Create the competency dictionary	Select 7-10 leadership competencies and functional competencies per segment and job family mission critical to compliance and business goals an define behavioral anchors for each competency
2. Define the proficiency scale	Decide upon number of proficiency levels Define each level in context of behavioral anchors and segment and role
3. Create the model	Include core, leadership, functional, and career competencies
4. Build success profiles	Start with critical talent segments and key job roles Consider requisite competencies, experience, and attributes needed now and going forward
5. Communicate the model and profiles	Include all stakeholders
6. Update the model	Review the model regularly – at least as frequently as compliance regulations and business goals are reviewed/changed Revise the model to align with changing compliance and business goals
7. Automate the competency process	Evaluate and select competency technology to ensure enterprise-wide application of competency management and comprehensive competency measurement & reporting

Steps	Outputs
1. Identify the business priority	Decrease operational costs (associated with product quality issues)
2. Identify the business driver	Improve policy management

3. Identify the supporting competencies and enabling behaviors:

Critical Technical Competencies	Behaviors
Understands product quality metrics	• Lists each quality metric • Describes product performance expectations for each quality metric • Understands the purpose of each metric within the larger context of the SOP • Analyzes metric performance against regulatory standard and executes plan to close gaps • Anticipates required metric performance for go-forward safety goals
Assesses components of the environmental safety regulations	• Describes the legal principles for environmental safety • Compares and contrasts ethical principles that influence safety decisions • Illustrates differences and reasons underscoring state and federal level product regulations • Analyzes relationships between product

Align & Define

Competency Proficiency Scale is a defined rating or measurement that assigns an expected level of competence on a given competency.

Customer Focus

Customer Focus is the ability to focus on the unexpressed or future needs of current and potential end customers and/or clients. Outstanding employees and leaders recognize that delighting internal and external customers/clients requires an ability to put themselves in the minds of others and anticipate needs from their views. They spend time with clients, customers, and others in the marketplace to understand the underlying, unmet needs that our organization can address.

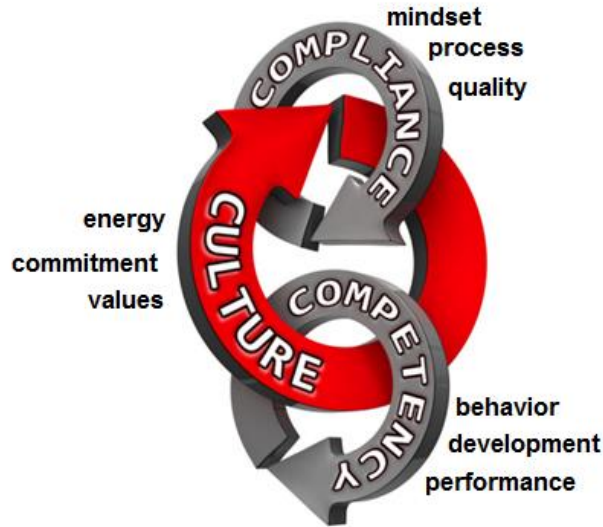| First Level Leaders & Employees	Mid Level Leaders & Employees	Senior Level Leaders & Employees	MASTERY LEVELS (1 Low; 5 High)	BEHAVIORAL DESCRIPTORS
			1. Takes responsibility to meet expressed needs	Asks questions to understand client/customer's current needs Follows through with appropriate actions and/or information to meet the requests of clients/customers Maintains clear communication with clients/customers regarding mutual expectations
			2. Demonstrates service by going beyond what is expected	Proactively acts to make a situation better for a client or customer group by going beyond normal service Over-delivers on stated commitments to exceed expectations on stated needs Proactively identifies and executes those action steps that will delight a client or customer group
			3. Possesses understanding of others' situation or business	Takes the time to actively learn about the stated needs by asking questions, getting various perspectives, and exploring how our organization can add value. Spends time in the marketplace or with internal customers to explore existing, unmet needs and ways that current organizational capabilities can address these needs
			4. Focuses on creating and developing the right solutions to address specific needs	Positions team and self as a true partner so as to engage in healthy, open dialogue about best solutions Demonstrates the vision for our organization in an engaging way to generate commitment to achievement of objectives Enables employees to perform at their best by setting direction, providing structure, and providing needed information
			5. Identifies unmet needs in the marketplace or internal customer group	Uses understanding of the broader marketplace or internal customer to identify long-term benefits and value, and adjusts our organizations business plans accordingly, often in advance of the marketplace's own awareness of need for change Engenders a climate in which our organization's executives and employees are encouraged to track and analyze the broader marketplace to identify and solve unmet marketplace-wide needs

Questions to Consider As You Initiate High Performance Competency Management

1 Are we clear about our process for identifying the competencies that uniquely drive achievement of our business goals? If not, from whom do we still need to gather input?

2 Do we have stakeholder consensus on what our competency proficiency scale will look like? If not, from whom do we still need to gather input?

3 Do we have technology from which our competency model will be accessible by stakeholders? If not, what is our process for gathering executive-level approval and what functionality will be critical to support our competency model?

4 Do we have reasonable and appropriate budget to enable Level 4 automated competency management implementation?

5 What business metrics will we baseline and gather post-implementation to indicate the business impact of our competency management?

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Factors For Realistic Implementation of Competency Management Programs:

mindset
process
quality

energy
commitment
values

behavior
development
performance

COMPLIANCE

CULTURE

COMPETENCY

Strategy	Knowledge
Tools / Technology	Resources

Thank You