

The Design of a Leadership Competency Model

Translating Strategy into Capability to Deliver

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Traditional leadership competency models are notorious for providing too much information, with dozens of categories, competencies, levels of competencies, and proficiencies described in a single model.

It is not uncommon for organizations to spend countless dollars and months—even years—developing competency models that are intricate, time-consuming to read, difficult to understand, and nearly impossible to execute.

The problem with competency models is mainly derived from their roots in academia. In this world of research, the value of a model is largely predicated on how much variance it can explain to predict the future. As such, complex models are welcomed with open arms in an effort to explain employee behaviour.

In our experience, business leaders strongly dislike working with large and dense competency models. They find large models difficult to comprehend and navigate. Instead, they want a model that is easy to understand, linked to the challenges the business is confronted with, and which is easy to adopt when it comes to selection and development.

The Importance of Alignment

Study after study has found that strategic talent management is more likely to have a positive impact on business success when there is alignment.

First, the talent strategy must align to the business strategy. This means that an organization's approach to talent must enable the organization's accomplishment of its business objectives.

Second, there must be alignment across all talent management practices. When talent management practices are integrated, the different practices and processes reinforce each other, and they have a more powerful overall effect on how human capital is positioned to support the business.

Third, how work is accomplished must be aligned, both to achieve efficiency and to facilitate effective collaboration across all levels of the organization.

For many organizations, competencies have become the golden thread that links all talent management practices together and aligns the talent strategy to the business strategy.

“Leadership is always contextual, and competencies for success vary greatly by strategy.”

Competencies and its Contribution

At the heart of any successful activity lies a competence.

Competencies are characteristics that individuals have and use in appropriate, consistent ways to achieve desired performance. These characteristics include knowledge, skills, personal attributes, and ways of thinking, feeling and acting.

Competencies, which are causally related to superior performance in a job, play a role in:

- Improving organizational performance
- Increasing the ability to deliver against a given strategy
- Supporting culture change
- Enhancing the effectiveness of learning and development interventions
- Improving processes associated with recruitment and selection
- Clarifying role requirements
- Leader development
- Succession management
- Integrating talent management systems and processes.

Leadership Competency Framework

A leadership competency framework is a collection of competencies, identified as necessary for success in leader roles given the context of a chosen strategy.

The framework:

- Reflects the unique success profile for the business
- Sits at the core of effective talent management practice
- Should be aligned with the challenges of a chosen strategic path
- Should articulate the values of the business
- Should be refreshed from time to time to confirm its continued relevance.

The framework communicates what the organization stands for, and what is expected of its leaders given the context of its strategy. A competency framework should be linked to key business metrics such as:

- Profitability
- Increased revenue
- Customer satisfaction
- Employee engagement.

Tying Competency to Strategy

Tying competencies to organizational strategy is a matter of knowing what challenges the business (and by implication its leaders) will face during the next 2–5 years.

These challenges determine the competencies that must be emphasized.

Knowing how your strategy plays out in challenges is imperative, because whatever is demanded should be modeled against. This notion is sometimes referred to as results-based leadership since its focus is what competencies will drive the results the business is trying to achieve.

The process involves the following steps:

- An analysis of the business context, corporate situation and business strategy
- A review of strategic priorities
- An identification of key business challenges
- A confirmation of organizational values and the desired leadership culture
- A distillation of the associated key leadership challenges.

With this foundational understanding, the design team is now able to translate successful strategy execution into behavioural terms (or competencies). This analysis provides the foundation for subsequent detail design.

Before embarking on detail design, a concept framework invites input from the executive team, senior leaders and the talent management team. The design outcome is a competency framework that supports strategy delivery.

“The leadership competencies needed to achieve breakout growth vary greatly depending on a company’s strategy.”

Our Design Philosophy

As stated earlier, a leadership competency framework should be directly linked to the business strategy, and the key challenges this strategy poses to leaders across all levels.

We endorse an approach that results in a concise, clear, and relevant framework that leaders and employees can understand and apply to their roles.

Our belief is to balance comprehensiveness with practicality to maximize the level of buy-in from users. Rather than coming in with some preformed bias in terms of what great looks like for a role or level, we come in curious to learn what great leadership truly looks like within the context of the client's own world.

We start out with a blank canvas, then bring it to life based on what we hear from key client stakeholder interviews, and the findings of our comprehensive desk-review.

We ultimately believe context is king, and hence the emphasis on developing an understanding of the client's business context, strategy and its underlying leadership challenges.

Whereas every organization is unique in its strategy, culture, environment, and values, there is absolutely no reason to assume great performance in one company will look the same in other companies. In fact, we assume just the opposite when designing a framework.

Our work is influenced by two models:

- Levels of Work (based on Stratified Systems Theory), and the
- Drotter Leadership Pipeline.

Steps in the Design Process

The design of a leadership competency framework involves several steps:

- Context, strategy and structure analysis
- Identification of critical leadership competencies
- Concept framework design
- Stage One-verification and approval
- Detail design
- Stage Two-verification and tweaking
- Final verification and sign-off.

Design Methodology

The design is preceded by:

- A detailed enquiry (to understand the client's need), and
- Agreement on process, deliverables and timelines.

The design process includes:

- Conversations with:
 - » Members of the Executive Team
 - » Senior leaders
 - » Talent Management Team
- A comprehensive desk-review (of business context, strategy, business performance, talent management practice).

The conversations are aimed at uncovering the three-to-five year strategy and identifying the high-leverage behaviours that are unique to execution.

Summary

Job descriptions should come stamped with expiry dates.

Given the speed of business, any standard list of duties and responsibilities will go stale much faster than a loaf of bread.

That is why organizations rely on competencies, or the measurable skills and attributes that lead people to succeed at their work, as a better way of describing and classifying talent needs.

But major forces—globalization, economic shifts, opportunities presented by technology, flattening corporate structures—are revealing that not even competency frameworks have an infinite shelf life.

Organizations are now asking for competencies that are more aligned to their current pain points and future needs. They also need frameworks that can flex to meet volatile business conditions within specific industries.

When adopting and implementing a competency model, organizations should consider shifting toward a lean, simplified approach. Such an approach makes it possible to rapidly ground leaders in the core constructs they need to know—regardless of the context in which they operate—and empower them to lead more effectively, faster.

Shifting to a leadership competency model that is clear, concise, and easier to understand than traditional approaches, can help organizations adapt faster to a rapidly changing environment, and focus on outcomes.

“Anchor critical competencies in all talent management processes.”

About the Talent Institute

The Talent Institute is a privately held boutique professional services firm that specialises in strategic talent management consulting. Specifically, we focus on helping clients develop and implement strategies and practices to more effectively manage the selection, deployment, development and retention of talent to support current business strategies and to prepare for future challenges.

Our core competency lies in our ability to interpret talent analytics in the context of strategy and business impact, and the use of predictive intelligence to inform risk mitigation, capability development and talent investments.

Grounded in organizational psychology, we leverage research, analytics, expertise and industry insights to enable business performance by removing the guesswork from making decisions about people.

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