

Why are competencies  
and behaviours so important  
for your business?

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## WHAT ARE COMPETENCIES & BEHAVIOURS

The Webster dictionary describes the meaning of the word competent as;

“Having or showing the requisite or adequate ability or qualities”

Therefore, a person who is described as being competent at a given job has been able to demonstrate that they have the ability and personal qualities required.

How have they been able to demonstrate that they are competent? They have been able to do this by their actions and achievements. Actions are by their very nature observable by others. By being observable they are akin to behaviour, which according to the Webster dictionary means;

“The manner of conducting oneself”

In sporting terms, it is very easy to see the direct link between a competent sports person, and the manner they conduct themselves or behave in their chosen arena. Competencies required by sports people appear easily identifiable to observers or spectators. In rugby union for example, competencies such as being able to catch, pass, tackle, kick and run are at the core of the player’s ability to conduct themselves well on the field.

The sports person’s core competencies are also easily linked to the objective of their given sport. Again in the example of rugby union, it would be difficult to score points and defend a score without players that can demonstrate their core competencies on the field.

So for a coach selecting players for a rugby union team, the objective is clear, select people who have the core competencies to score and defend points. Deciding who stays and who gets dropped is a matter of observing the manner in which each player demonstrates the identified core competencies on the field.

For business managers the priority for selecting people is exactly the same. As such managers need to select people who have the core competencies to achieve the objective of making money for the business. Where it becomes more difficult for

business, is in clearly defining the core competencies in a given position that most contribute to the company's objective.

Position descriptions usually include a component on skills and abilities. In many instances these are based on an historical view of what is required for a given role. Whilst in a basic sense they are no doubt an adequate description, they don't always represent the correct mix or priorities of skills to ensure the best team is selected.

The business environment is constantly changing, and the competition we face today especially from Asia has changed the game for most manufacturers. When competition changes the nature of the game, then core competencies need to be reassessed. Whilst the objective of winning for sport or making money for business remains the same, the competencies required may need to be redefined to ensure that they represent what is needed to win in the new competitive environment.

The sporting example that best describes the need to reassess the competencies required to win as a result of a change in the game, is cricket. To be successful at test cricket does not guarantee success in one day cricket. Understanding how to win in each form of the game drives the identification of the different emphasis on the competencies required.

Clearly defined competencies that are linked back to the objective of the business help to drive better selection of people, provide a better understanding of the development required, and provide a more objective performance management system.

Having core competencies explained in behavioural terms provides the basis for a common understanding across the team of not only what is required to succeed, but how people who are successful conduct themselves.

## **HOW DO THEY BENEFIT MY BUSINESS**

Deming states that 85% of all quality problems are management problems, that is, symptoms of a malfunctioning system. If you accept Deming's view then it carries that 15% of all quality problems are attributable to employees.

Arguably most surveys of employees would endorse this view with perhaps management not being quite as convinced. An alternate view is that good people show initiative in addressing organizational shortcomings and make things happen. If this alternate view is correct then it should follow that management invest a great deal of time and effort in developing a process for recruitment that ensures that they recruit only good people whatever "good" people means.

CTC is currently undertaking a survey of companies across a number of market sectors. This survey is to determine the processes used to select people, and if the selection process is driven by a clear understanding of job competencies derived from corporate objectives. The anecdotal evidence is that while companies have a shopping list of requirements for a given role, this shopping list is rarely if ever derived from a rigorous process that has clearly identified the core competencies required, and their order of priority. As such any recruitment shopping list is not able to be easily linked back to corporate objectives and strategies.

This lack of rigorous process in people selection tends to support Deming's view resulting in a malfunctioning system used by management to recruit employees, resulting in an increased chance of selecting the wrong ones instead of the right ones.

Establishing core competencies and behaviours helps to address the malfunctioning system used for recruitment, helping to target the right people for the job that needs to be done.

Once in place competencies and behaviours can be used for both new recruits and existing employees as an ongoing means of assessment against a clear set of competencies to determine their individual development needs. Having competencies that are clearly linked back to business objectives ensures that development needs are being driven by company objectives rather than by training that is perceived to be of benefit.

In addition to providing a better basis for assessing development needs, competencies and behaviours provide a more objective process for assessing performance. As such they provide a greater position of strength for management to deal with the potential of conflict that might arise over performance issues.

So in summary competencies and behaviours benefit business by:

1. Providing a prioritized set of competencies required for a given position which are clearly linked to the objectives of the business against which the right people can be recruited
2. They provide a basis for assessing individual development needs that target development in areas that are known rather than perceived to drive value for the business
3. They provide a basis for a more objective means of assessing performance and provide a greater basis of strength for management to deal with conflict that may arise from addressing performance issues

## **WHAT COMPETENCIES & BEHAVIOURS ARE RELEVANT TO MY BUSINESS**

For competencies and behaviours to be effective, not only as a tool for selecting people, but also as a means of defining development needs and performance management, they need to be developed by the people doing the job. The process used to develop the competencies and behaviours is guided by management, but the content is the product of those doing the job. Management retains editing rights, however editing is discouraged unless absolutely necessary. For this reason there is no preexisting list that can be rolled out for people in for example internal or external sales rolls. Whilst some companies may wish to short cut the process by adopting a generic list of competencies for a given role, they may improve their selection process, but they won't have built a system that best addresses development and performance management needs.

The process of developing competencies and behaviours for job roles, by its very

nature, helps employees to gain an increased understanding of the business' objectives and the activities they undertake that most contribute. A process that helps employees understand how they create value for the business is extremely beneficial, given that many employees go about their work often assuming that what they are doing is creating value, when in some cases it may very well be destroying value.

A case in point was a Team Leader of a customer service centre who was not enforcing order cut off times. His belief was that by enforcing order cut off times that customers placing late orders would not accept having their orders being delivered a day later resulting in lost orders. The result of his actions was additional stress being placed on the organizations ability to deliver resulting in late deliveries which impacted not only those that failed to order before cut off time, but also those that did. If not addressed, the ultimate outcome would be a loss of business making the attempt not to enforce cut off times a net loss activity.

What might be the related competency required by someone performing this role?

Service and or Market Offer

In behavioral terms this might be describe as follows:

The ability to understand the company's service or market offer and to rigorously comply with its requirements. To regularly assess the company's service offer based on a factual assessment of the company's offer relative to its competitors, and to provide this information to management for assessment, and not to implement random or unauthorized changes.

## **HOW ARE THEY IMPLEMENTED**

As explained in the previous section, competencies and behaviours are developed by the people doing the job by a process guided by management.

The process involves:

1. Having the employees define the business objectives and how their job

function contributes to this

2. Addressing any divergence from their definition with the actual objectives of the business
3. Given their clear understanding of the objectives of the business, then have them define the key measures they would use to assess their job roles contribution to the objectives
4. With key measures defined then have them define the competencies required by people in their role to be successful against the defined key measures
5. With competencies defined have them explain how people with the competencies would conduct themselves in their jobs

This is best done by using a cross section of people selected for one on one interviews. From this cross section of people an initial set of competencies is produced with the associated behavioural descriptions. These are then sent to all those employed in the same job roles in the business for comment. All comments are reviewed and a final version of the competencies and behaviours is produced for managements review.

Once management has reviewed and approved the competencies and behaviours they are passed back to employees by their team leader along with a formal receipt. Employees are given a period of time to again read and address any issues arising with their team leader. After all issues are addressed employees are required to confirm their understanding of the competencies and behaviours by signing the formal receipt which is included in their employee records.

On finalization of receipts a 360 review is undertaken of all employees against the agreed competencies and behaviours, to identify areas of strengths and areas for development.

Of critical importance to the process of implementation is the way in which every step in the process is communicated. The key motive is to provide a basis for better understanding of development needs so the business can provide development that is more relevant on an individual basis.

Managing feed back from 360 reviews must be handled delicately to ensure that

employees receive a balanced view of both their strengths and areas for development.

The level of skepticism and the degree of involvement by employees to develop and implement competencies and behaviours depends on a number of factors:

1. How well the exercise is communicated
2. The existing relationship between management and employees
3. The nature, motivation and commitment to previous improvement initiatives

## **HOW DO I ENSURE ONGOING RELEVANCE**

Once competencies and behaviours are implemented they need to be:

1. Reflected in updated position descriptions
2. They need to form the backbone of the recruitment process with interview questions and testing developed to target competencies
3. Competencies and behaviours need to be included in the induction process with formal receipt to be signed by new recruits
4. Competencies and behaviours should be used to assess development needs and performance during any applicable probationary periods
5. Individual development plans resulting from 360 reviews need to be actively managed by team leaders with recognition for employees who are proactive and consequences for those who aren't
6. Undertaking 360 reviews on a bi-annual basis to assess overall improvement
7. To reassess competencies and behaviours against business plan objectives and market conditions in line with the business plan cycle e.g. every five years

## **THE GCA EXPERIENCE**

GCA's challenge was to compete in the Australian market against two other dominate players being Olex Cables and Prysmian Cables formerly Pirelli, formerly MM Cables. Given the competitive nature of the market and GCA's objective to earn a premium over its competitors it needed to be selective in its choice of customers, and to provide its chosen customers with service that supported their

premium objective.

The emphasis on service required a number of organizational capabilities such as good demand management, efficient warehouse and dispatch and the best customer service centre in the industry.

GCA commenced operations in Australia with GCNZ acquiring the Brand Rex business which was the resulting business from the BICC split from MM Cables. As such the Brand Rex business was a communications cable business which now needed to sell energy cable. Having inherited an existing customer service operation, the emphasis was to develop the product knowledge of people in the customer service area. This was effective for a period but as the business grew, GCA needed to recruit more people. Initially the priority for employing people was their degree of product knowledge or industry experience. However, the emphasis on product and industry knowledge did not necessarily satisfy the business' objective of obtaining a price premium, by offering industry leading service that delighted their chosen customers.

After a time it was clear that growth and margin objectives were being hindered by the performance of the Customer Service Centre. Management recognized that a development programme was needed to develop the skills within the customer service centre so that the business objectives could be met.

CTC was engaged based on our proposal to implement competencies and behaviours into the Customer Service Centre. The resulting outcome was the identification of nine (9) core competencies (see separate document General Cables Internal Sales Work Competencies and Behaviours). This changed the emphasis away from product knowledge and industry experience, to first and foremost people who could communicate effectively, work well in teams and were self disciplined.

The result was that there were a number of people in Customer Service roles that were not suited which placed pressure on others leading to uneven work loads and poor teamwork. The pressure of developing the capability and competency of the Customer Service Centre at a time of high growth, management restructuring and record low employment has been challenging. However, it has been proven by GCA's own experience that recruiting people based on the right competencies in

order of priority as defined and prioritized by the people in the role, results in an employee who is better suited to the job.

GCA has subsequently implemented competencies and behaviours into the Wholesale Business Unit, which again has resulted in improvement in recruiting practices, the implementation of individual development plans, and provided impetus to a change in structure to provide development roles with greater accountability and responsibilities.

It is worth noting that GCA has in the last two (2) years ranked in the top ten suppliers in the MMEM supplier of the year awards. Prior to 2006, no cable company in our recollection of the award has ever achieved a top ten placing. Of course there have been many things that have contributed to GCA's achievement in this respect. However management's commitment to competencies and behaviours, that assist in selecting the right people, identifying individual development needs and more effectively manage performance are acknowledged in playing a part.

Given that the major competition can all manufacture product of similar quality, offer similar terms, product range and availability, the service offer element of the overall market offer represents the key point of differentiation. At the heart of good service is the ability to select the right people, to support them with good processes and manage performance using relevant measures. Competencies and behaviours are an important element of any strategy to differentiate on service, hence an ongoing commitment to the process by GCA.