PERENNIAL
TALENT

Competencies
by the Numbers:

Return on Investment

Competencies make the difference.

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A Growing Need for Competencies

Technological advances and a need for more **remote work** are just some of the **changes** that affect roles and **how works get done**.

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A Growing Need for Competencies

Competencies

refer to the skills, knowledge, abilities, or other characteristics defined in terms of the observable behaviours needed for success.

Competency Profile

refer to the critical 6 to 8 competencies and behaviours needed for successful performance for a given role.

Technological advances and a need for more remote work are just some of the changes that affect roles and how works get done. As the world of work continues to evolve, the need for competencies continue to grow. Organizations need to ensure that employees have the competencies needed for their current jobs as well as the jobs of the future. A recent survey found that 40% of HR leaders did not know what skills their people possessed.[1]

Only one in five employees say they have the skills needed for success in their current job and the skills needed for their future jobs.[2]

To thrive, organizations need to take the time to define the competencies needed for success across all roles. By describing it, you can measure it and make better hires, onboard people, manage their performance, and help them to learn and to grow, while navigating their own career paths.

Competencies refer to the skills, knowledge, abilities, or other characteristics defined in terms of the observable behaviours needed for success.

Competency Profile refer to the critical 6 to 8 competencies and behaviours needed for successful performance for a given role.

40%

20%

Of HR leaders did not know what skills their people possessed.

Of employees employees say they have the skills needed for success in their current job

[1]Mercer (2020). Global Talent Trends 2020: Executive Summary.
[2]Gartner Inc. (2020). Top five priorities for HR leaders in 2020.

Why Competencies Can help?

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Competencies are important because they:

1   CREATE A COMMON LANGUAGE:

Describing jobs in a measurable and observable way helps everyone to have a clear picture of what success looks like. For example, people will know what great customer service or teamwork looks like.

2   MAKE EXPECTATIONS CLEAR:

Defining the requirements for successful performance helps employees and managers to develop a clear sense of what is expected. Employees do not have to wonder what they need to know and what they should be doing on the job.

3   ENGAGEMENT:

By defining it, you can measure it. Employees can identify their strengths and developmental needs in terms of their current role and other roles across the organization that they would like to transition into. Employees can identify learning opportunities they would like to pursue to cultivate their skillset. This helps you to engage and retain your best people.

4   OBJECTIVE DECISIONS:

Recruitment, hiring, placement, and promotion decisions are made much more objective when you take the time to define the requirements in a systematic way. Employees are hired, assessed, developed, and promoted based upon objective criteria rather that subjective preferences or unrelated factors such as seniority.

ORGANIZATIONS WITH **CLEARLY DEFINED COMPETENCIES** CAN:

Engage and Retain the Best People

Grow Revenue and Keep Customers

Make Better Hiring Decisions

Reskill and Grow Their People

ENGAGE
AND RETAIN
THE BEST PEOPLE

37%

more likely to have increased employee engagement when compared to the previous year

40%

lower turnover among top performers

One of the main reasons employees decide to leave or move onto another employer is a lack of learning opportunities and chances to grow their careers.[3] People want to learn and want to grow their skills.

By defining the competencies required for success in a role, employees can assess themselves against these key behaviours to identify what their strengths are and what areas they may need to develop. This allows both the individual and the organization to identify learning priorities and to set more tailored and specific learning goals. Identifying the competencies needed for a role also allows people to share more specific performance feedback with one another. Employees can even rate themselves against the competencies required for other roles/career paths that they may wish to move into.

Identifying the competencies needed for successful performance allows you to engage and retain your best people. Using competencies in your HR processes like hiring will help to minimize the cost of turnover for which the average cost can be more than $15,000 per employee.[4]

In fact, organizations with competencies in place see the best results. They are:

- 37% more likely to have increased employee engagement when compared to the previous year[5]
- 40% lower turnover among top performers[6]

[3]Work Institute (2017). 2017 Retention report: Trends, reasons & recommendations.
[4]CareerBuilder (2019). CareerBuilder's annual survey reveals hot hiring and recruitment trends for 2019.
[5]Brandon Hall Group (2017). Great ROI awaits investors in competency management.
[6]Bersin & Associates (2012). Integrated talent management: A roadmap for success.

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"TIME SPENT ON HIRING IS TIME **WELL SPENT**."

ROBERT HALF

GROW **REVENUE** AND KEEP **CUSTOMERS**

Describing the key competencies needed for success ensures that everyone has clear understanding of what success looks like. By creating clear expectations for performance, you can help your employees to reach performance targets and go about it a way that will help your business to grow and achieve the best results.

Too often performance management is linked only to meeting a specific target (e.g., units sold, number of errors, financial target, etc.) or the "what" someone does. People who meet these targets are good performers, people who exceed targets are all stars, and people who fall short of these targets are often considered poor performers.

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The "what" someone is expected to achieve in their job is important but the "how" they go about achieving these results or the competencies/behaviours are just as important for success. For example, an employee may meet their sales target but if they do so by providing the customer with the wrong information or taking customers from their teammates then they should not be considered good performers as they are not demonstrating competencies such as customer centric and teamwork. By taking the time to define what good customer service looks like in terms of critical behaviours, you can make sure everyone delivers the best possible service.

Also, as mentioned earlier, using competencies in areas such as learning and career development, increases employee engagement. Engaged employees are more likely to deliver superior customer service and create loyal customers.[7]
By delivering the best possible customer service, the business will continue to grow and maintain a competitive advantage.

In fact, organizations with competencies in place are:

45% more likely to have increased customer retention[8]

41% more likely to have increased customer satisfaction[9]

41% more likely to have increased market penetration[10]

55% more likely to have increased revenue[11] and show a **26%** increase in market revenue per employee[12]

1.8 x more likely to anticipate and respond to change[13]

92% more likely to be able to respond to evolving economic conditions[14]

[7]Cornerstone (2016). The ROI of talent management.
[8,9,10,11]Brandon Hall Group (2017). Great ROI awaits investors in competency management.
[12]SABA (2018). Making the business case for talent management.
[13]Deloitte Consulting LLP (2018). Talent matters: How well-designed talent experience can drive growth in emerging markets.
[14]Bersin & Associates (2012). Integrated talent management: A roadmap for success.

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MAKE BETTER
HIRING DECISIONS

87%
greater ability to hire the best people

2.4X
more likely to select the right candidate with the right skills for the right job

One of the most important decisions an organization can make is who to hire. The average cost of a bad hire can be as much as $18,700 per employee.[15]

You have probably heard of hiring managers who have decided to hire someone because they "have a good feeling about them" or they "have a strong handshake" or because they "made great eye-contact during the interview." The problem with considering these types of factors is that you are likely to miss out on quality candidates.

The solution is defining the key requirements and competencies for a job. Once defined, you will need to identify tools that you can use to measure or assess the behaviours listed in the competency profiles. This will allow you to consistently and objectively measure how well a job candidate's competencies fit the requirements for the job.

Organizations with mature hiring programs, including competency profiles:

- Have an 87% greater ability to hire the best people[16]

- Are 2.4 x more likely to select the right candidate with the right skills for the right job[17]

[15,17]Deloitte Consulting LLP (2018). Talent matters: How well-designed talent experience can drive growth in emerging markets.
[16]Bersin & Associates (2012). Integrated talent management: A roadmap for success.

RESKILL AND GROW
THEIR PEOPLE

25%

increase in the time it takes employees to learn skills

94%

increase in an employees' willingness to stay with their current employer

60%

of employees promoted and developed internally perform better than employees that are hired outside the organizaiton for similar positions

After competencies have been defined for a role, an employee can assess themselves against these key behaviours to identify what their strengths are and what areas they may need to develop. They can then set learning goals and identify learning activities tied to competencies that they may wish to work on.

Defining the key requirements and competencies for all jobs also allows employees to gain a clear understanding of the expectations for their current role as well as any roles they may wish to move into. This helps people to feel engaged and find roles that not only fit their interests but their competencies as well.

In fact, organizations with learning and career development programs, including competency profiles, report:

- 25% increase in the time it takes employees to learn skills[18]

- 94% increase in an employees' willingness to stay with their current employer[19]

- 60% of employees promoted and developed internally perform better than employees that are hired outside the organizaiton for similar positions[20]

[18]Gartner Inc. (2020). Top five priorities for HR leaders in 2020.
[19]LinkedIn Learning (2018). 2018 Workplace learning report.
[20]SHRM Foundation (2015). Weighing internal versus external hires.

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THE KEY
TO **RESULTS**
IS **ACTION**

Want to learn more about how you can define and use competencies to:

**Engage and Retain
the Best People**

**Grow Revenue and
Keep Customers**

**Make Better
Hiring Decisions**

**Reskill and Grow
Their People**

Schedule a 15-minute call
with one of our consultants to see how we can help:

Christine: https://calendly.com/christinelamothe
Andrea: https://calendly.com/andreabutler/15min
Dan: https://calendly.com/dvanderwerf/15min

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