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# Introduction

Competency Management is a process that involves outlining what skills an individual needs to perform to a set of requirements. In the workplace this often means employees being fully competent and skilled at their roles.

Traditional training often involves reading material or watching videos and then taking a test to prove retention of the information. While this works in many cases, it does not always prove that person is fully competent to the requirements. For example, an individual can do well on a test but not do well

when they perform the skills in a real setting. This becomes especially important in industries with legal requirements, or where health and safety is of concern such as manufacturing, construction, healthcare, law enforcement, and more.

Competency Management can be a more comprehensive approach to learning and development. It includes traditional test-taking, but also on the job training, mentorship, coaching, self-initiated learning, and more.

Here at CABEM we have studied talent management in

many different industries and as a result of our findings on areas of improvement, created our Competency Management system. In this e-book we will share some of what we have learned about competency, how to better train workers, build actionable competency models, and more.



# What's the Difference Between Trained and Competent?

On the job training is an essential part of a company's employee development process. Whether it's new hire onboarding, annual renewals, or equipment training, it is crucial that your employees not only complete the training but understand the material and

perform to your expectations in the field.

But in today's world of regulations and standards it is no longer enough to simply train your workforce. Organizations must establish an employee development program that addresses each layer of job expectations and proves competency to those requirements, not only training to them, to guarantee your workforce is prepared and confident.

## Traditional Training Methods

With the advancement of technology we've seen an

incredible improvement in the process of delivering employee trainings. What once consisted mainly of in person demonstrations and paper assessments has evolved to encompass an unlimited range of options. From virtual classrooms to interactive evaluations, there is no doubt the world of training has become more accessible, diverse, and inclusive than ever before.

The introduction of LMS software (Learning Management System) completely changed the field in terms of efficiency and accountability in employee development. It became easier to create, organize, and assign trainings, materials and assessments to large groups of employees at once. Tracking and monitoring employee progress also became much easier with the ability to view data in one place. The capability to

# TRAINING



TESTS



VIDEOS



CLASSROOMS



ON THE JOB



COACHING



MENTORING

automate and centralize all training related information gave HR and managers more flexibility and free time to focus on other job responsibilities. It allowed organizations to account for a wider variety of learning styles.

## Training Misconceptions

While learning management software programs have provided more capability and flexibility to the training process, it seems the thinking behind employee training itself has not adapted at the same pace. Many companies use an LMS as a standalone method of training

by creating courses or modules with corresponding assessments. Some still use the more traditional classroom learning method, only now in a virtual environment instead of physical. The problem with this kind of approach to employee learning is that it can only account for the material covered in the classes.

After a training exercise, employees are expected to retain that learned information and apply it appropriately on the job. Not to discredit the importance of training, as it provides the information and conceptual knowledge needed to perform, but classroom or

online trainings often fail to address the skills development necessary in the field and in practical application.

Overlooking skills training or failing to thoroughly track progress can lead to incompetencies in your employees and gaps in your workforce. The actual training is a necessary step, but there are often multiple steps for employees to be deemed

fully competent by the organization and be confident in themselves that they can perform their job well.

## What it Means to Be Competent Vs. Being Trained

In recent years, the idea of competency management has become increasingly popular in various industries. According to

# COMPETENCY



HARD SKILLS



SOFT SKILLS



KNOWLEDGE



BEHAVIOR



EXPERIENCE

business excellence consultant [Peter Holtmann](#), “Competency is best described as the demonstration of acquired skills against an expected outcome.” The difference between being trained and being competent is that a competent employee has completed a set of requirements and can perform to expectations in the field consistently. Typically, a trained employee has only completed one component of a potential competency model. That is not to say all trained employees are incompetent, but it is far more difficult to track and prove competence based solely on trainings. Competency is

achieved through the combination of multiple levels of knowledge acquisition.

## The Price of Incompetence

Every business knows that in order to succeed you must have a qualified and diligent workforce supporting all business operations. Incompetence is never taken lightly and certainly not ignored once identified. But unfortunately, it can be difficult to identify and address in a timely manner especially without an established competency framework.

# Why Competency Management is the Next Big Thing in Learning and Development

Many organizations have realized the benefit of using an online training software, with the LMS (learning management system) market

projected to grow almost 4x by 2022. But it is not easy to standardize the trainings of individuals throughout your organization and to make every person fully competent. Some of the main challenges include:

- Creating learning and development programs that cater to a variety of learning styles based on an individual's learning preferences and demographics.
- Disseminating these programs to the entire organization in an efficient and effective way.

- Tracking the results of these training programs in ways that allow for informed decision-making that improves the entire organization.

## Training

### Misconceptions

Many companies use an LMS as a standalone method of practice, creating courses or modules with assessments such as true/false, multiple choice, and short answer. This can be effective, but companies need to put employees in real life conditions to challenge them, check their abilities and safety measures, and ensure they are competent

in their jobs. Some LMS programs cover this with ILT (instructor led training) and OTJ (on the job training), but this needs to be at the core of learning and development programs, not an afterthought or extra module.

### Skills vs. Competencies

In order for an organization to shift from traditional training to competency-focused methods, it is important to understand the difference between skills and competencies. The difference is subtle and can be nuanced, but it is extremely important to an organization's success.

Context is key. Competencies are the skills within the context of the employee's responsibilities, distinguished by role, department, or even location. For example, a set of competencies required by a manager at a distribution center would be different from those needed by a manager at corporate headquarters.

Keep in mind:

- These requirements will continuously change, which makes it even more critical that they are documented and formalized.
- Competency is different in each industry.

Even for individual organizations within an industry (for example Ford vs. Toyota in automotive manufacturing), there is no standard on what being "fully competent" is, so any software that addresses competency management should be flexible to account for this. Each organization has its own goals and idea of what competency is. This also applies to different



sectors such as aerospace vs. automotive manufacturing standards.

Competencies are useful to employees because, as the NIH stated, "Competencies focus on specific training and development opportunities that will help employees grow and strive for excellence."

## Can Competency Management Apply to Your Business?

While there are challenges associated with this approach, competency-based thinking is applicable to any size of

business and in virtually every industry.

Startups and medium-sized businesses may encounter growing pains if they make a jump in employee size or add another office at a different location. Their training methods at one location may not be as effective at the next location. They now need better methods for training a workforce that is not only increasing in size but is more spread out. Having a formal competency management approach in place can help prevent or solve these problems.

And in enterprise and Fortune

500 companies, especially those that are looking at acquisitions, management may utilize an LMS for training, but not have the software capability to formalize and communicate the organization's culture, philosophy, and soft skills effectively. In addition, any acquired firms may have used training methods that are very different from those used in the parent company. Competency management can help to assimilate new acquisitions and help the entire organization perform more consistently and effectively.

What we often have found in

studying large companies is that they have pockets of expertise and knowledge that are hidden within the organization. With the right competency system, it is easy to acknowledge and share this employee expertise with the entire organization.

As [eLearningindustry.com](http://eLearningindustry.com) said, "Corporations have to adapt fast to changing environments; so do the employees of those companies. To make the change smooth, HR managers should know precisely what skills the company's staff already has and what competencies they are lacking." Once a company has this information, it can organize

training to fill in gaps in knowledge and skills.

## Competency Management Aligns Itself with Business Goals

A competency management software system is also beneficial because it allows management and other decision makers to take a step back to affect the organization as a whole, not just their department or direct reports.

The collaboration and knowledge-gathering of subject matter experts in departments

such as quality, safety, HR, and more is important to develop a consistently high-performing organization.



# How to Create Competency Models

It's important to keep in mind that the goal of any Learning and Development program is to produce fully competent employees. As mentioned earlier, software should be flexible to the unique operations and goals of an organization, and this extends to an individual's unique learning preferences as well.

Competency models can include:

- Identification of core competencies needed on a job
- Highlights of other soft skills for an individual to develop
- Links to other talent processes
- Alignment with business goals

Competency Models can be written down in a list format, or a visual table or graph. They can be built for an individual role, but are more effective when they take into account learning pathways of an individual in a specific career trajectory. For example a technician at a

warehouse facility needs specific hard and soft skills, but he or she will need to learn skills in the future to be promoted to foreman.

Individuals learn in different ways. Some learn visually, by reading, by doing, and more. We go into this in more detail later in this E-book. Technology today is advanced enough to address these different learning styles for individuals, so why is it that most corporate training programs deliver tests in a standard manner to every person? These standardized tests are effective for some, but not equally effective for all.

That is why it is crucial to build competency models that identify the core competencies employees need, are flexible in their completion methods, and can evolve over time. These models serve as a blueprint for superior performance.

## Elements of a Competency Model

**Competency models** can take a variety of forms, but as CareerOneStop.org points out in the excerpt below, they usually include the following elements:

- Competency names and detailed definitions

- Descriptions of activities or behavior
- A diagram of the model

For example, a competency model for the soft skill “Teamwork” could be defined as:

- Establishing constructive and solid interpersonal relationships;
- Treating others with courtesy, tact, and respect;
- Working effectively with others, regardless of organizational level, background, gender, race, or ethnicity;

- Working to resolve disagreements, attempting to persuade others and reach agreements;
- Abiding by and supporting group decisions; and
- Facilitating team interaction and maintaining focus on group goals.

And this model of Teamwork could consist of behaviors such as:

- Handling differences in work styles effectively when working with coworkers,
- Capitalizing on strengths of others on a team to get work done,

- Anticipating potential conflicts and addressing them directly and effectively,
- Motivating others to contribute opinions and suggestions, and
- Demonstrating a personal commitment to group goals.

While these models can often be as simple as a bulleted list, a visual diagram can help leadership and direct reports get a better sense of how the competencies are interrelated and their key features. They can also include information on how the requirements of the hard or soft skills are different at various levels of experience.

Once the model has been put in place, the best way to implement it is with competency management software, although it can also be applied with a combination of an LMS, word documents, and spreadsheets.



## Competency-based Training Example in Manufacturing

The Manufacturing Institute has developed the

**Advanced Manufacturing Competency Model.** In this model some of the workplace competencies include:

- Understand how one’s performance can impact the success of the organization.
- Demonstrate an understanding of market trends, the company’s position in the marketplace, and defined market segments.
- Understand the position of the company’s product/ service with regards to market demand.

Any worker possessing the above competencies will make

them a more valuable employee. And as you can see, workplace competencies encompass much more than the technical skills required for job performance. In this Advanced Competency Model, they also include issues related to business ethics, legal/ financial issues, environmental, health and safety, and social responsibility issues.

## Competency Model Example in Human Resources

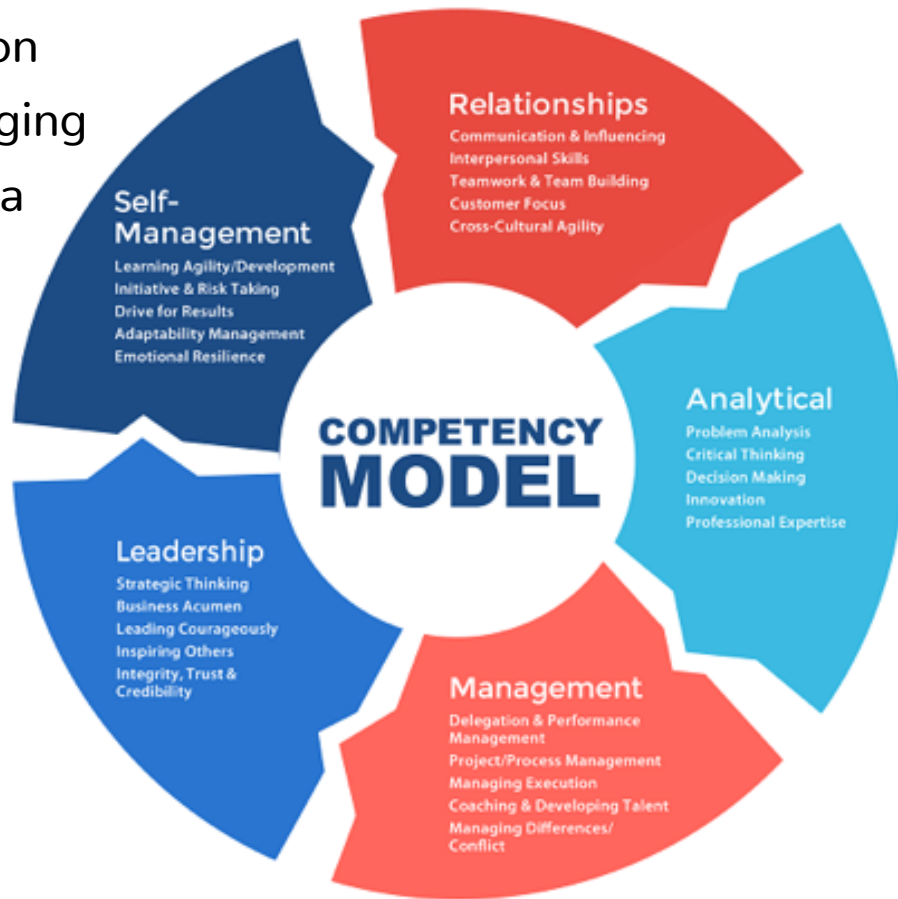
Not all competency models have to be industry specific and can have broader use to Human Resources as well.

## Assessment Associates

**International**, a recruiting firm, recently noted, “Organizations are fluid and dynamic. Technologies and processes change, and competitive pressures regularly alter how jobs are defined. Less supervision, increased technical skills, greater use of information technology, and the ever-changing nature of work itself all create a need for a different set of competencies.”

AAI also goes on to describe how competency models can not only help with the learning and development of current employees, but can aid in the process of hiring to determine what to look for in a candidate

and career pathways for each individual from day one. Look at their version of the competency model below.



## Value of a Competency Model

It's important to keep in mind that while they may not realize it, all companies already have some sort of competency management program in place, because if their employees weren't competent they would be out of business!

But the purpose of a formal competency management system and competency modeling is to identify what makes the best members of the organization special, and translate that to the rest of the business. Cheryl Lasse for TD.org explains the value of a competency model by saying that "In essence, the

value of a competency model is that it identifies what skills each person in the company must be able to do to be "great."

Bear in mind that in today's competitive business environment, the need for competency models is more acute than ever.

Lasse goes on to elaborate the importance of this value, saying:

- The pace of change has accelerated—and with it, the skills required to be successful continue to change.
- To survive today, companies must continuously innovate, which

only increases the changing skills required.

- People stay in the same job for less time and, therefore, people need to be able to become “great” without as much experience as they had in the past.
- New workers entering the workforce want to be able to make an impact more quickly; they want to know how to be “great” right away and are motivated to get there.

Managers need to know what hard and soft skills are required for themselves and their direct reports to be high-performing

workers and maximize their talent management potential. And if they can do this effectively, it leads to more motivated individuals and success for the company.

# Is Competency Management Software More Effective Than Learning Management Systems?

Learning Management Systems (LMS) are utilized by countless organizations to train employees throughout various stages of their careers. But according to recent studies, they may not be

as effective as once believed. A survey by the [Brandon Hall Group](#) found, “44% of companies are looking to replace their LMS within the next two years.” And, unless changes to their technology strategy are made, “they will most likely find themselves perennially in the replacement group.”

## How a Competency Management System is Different From an LMS

As stated in an article from the [International Journal of Manpower](#) “The competency approach to human resource

management is based on identifying, defining and measuring individual differences in terms of specific, work-related constructs, especially the abilities that are critical to successful job performance.”

And as discussed above, a trained employee is not necessarily always a competent one. Being able to prove and sign off on an employee’s competence gives a company the peace of mind that their team is completing tasks effectively and safely. Mark Homer, in his article [Skills and Competency Management](#) says, “It is most important to identify which particular set of key skills

is required for the business to achieve its strategic goals.” When deciding what to train employees on, an organization must ensure that these hard and soft skills align with the overall priorities of the enterprise. This is more easily captured with competency management systems over learning management systems.

## Competency-based Systems Make Trainings Flexible

Multiple completion methods of skills are necessary to provide employees the ability to prove their overall competency.

The Institute for Learning Styles Research has identified seven styles in which people learn.

These include:



Print: Printed or written words.



Aural: Refers to listening.



Visual: Seeing visual depictions such as pictures or graphs.



Haptic: Refers to sense of touch.



Interactive: Refers to verbalization.



Kinesthetic: Whole body movement.



Olfactory: Refers to sense of smell and taste.

These many preferred ways of learning will also affect the ways in which people prove something has been learned and retained. Many current LMS



programs do not provide flexibility to learners who struggle with traditional test taking and therefore cannot provide a clear picture of competency within an enterprise.

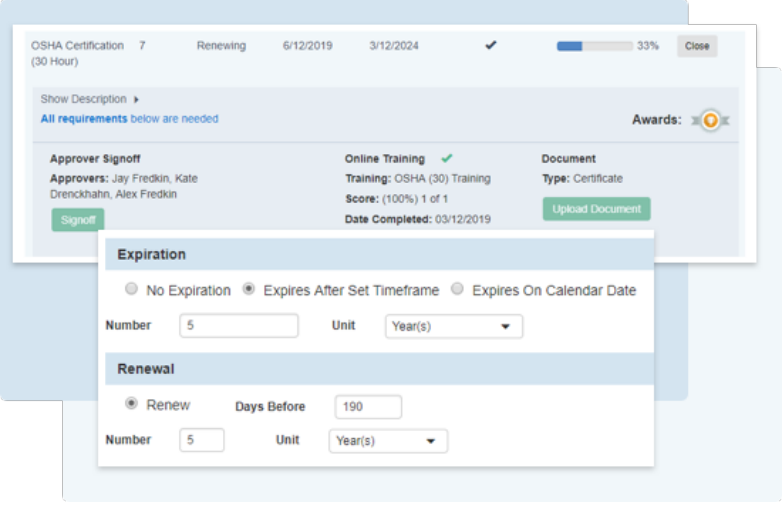
Managing competency enables team members to not only prove they are competent to their current role in a variety of ways, but to also continually improve their knowledge, skills, and behavior, all while addressing their unique learning styles. A few examples of completion methods in modern systems may include:

- Manager and subject matter expert (SME) signoff
- User signoff
- Performance assessments
- Certification or credential upload

These methods can be independent or mutually assigned to ensure all employees are fully competent.

Keeping track of all this information without software has proven to be a daunting task for many industries, especially heavily regulated ones that must be compliant to ISO, OSHA, and other standards. For

this reason, a comprehensive competency management system should come equipped with skills gap analysis, risk priority assignments, and other modules that provide automatic and actionable reporting. A gap analysis allows administrators to easily view the number of missing competencies required for employees to satisfy a specific role. And with risk mitigation features, managers can assign a risk priority number (RPN) to individual competencies, making it easier for administrators to focus in on higher priority action items.



# Conclusion

We hope now you have learned what competency management is and how it can be a more complete method of learning and development for individuals. While this is a very broad topic, this E-book should be a good start and we hope was helpful!

Due to this emerging trend of businesses towards competency-based learning, and away from the traditional LMS, we have developed a software system that specifically addresses this need, called the Competency Manager.

The product is derived from our

existing LMS, and provides an enterprise framework for competency. It gives an organization the ability to create and assign customizable competency programs for their workforce, train employees, manage credentials, identify pathways to success, manage risk, and more. If you have any other specific questions on the topic or are interested in learning more about our Competency Manager product, [please visit our website.](#)

