



## Competency Models Are Failing. Why?

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Many organizations are questioning the value of their existing competency models. Over the past few years, multiple clients have voiced their concerns or outright dissatisfaction with their models. Here is one message that we recently received from a client that provides a good example of this growing trend:

*"Our current competency model was designed five years ago and has not been well embedded in the organization. Almost 70 percent of our senior leaders either are not familiar with the model or do not use it. While the model is comprehensive in nature, it is also complex and theoretical."*

The unfortunate result described by this client is not surprising. Most competency models built and implemented these days are thick in content due to their large nature. Many models incorporate as many as 15, 20, 30 or more competencies.

The main cause of this explosion in number is due to building the model around multiple levels of competencies (e.g., enterprise level, functional level, leadership level). When each level is defined by five to 10 competencies, it is easy to see how the size of the total models can start reaching 20 or even 40 competencies. Adding in multiple levels of proficiencies (e.g., Excel, Solid, Development) for each competency creates the perfect storm for the development of a textbook-sized model.

So why are such models failing? Isn't being comprehensive a good thing to ensure the models cover every single capability required for success? Based on feedback from our clients, we see a couple of prevailing reasons. The biggest reason is that line leaders and employees alike strongly dislike working with large and dense competency models. For them, work life is complicated enough. As users, they find large models difficult to comprehend and navigate. They want a model that is easy to understand and adopt when it comes to selection and development.



Employees also want a model that resonates with them. Too often models are created from competency libraries developed by external consultants. The language used within these competency libraries is built to be generic in nature, so the content will work for any company. While that's great for selling the content of these libraries, the language can miss the uniqueness and nuances of the company culture, so the model ends up failing to speak to employees. Most line leaders and employees see the final models as something HR built—something not connected to their world.

Most consulting firms selling competency models usually treat the talent management function as their customer and user. When selling to fellow practitioners within the talent function, they typically focus on selling value around the research and validity behind the models. In doing so, they forget about a fundamental element that is key to the model's success: that the Talent Management function is not the true customer. The business is. This misalignment results in competency models being designed without any thought or regard for business leaders or the talent base that must use them.

When employees fail to buy into a competency model, negative consequences are quickly felt for both the model and the business. Lack of buy-in turns into the kiss of death for the model; line leaders simply ignore it and don't use it as it was designed for talent management processes. This result, of course, does not play out well for the talent functions, since the base of their work is grounded in their competency model. They end up struggling to deliver their services across the enterprise to select and develop the best employees.

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 behavior.

Given this research mindset, competency models are built to be extremely comprehensive in order to, in theory, explain maximum variance or predict employee performance on the job. While there is indeed great value in creating a model that can maximize prediction, there are diminishing returns where adding more competencies to models does not increase their ability to predict the future. Incorporating large numbers of competencies into a model does not mean a better model, even when looking at it from a research point of view.

Based on what we have heard loud and clear from our clients, we have adapted our approach toward defining success for roles or levels within organizations through our Great Profiles. We have also moved far away from the misconstrued

ideal that the best model is the most thorough in terms of content. Our belief is to balance comprehensiveness with practicality to maximize the level of buy-in from employees. 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 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.

We truly believe context is king. Whereas every client is unique in their 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 building our profiles. Each Great Profile should include content that reflects the unique reality of each organization.

Based on our experience, we have found the following five design principles to deliver the most value to our clients when building Great Profiles for them:

1. **Business Outcome Focused:** Defines what the very best talent do to help their company achieve its mission and aspirations
2. **"Great" is the Standard:** Behaviors are written to define what it takes to be great and set clear performance expectations for leaders in terms of actions to take on the job
3. **Real:** Developed from the "mouth and finger tips" of our client rather than a competency library. Content is delivered in the language of the client
4. **Culture Specific:** Expresses the secret sauce for getting things done within the client's own unique culture and environment
5. **Simple and Practical:** Balances length and comprehensiveness to cover the essentials of the role and what's most important to the strategy

There are tradeoffs, of course, when using different leadership modeling approaches. As noted, our Great Profile approach develops just one level of proficiency – great. While adding more levels might seem better, it only makes the models more complex, longer and more difficult to use in the field.



Our approach also restricts our ability to produce benchmarks, since we build unique models for each client. While some clients like to see these types of comparisons, such results do not help them shape their talent management priorities. In reality, benchmarks are interesting to look at, but don't add real value back to the business. Other data is actually far more relevant to help them achieve talent management goals. In particular, gathering data using the Great Profile as the foundation will help clients identify development gaps in talent. These are the results that truly bring value to companies by helping them prioritize talent management objectives and initiatives around the largest gaps found across talent populations.

Regardless, companies should be focusing on being different rather than on the competition. It would benefit organizations to maximize their uniqueness from the competition rather than set their targets on being the same. They can do this by extracting the company's distinct culture, values, and how great talent

takes action on their strategy. These elements are ripe for the picking within every company and should not be ignored. They can provide the necessary kernels to build company-specific models that will help them win against the competition.

Given that the total value of the model is lost if it fails during implementation, mitigating such risk should be prioritized so organizations can see return on their investment instead of a total loss. As we work with clients, the first sign of success occurs when we see business leaders carry our Great Profiles around with them and use it as part of their 1:1s, reviews, hiring, and promotion discussions. A bigger plus occurs when we see employees ask their managers for feedback on how they are doing relative to the profile because it feels like it is “us” and they believe in it.

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