

# HR INSIGHTS

Magazine

*from the eyes of industry leaders*



GIVE THE  
**JOB HOPPER**  
A CHANCE TO  
**EXCEL**

## In This Issue ▶▶

Ready or Not, Here Comes Generation Z

Contingent Talent Strategy: Taking a Page from Finance

The Pitfalls of Productivity by the Numbers

Dealing with a Bad Hire

Does Your Application Process Turn Candidates Off?

# Why Competency-Based Talent Management Matters

BY JACKIE MESSERSMITH

It's time to reimagine the performance review. When companies progress from merely evaluating performance to identifying ways to increase every employee's contribution to the organization, they move beyond focusing on accountability to encouraging accomplishment. When done well, performance assessments are road maps that show employees how to use their potential (measured through validated competency assessments) to get from where they are now to where they want to be.

In his best-selling management book *Good to Great*, Jim Collins lists seven distinguishing characteristics of companies that have gone “from good to great” and compares those companies with some of their less-successful counterparts. Employees, too, possess different characteristics—competencies—that enable them to achieve varying degrees of success. For example, in comparison with their peers, top salespeople dramatically outsell other employees, have a more positive effect on customers, and deliver superior team performance when included in work groups.

Because the top employees in a company tend to exhibit certain competencies, managers who seek to improve the company's overall performance should identify and measure those competencies in performance reviews for these five reasons:

- *Competencies provide direction.*  
Most fundamentally, competencies enable organizations to define what its employees need to do to consistently produce the results the organization desires. Competencies serve as the “North Star” by which employees at all levels can navigate in order to create synergy and produce better results.
- *Competencies are measurable and can be developed.*  
When properly defined, competencies and their impacts on desired results have a measurability that enables organizations to evaluate the extent to which their employees demonstrate the behaviors believed to be critical for success. This measurability also helps companies assess the business-relevant return on resources invested to retain, attain, or develop these competencies.
- *Competencies can be learned.*  
Once an organization determines the kind of competencies critical for each role, it can take steps to develop its employees' capabilities to exhibit those competencies. More flexible than personality traits, competencies can be developed and improved.
- *Competencies can differentiate among roles.*  
By differentiating competencies for each role, an organization sets the stage for better succession and career planning. An organization's financial results can vary depending on the competencies that fit its particular strategy and culture.
- *Competencies can integrate performance-management practices.*  
With appropriately defined competencies, organizations can align their talent-management and business strategies and reward practices that build and reinforce key valued behaviors throughout the organization.

Using a competency-based talent-management system can enable companies to transform the performance review into a tool that drives employees—and organizations—to greater success. ■

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