



The Challenge of Integrating Competencies into the Next Generation Human Capital Management System

Competencies have been receiving lots of attention lately. Many organizations and human capital management software vendors are talking about competencies; however, very few companies have successfully implemented a company-wide competency initiative. One of the most common problems experienced when implementing competency initiatives is the lack of a well-defined plan and executive commitment to large-scale change. As with all large-scale change initiatives, the successful implementation of competencies depends primarily on designing and sustaining a consistent process over a significant period of time. Competency initiatives that produce the most significant change are applied systemically across a range of human capital acquisition and management processes. Applying competencies properly provides an excellent vehicle for communicating future performance expectations, promoting common standards, and integrating processes.

The topic of competencies often spurs a lively debate about exactly how a competency should be defined, measured, quantified and maintained. This debate is beyond the scope of this article. We will assume that each organization will develop a unique competency model including characteristics such as the skills, abilities, knowledge, attitudes and behaviors required to successfully execute the current and future business plan. This article will explore the challenge of integrating a competency model with the various eHR component applications that make up the next generation human capital management system.

Let's assume that you are the senior HR executive at a hypothetical Fortune 500 organization. Envision that your organization has spent a substantial amount of time and money working with a high-profile management consultant to define a new competency model. The CEO and executive management team appear to be well aligned and are sponsoring a competency initiative to support the organization's vision and strategy. As the senior HR executive, you are responsible for delivering a continuous supply of talent that possesses the competencies needed to execute the organization's business plan. You are also responsible for building a culture that measures and rewards performance and results. One key goal is to implement the new competency model consistently across all current and future human capital acquisition and management processes. As part of the competency initiative, a directive from your CEO is to ensure that the new competency model is consistently integrated into all human capital management related applications.

In Utopia, your HRIS manager has already evaluated, selected and implemented a new human capital management system that quickly and easily supports the integration of the new competency model. The competency model is maintained in one place and securely accessed in real-time by all authorized internal and external human capital related applications. The human capital management system includes a core HRMS and fully integrated organizational planning, eRecruiting, compensation, vendor management, eLearning and performance management applications.

Unfortunately, this fully-integrated next-generation human capital management system does not currently exist as a packaged software product or service. No single software vendor offers an integrated suite of products that provides “best-in-class” capabilities for the range of human capital management applications that may require access to the new competency model. Like many large organizations, you have implemented a core backoffice HRMS and several “best-in-class” eHR component applications. Some of the eHR component applications are integrated with the HRMS, and others are stand-alone departmental applications requiring the redundant input and maintenance of data. You are also actively evaluating your core HRMS vendor’s future product plans versus the products currently available from several emerging .best-in-class. eHR component application vendors to meet your future requirements. During the vendor presentations, you have noticed that many of these new eHR component applications require access to the competency model to both support the competency initiative and deliver the capabilities being demonstrated by the vendors. Your third-party talent suppliers including job boards and staffing vendors are also requesting access to the competency model to deliver pre-screened candidates through the application of emerging eRecruiting technology.

Your CEO’s directive to ensure that the new competency model is consistently integrated into all current and future human capital related applications suddenly seems like quite a challenge. When you ask the software vendors what they are doing to help you out, several of them mention that they plan to support the standards being developed by the HR-XML Consortium. When you check out www.hr-xml.org you learn that the leading vendors are also aware of your challenge as evidenced by the HR-XML Consortium Competencies Working Group. This Working Group includes over 100 member companies collaborating on a project to review and describe the “competencies” problem domain and to produce one or more schemas that will enable the exchange of competency related data. The good news is that your core HRMS vendor and many of the “best-in-class” eHR component vendors that you are currently evaluating appear to be participating in this consortium. The bad news is that it is not clear when the standards will be finalized and exactly when each vendor will deliver software to support the HRXML competency standard.

To get a better picture of the challenge that you are facing, lets take a quick look at some of your organization’s human capital management processes and the related applications.

Organizational Planning Process

Several years ago, your organization implemented a “best-in-class” succession planning application. This PC-based application was implemented as a stand-alone departmental application and is not currently integrated with your HRMS. To date, this application has been used only for identifying and developing successors for your senior executive positions. The existing application identifies successors and gaps based on simple skills profiles and job progression ladders. You are evaluating the Web-based version available from the incumbent software vendor that identifies successors and gaps based on performance and competency profiles. The plan is to use the capabilities of the new application to enhance succession planning for senior executive positions and eventually offer career planning to a broader group of managers within the organization. Interactive features will allow managers to compare their own skill and competency assessments with the requirements of other jobs within the organization in order to actively plan a career path. This application will also be used to identify and manage competency gaps and levels during the merger and acquisition process. The new competency model will need to be integrated into the succession and career planning application. This

application may also need to be integrated with one of the “best-in-class” Performance management applications that you are currently evaluating.

Compensation Planning Process

The new competency model will be used during the job evaluation process to help determine the rank or worth of jobs. The competency standard being developed by the HR-XML Consortium may make it easier to map equivalent skills across other organizations competency models and taxonomies. This will be useful in applying salary survey data to job pay structures. Your organization is also planning to implement a competency-based pay program, and you are evaluating “best-in-class” applications to support the annual salary review process. The competency model will also need to be integrated with the new performance management application to track any changes to competencies that may be pertinent to decisions regarding rewards.

Recruiting and Staffing Process

Several applications used by participants in the recruiting and staffing process require access to your organization’s new competency model including job boards and staffing vendors. In addition, the new Vendor Management System (VMS) that your CFO is currently evaluating may also need to be integrated with the competency model.

Job Boards and Staffing Vendors

Differing skill and competency definitions and the use of a wide variety of skill taxonomies by your recruiting and staffing vendors may create an integration challenge for your competency initiative. Each of these vendors has its own way of classifying positions by skill and/or industry and uses its own skills taxonomy. To support your competency initiative, it may be necessary to map your new competency model to the classifications and taxonomies used by each of your recruiting and staffing vendors. You recently completed the implementation of a new .best-in-class. eRecruiting application and are in the process of integrating the new software with your HRMS. The new eRecruiting software provides the capability to host your internal career site for employees to apply for open jobs and your corporate career site for external candidates. Your eRecruiting software vendor, the job boards and staffing vendors are telling you that in the future, on-line assessment of candidate skills and competencies will be easy to do. Emerging technology will allow candidates to actively participate in on-line simulations and virtual assessment games that will make it possible to pre-screen candidates long before any personal interview ever takes place. Since several of your current job boards and staffing vendors are participating in the HR-XML Consortium to develop a standard schema for the exchange of competency-related data, it may be easier to create the mapping between your new competency model and the different classifications and taxonomies.

Contingent Labor Procurement Process

Like most Fortune 500 organizations, the various business units often procure the contingent and specialized labor needed to execute their business plans directly from a variety of vendors. This procurement process is handled outside of HR and Staffing and there is currently no centralized vendor management program. The procurement of services accounts for over 50 percent of your organization's total annual purchases; yet much of this spending is not controlled. Last fiscal year, your organization spent over one billion dollars procuring contingent and specialized labor. During the current economic slowdown, your Chief Financial Officer is very focused on reducing costs as a top priority. The CFO and Vice President of Procurement are sponsoring a major project to evaluate a new category of software called Vendor Management Systems (VMS) which allow organizations to standardize the management and contracting process for contingent labor. The project team is currently evaluating PeopleSoft's new Enterprise Services Automation product and several leading "best-in-class" eHR component vendors including itiliti, IQNavigator, Cascadeworks, Chimes and White Amber. The VMS vendors are selling the vision of reducing "the spend" by 10 - 20 percent annually which has caught the attention of your CFO. Your internal Information Technology group continues to use a large number of contractors and that number is projected to rise in IT and other groups within the organization over the next five years. When you review the Web sites of the VMS vendors, you find it interesting that these vendors position their products as human capital management applications. In support of your directive from the CEO to ensure that the new competency model is consistently integrated into all current and future human capital related applications, you volunteer your HRIS manager to participate in the evaluation and selection project as an advisor.

Employee Training and Development Process

The new competency model will be used to perform a gap analysis of an employee's current competency levels compared to the requirements of the employee's current job. As part of the career planning process, gap analysis will also be performed to compare the employee's competency levels to the requirements of the employee's target or aspired-to job.

Your training and development group has been evaluating several new eLearning products including Smartforce, Docent, Saba, Genesys and Knowledgenet. During the presentations, the vendors are demonstrating the capability to personalize learning plans based on each employee's competency gaps. In order to deliver this capability, the new competency model will need to be integrated with the Learning Management System (LMS). You find it interesting that some of the eLearning software vendors provide the ability to maintain competencies in their product and others just talk about competencies.

Performance Management Process

As the senior HR executive, you are responsible for building a culture that measures and rewards performance and results. In the past, your managers relied on ad-hoc role descriptions that were often static and not well defined to assist them in setting performance expectations for their employees. To support the implementation of the competency initiative, you are evaluating emerging “best-in-class” Performance management applications. The new software will enable the organization to better align departments, teams and individuals with the corporate vision and goals. One requirement is the capability to maintain the competencies needed to achieve these goals. Interactive capabilities will allow managers to measure the performance of individuals and groups against these competencies. The new software will also provide more objective data to better understand why some people are performing and others are under-performing. The performance management application will provide opportunities for individuals to improve their performance through feedback, and when integrated with the new eLearning application, through personalized learning and certification plans. Performance results will also be available on-line during the compensation planning process to target rewards to the top performers. When evaluating performance management applications, you note that some of the performance management software vendors also offer integrated eLearning applications. If the new competency model is maintained in one place and accessed by both your performance management and eLearning applications, the integration challenge is reduced. However, if both applications do not meet your requirements, then you will need to potentially integrate the new competency model into applications from multiple vendors.

Summary

Many organizations and human capital management software vendors are talking about competencies; however, very few companies have successfully implemented a companywide competency initiative. Competency initiatives that produce the most significant change are applied systemically across a range of human capital acquisition and management processes. Integrating a competency model with the various her component applications that make up the next generation human capital management system will be a challenge. No single software vendor offers an integrated suite of products that provides “best-in-class” capabilities for the range of human capital management applications that may require access to the new competency model. I recommend that you keep up to date on all human capital related projects being sponsored by groups outside of HR and Staffing such as the evaluation and implementation of a VMS. Professional Services Automation (PSA) and project management applications are two other human capital related applications that you need to keep up to date on. As the leading HRMS and “best-in-class” eHR component software vendors expand their suites of applications, the competency integration challenge will be potentially reduced. The competency standards currently being developed by the HR-XML Consortium may also reduce future systems integration requirements. Each organization is unique and there is no single vendor solution available today. We will have to wait and see how the market evolves.

About HRchitect

HRchitect is the premier Human Capital Management (HCM) Systems consulting firm and the market leader in Talent Management Systems (TMS) consulting services including the selection, implementation and integration of Human Resource Information Systems, Applicant Tracking Systems, Performance Management, Succession Planning, Career Planning, Compensation Management, e-Learning and Competency Management Systems. The clients with whom we find synergy is forward-looking, technology-driven and often experiencing a growth trajectory that is fast and steep. While completing over 350 successful client engagements over the last nine years, HRchitect has developed proprietary approaches, methodologies, tools and techniques for rapid delivery of real systems value in today's increasing global business environment.

HRchitect has participated in the successful evaluation and implementation of eHR software components for leading, high-tech, high-growth leaders such as Intuit, Broadvision, Perot Systems, Siebel, WebMD, and Symantec; manufacturing companies such as Texas Instruments, SAIC, Raytheon, Northrop Grumman, Titan and Precor; retail leaders including Wal-Mart, OfficeMax, RadioShack, Nordstrom, L.L. Bean, The GAP, Blockbuster, Reebok, and Target; healthcare/bio-tech organizations such as Alcon Labs, Washington Dental, The Mayo Clinic, Express Scripts, Biogen Idec, Tenet Healthcare, and Moses Cone Health System; financial organizations including, Washington Mutual, Barclays Global Investors, Northwestern Mutual, Bank of America, U.S. Bank, Wells Fargo, VISA and Mountain America Credit Union; transportation leaders such as Maersk, FedEx, Southwest Airlines, and Sabre; telecommunication leaders T-Mobile, AT&T, Sprint, and Verizon; as well as leading hospitality companies such as Hyatt, Marriott, Walt Disney Company, Starwood, and Cendant.

HRchitect's management team and senior consultants bring a unique combination of experience to assist our clients in evaluating and selecting the right human capital management software solutions. Our team includes HR and Staffing practitioners, HRIS professionals and technology industry analysts. We also have extensive experience working for HR software vendors in senior-level product development, professional services and sales management roles. Having worked on the vendor side of the evaluation, we know what needs to be done to effectively evaluate potential solutions and negotiate a "win/win" agreement for both parties.

HRchitect also has significant HRIS applications experience and we have direct hands-on experience with most of the leading "core HRIS" applications, as well as many of the best-in-class eHR components. HRchitect consultants have collectively implemented over 140 different HRIS applications (including products such as Genesys)

For more information on HRchitect, please visit www.HRchitect.com or call 214-619-0888.