



SPQA  
UNITED STATES SENATE PRODUCTIVITY AND  
QUALITY AWARD FOR VIRGINIA

# Managing Competency, Capability, and Capacity to Ensure Sustainability

Virginia Forum for Excellence  
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Michael J. Novak  
Maryland Performance Excellence Awards Program

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*SPQA Mission: Cultivate continuous performance improvement of Virginia's organizations through a process of knowledge sharing, feedback and evaluation, and recognition, resulting in positive economic impact for the Commonwealth.*



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**The views expressed in this presentation are those of the presenter alone, and should not be construed as reflecting the positions, policies, or practices of the Maryland Performance Excellence Foundation.**



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# MARYLAND PERFORMANCE EXCELLENCE FOUNDATION

*Sponsor of*

## Maryland Performance Excellence Awards

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## Foundation Activities

- ❖ Took action to ensure that MPEA continues to support Maryland organizations on their excellence journeys
  - ❖ Incorporated in November 2008
  - ❖ Received IRS 501(c)(3) status in April 2009
  - ❖ Assumed sponsorship of Maryland Performance Excellence Awards from University of Maryland in April 2009
  - ❖ Conducted 2010 MPEA Program
  - ❖ Maintained membership with Alliance for Performance Excellence



## Maryland Performance Excellence Awards (MPEA)

- ✓ Established in 1983
  - Administered by University of Maryland
  - Co-sponsored by Maryland's U.S. Senators
- ✓ Adopted Baldrige Criteria for Performance Excellence—1997
  - Only state-wide Baldrige-based program in Maryland
- ✓ Provided feedback for 200 applications
- ✓ Trained thousands of individuals in Baldrige Criteria
  - Over 1000 volunteer examiners

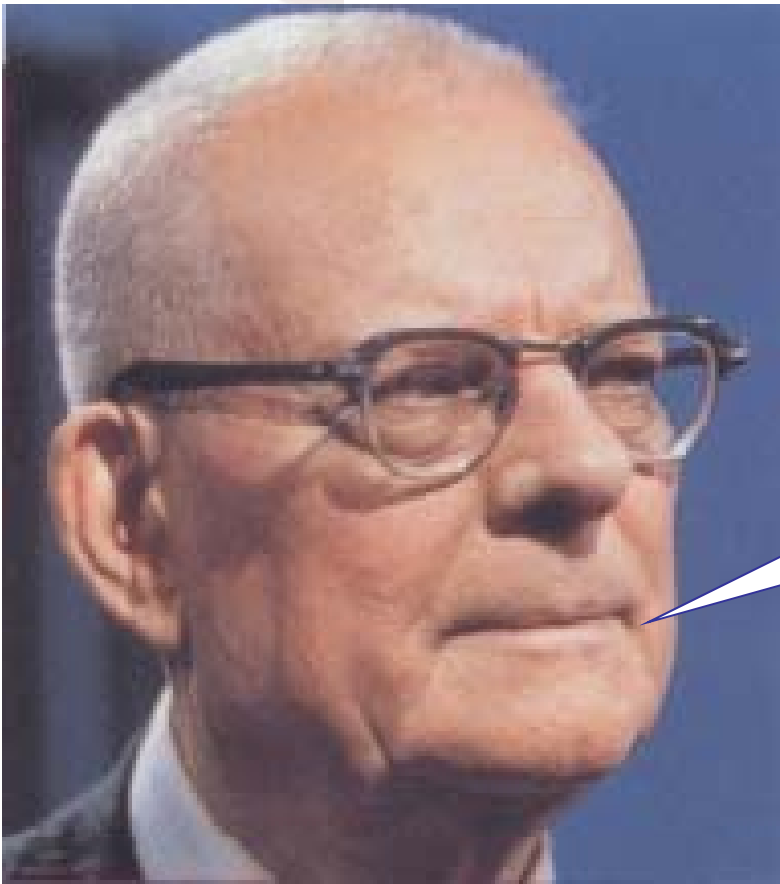


## Overview

- **The Context**
- **Competencies (and Core Competencies)**
- **Capability**
- **Capacity**
- **Sustainability**
- **Management of Competencies, Capability, and Capacity – Some Models**



## What Would Deming Say?



**All models are wrong.  
Some are useful.**

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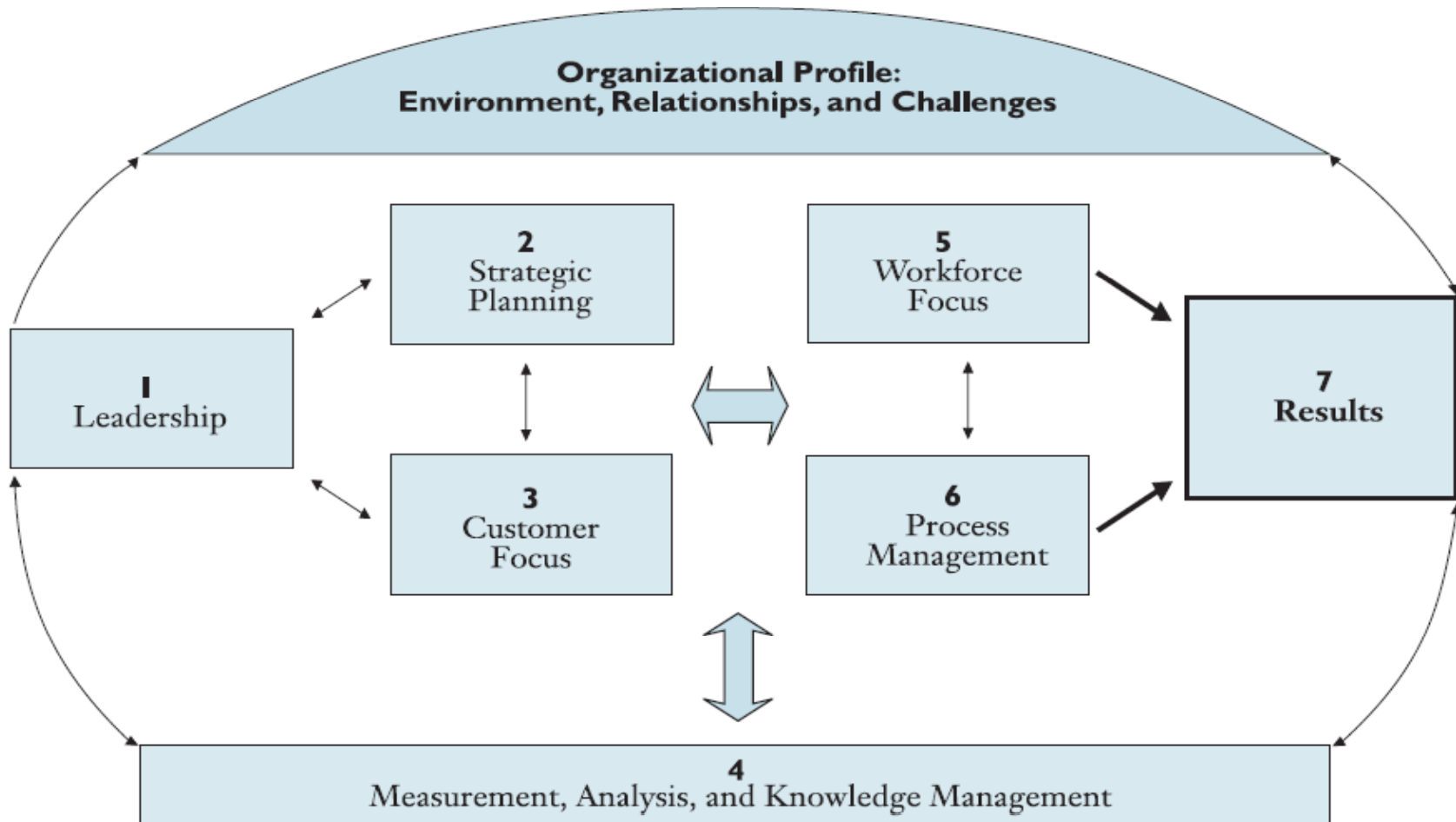
## References

- **Malcolm Baldrige National Quality Award Criteria for Performance Excellence, 2009-2010**
- **“A Multi-tiered Approach to Competency Assessment, Development, and Retention in Organizations” by Michael J. Novak and Tom Beckman, 2010**





# The Macro Context

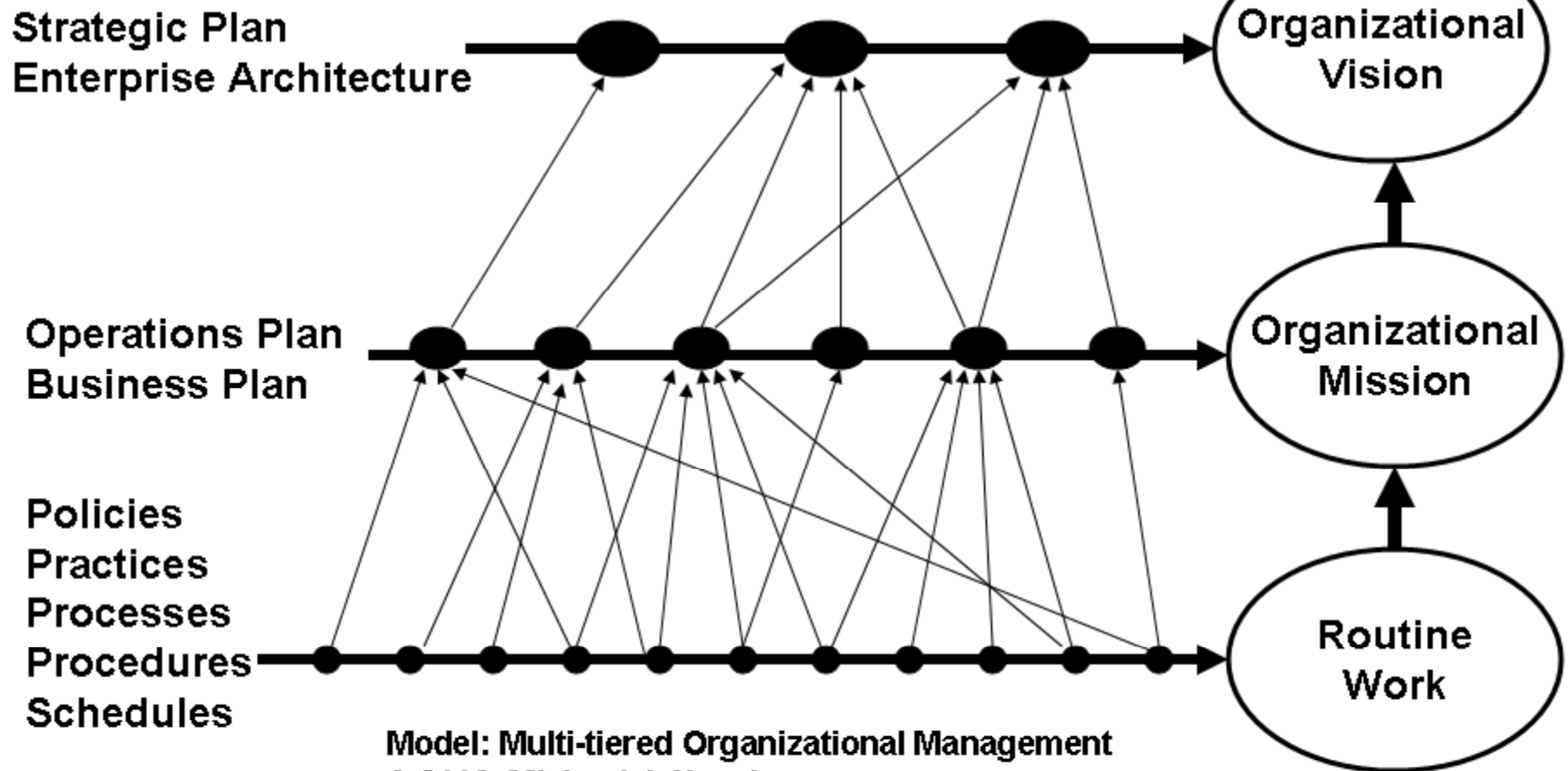
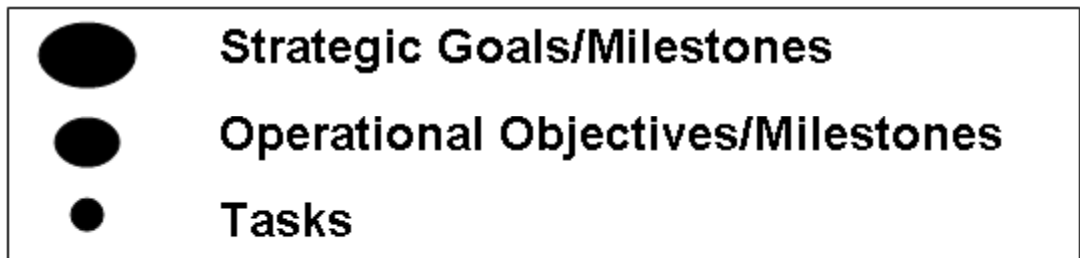


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## The Micro Context : Three Levels of Performance

- **Strategic – focus on achieving the Vision**
- **Operational – focus on accomplishing the Mission**
- **Tactical – focus on effective and efficient completion of routine tasks**



**Model: Multi-tiered Organizational Management**  
 © 2008, Michael J. Novak



## Sustainability

... [an] organization's ability to address current business needs and to ... prepare successfully for ... future business, market, and operating environment.

... considerations might include workforce capability and capacity, ... core competencies ....



## Core Competencies

- ... [an] organization's [or individual's] areas of greatest expertise.
- ... strategically important capabilities....
- ... may provide a sustainable competitive advantage.



# Competencies

**Working Definition: Knowledge, skills, abilities, attitudes, aptitudes, experiences that are brought to bear for the purpose of producing outcomes**





## Capability

**...[an] organization's ability to accomplish its work processes through the knowledge, skills, abilities, and competencies of its people**



## Capacity

**... [an] organization's ability to ensure sufficient staffing levels to accomplish its work processes and successfully deliver ... products ....**



# Competency Management

## Working Definition:

- The act of effectively managing knowledge, skills, abilities, attitudes, aptitudes, and experiences for the purpose of optimizing achievement of organizational vision, mission, strategies, business results, and desired outcomes



## Levels of Competency Management

- **Strategic – Managing competencies with a view to achieving the organization’s Vision**
- **Operational – Managing competencies with a view to accomplishing the organization’s Mission**
- **Tactical – Managing competencies with a view to carrying out routine, day-to-day tasks and duties**



# Strategic Competency Management

- **Develop the Vision – A picture of a future (improved) state of the organization**
- **Identify competencies needed to achieve the future state**
- **Determine presence or absence of needed competencies in the present organization**
- **Identify gaps between present and future (needed) competencies**
- **Determine how to eliminate competency gaps**

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## Eating the Competency Management Elephant – One Bite At A Time

- **Bite #1: Determine the Competencies that you need**
- **Bite #2: Determine the Competencies that you have**
- **Bite #3: Determine the Gap between the Competencies that you need (or will need) and the Competencies that you have (or will have when you need it)**
- **Bite #4: Determine how to eliminate the gap**
- **Bite #5: Determine how to retain the Competencies that you have/will have**
- **Bite #6: Identify the barriers to Competency Retention**
- **Bite #7: Determine how to eliminate/reduce barriers or mitigate their effects**





# Measuring and Reducing Competency Gaps – To Have and Have Not

- If the organization has the needed competencies
  - Ensure competencies are retained (Competency Management tools and techniques)
  - Ensure competencies are leveraged
- If the organization lacks the needed competencies
  - Determine how to acquire the competencies: train current employees; hire new employees; outsource; partnerships; extended enterprises



# Measuring and Reducing Competency Gaps – We Have Competencies, But ....

- **Measure the extent to which the competencies exist**
  - Competency breakdown structures
  - Assessment of competency levels
  - Weighted values of competencies
- **Enhance the competencies**
  - Train current employees
  - Hire new employees
  - Outsource
  - Partnerships; extended enterprises



# Competency Breakdown Structures

- **ECQ 1 Leading Change**
  - **Continual Learning**
    - Grasps the essence of new information
    - Masters new technical and business knowledge
    - Recognizes own strengths and weaknesses
    - Pursues self-development
    - Seeks feedback from others and opportunities to master new knowledge
  - **Creativity/Innovation**
  - **External Awareness**
  - **Flexibility**
  - **Resilience**
  - **Service Motivation**
  - **Strategic Thinking**
  - **Vision**

Source: Office of Personnel Management.



# Competency Breakdown Structures

- **5. Project Quality Management**
  - **5.1 Initiating**
    - **5.1.1 Determine Quality Requirements**
      - **5.1.1.1 Determine quality objectives, standards, and levels, with input from stakeholders and guidance of higher project authorities, to establish the basis for quality outcomes.**
      - **5.1.1.2 Determine the organization's quality policy.**
      - **5.1.1.3 Develop project quality policies**

**Source: *Project Manager Competency Development Framework*, Project Management Institute, Inc., 2002.**



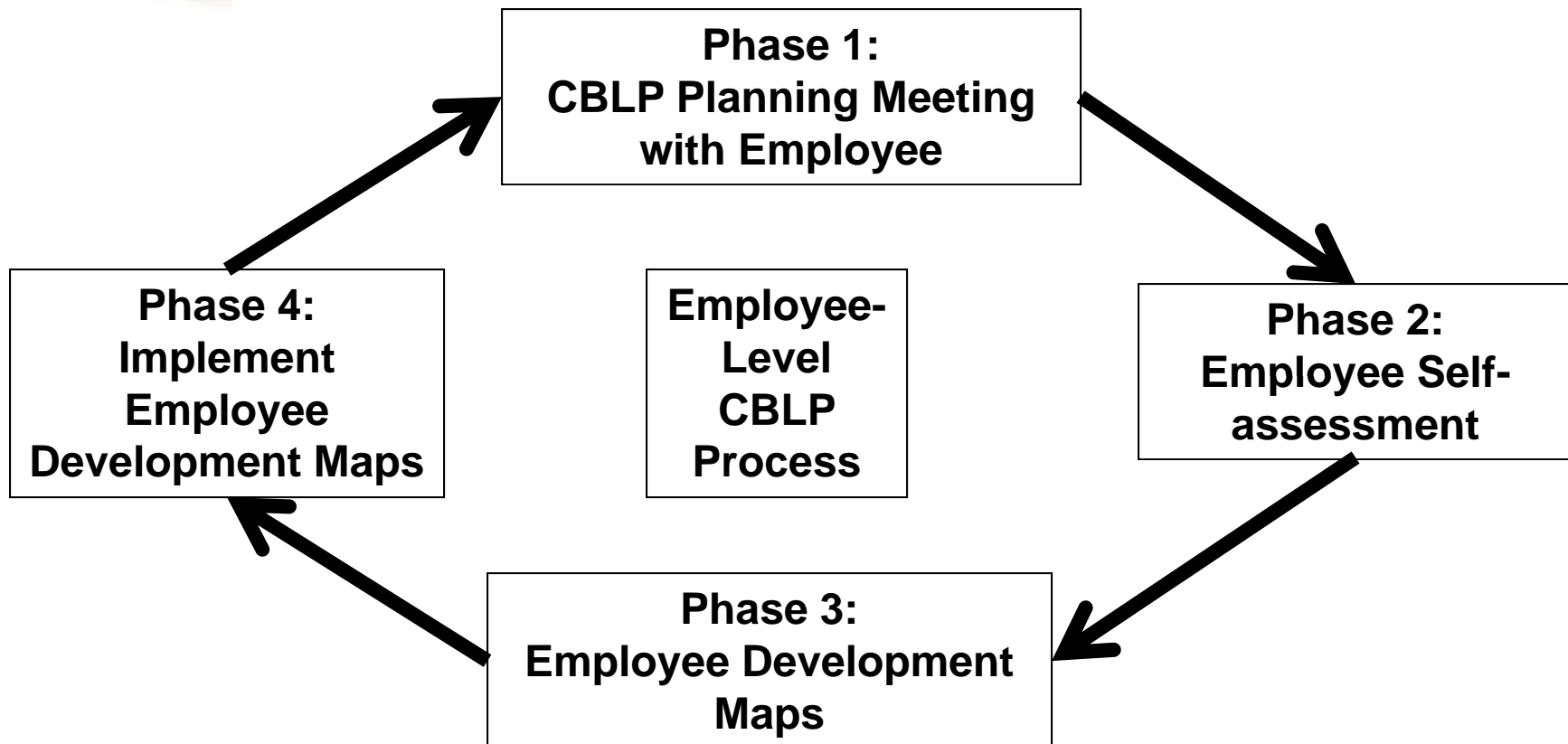
## Competency Breakdown Structure – IRS Research Economist

**Competency Area 3: Technical.** Utilize specialized expertise to accomplish daily activities and project objectives.

- Apply appropriate macro- and micro-economic theories to research projects.
- Analyze and interpret standard business financial ratios/balance sheets to determine the “current state” of the population under consideration.
- Stay up to date on the latest findings, trends, and methodologies in the economic industry.
- Design econometric models to predict future scenarios.
- Diagnose the strengths and weaknesses of various econometric models.
- Interpret the findings of analyses in light of the method used.
- Apply forecasting theories and techniques to project work.
- Conduct time-series analysis as appropriate.



# Competency Based Learning Plan







# Competency Level Assessment

Competency & Learning Area	Current Level of Performance										Level of Performance Needed										Score
	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10	
Technical																					
Design econometric models				X														X			4
Gather socio-economic data		X															X				5
...																					
Apply forecasting theories									X						X						-4

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## Development Prioritization

Competency	Score	Priority
Interpret the findings of analyses	+5	1
Design econometric models	+4	2
...		3
		4
		5
		6
		7
		8

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# Competency Level Assessment

## Assessment of Leadership Competency

**Managerial Assessment**  
**Employee:** Clancy Wiggum

[\[Instructions\]](#)

**Achievement Orientation** - Pushes self and others to set and meet goals. Strives to improve performance through balanced measures. Uses creative and innovative techniques for producing quality work and surpassing a standard of excellence. Takes on challenging assignments and persists until significant performance improvements are attained.

- Level 1: Focuses on Doing Well.** Consistently strives to produce quality work. Feels good about accomplishments and is frustrated with inefficiency, waste or internal issues that slow down achieving results.
- Level 2: Sets and Meets Goals.** Sets goals and uses own methods of measuring outcomes against a standard of excellence. May focus on new or more precise ways of meeting goals set by others.
- Level 3: Improves Performance.** Pushes self and team to do better; is not satisfied with current performance levels. Makes specific changes to the system or own work processes in order to improve performance (e.g., does something faster, more efficiently; improves quality, uses creative and innovative techniques).
- Level 4: Accepts Challenges, Persists and Makes Large Scale Performance Improvements.** Takes on difficult assignments and is excited by the challenge. Creates goals for improvement and measures performance against those goals; compares current performance with baseline performance to track improvements. Persists until large-scale performance improvements are achieved.
- Not observed.**

[« Back](#)

[Submit](#)

Competency	Selected Option
<a href="#">Achievement Orientation</a>	Level 3
<a href="#">Adaptability</a>	Level 4
<a href="#">Business Acumen</a>	Level 1
<a href="#">Communication</a>	Level 4
<a href="#">Continual Learning</a>	Level 2
<a href="#">Customer Focus</a>	Level 3
<a href="#">Decisiveness</a>	Level 1
<a href="#">Developing Others</a>	Not observed
<a href="#">Diversity Awareness</a>	Level 4
<a href="#">Entrepreneurship</a>	Level 2
<a href="#">External Awareness</a>	Level 3
<a href="#">Group Leadership</a>	Level 3
<a href="#">Influencing/Negotiating</a>	Level 4
<a href="#">Integrity/Honesty</a>	Level 4
<a href="#">Partnering</a>	Level 1
<a href="#">Political Savvy</a>	Level 1
<a href="#">Problem Solving</a>	Level 3
<a href="#">Service Motivation</a>	Level 2
<a href="#">Strategic Thinking</a>	Level 2
<a href="#">Teamwork</a>	Level 4
<a href="#">Technical Credibility</a>	Level 2

# Competency Level Assessment

## Assessment Form

### Managerial Assessment

**Employee:** Wiggum Clancy

**Current Level:** Senior Manager

**Next Step:** Executive

Is this employee:

- Ready Now** - This individual possesses the skills, competencies and experiences necessary to advance to the next level of management at this time.
- Ready with Development** - With the proper mix of training, education and experiences, this individual can be prepared for the qualifications necessary for advancement to the next level of management within a 24 month timeframe.
- Not Ready** - This individual will require in excess of 24 months of additional training, education and experience before they possess the skills, competencies and qualifications necessary to advance to the next level of management.

<< Back

Submit

Competency	Selected Option
<a href="#">Achievement Orientation</a>	Level 3
<a href="#">Adaptability</a>	Level 4
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<a href="#">Group Leadership</a>	Level 3
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<a href="#">Partnering</a>	Level 1
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<a href="#">Problem Solving</a>	Level 3
<a href="#">Service Motivation</a>	Level 2
<a href="#">Strategic Thinking</a>	Level 2
<a href="#">Teamwork</a>	Level 4
<a href="#">Technical Credibility</a>	Level 2



# Demographic Survey

<p>1. Employee Name <input type="text" value="Joe Quimby"/></p>	<p>2. SEID: <input type="text" value="XXXXX"/></p>	<p>Current Position</p> <p>3a. Title: <input type="text" value="Program Manager"/></p> <p>3b. Series: <input type="text" value="0340"/></p> <p>3c. Grade: <input type="text" value="01"/></p>	<p>4a. Organization: <input type="text" value="Human Capital Office"/></p> <p>4b. Division: <input type="text" value="LSR Division"/></p>
<p>5. Are you presently a manager?</p> <p><input checked="" type="radio"/> Yes <input type="radio"/> No</p>	<p>6. Current Position Level: (please check one)</p> <p><input type="radio"/> Non-Manager <input type="radio"/> Frontline Manager <input type="radio"/> Department Manager <input checked="" type="radio"/> Senior Manager</p>	<p>7. Are you interested in advancing to the next management level?</p> <p><input type="radio"/> Yes <input checked="" type="radio"/> No</p>	<p>7a. Do you want to complete a self- assessment?</p> <p><input checked="" type="radio"/> Yes <input type="radio"/> No</p>
<p>8a. Next Step Indicate the level you are targeting as a next step in your career.</p> <p><input type="radio"/> Frontline Manager <input type="radio"/> Department Manager <input type="radio"/> Senior Manager <input checked="" type="radio"/> Executive</p>	<p>8b. Highest Step Indicate the level you would ultimately aspire to achieve in your career at IRS.</p> <p><input type="radio"/> Frontline Manager <input type="radio"/> Department Manager <input type="radio"/> Senior Manager <input checked="" type="radio"/> Executive</p>	<p>9. Are you willing to relocate? If so, indicate when you would be ready to relocate.</p> <p><input type="radio"/> Yes, now <input type="radio"/> Yes, less than one year <input type="radio"/> Yes, 1 - 2 years <input type="radio"/> Yes, greater than two years <input checked="" type="radio"/> No</p> <p>If yes, select location. (press and hold the Ctrl key to select multiple locations)</p> <p><input type="list" value="All Locations&lt;br/&gt;Andover MA&lt;br/&gt;Atlanta GA&lt;br/&gt;Austin TX&lt;br/&gt;Baltimore MD&lt;br/&gt;Boston MA"/></p>	





# Competencies Survey

## Assessment of Leadership Competencies Summary

Report for: Michelle Jones

Leadership Competency	Next Step				Bob Smith		Mary Green		Mike Johnson	
	FLM	DM	SM	Exec	Self- Rating	Manager Rating	Self- Rating	Manager Rating	Self- Rating	Manager Rating
Adaptability	3	4	4	4	4	4	n/a	3	n/a	4
Communication	3	3	3	4	3	3	n/a	3	n/a	3
Decisiveness	2	3	3	4	4	4	n/a	3	n/a	3
Integrity/Honesty	4	4	4	4	4	4	n/a	4	n/a	4
Service Motivation	2	2	3	4	3	3	n/a	3	n/a	2
Strategic Thinking	2	2	3	4	3	3	n/a	3	n/a	2
Customer Focus	3	3	3	4	4	4	n/a	4	n/a	4
Entrepreneurship	2	2	3	4	4		n/a	4	n/a	3
External Awareness	2	2	3	4	4	3	n/a	4	n/a	3
Influencing/Negotiating	2	3	3	4	3	3	n/a	3	n/a	3
Partnering	2	3	3	4	4	3	n/a	2	n/a	2
Continual Learning	3	4	4	4	4	4	n/a	4	n/a	2
Developing Others	3	3	3	4	4	3	n/a	3	n/a	3
Diversity Awareness	3	3	3	4	4	4	n/a	4	n/a	4
Group Leadership	2	3	3	4	4	3	n/a	3	n/a	3
Teamwork	4	4	4	4	3	4	n/a	3	n/a	4
Achievement Orientation	3	3	3	4	4	4	n/a	4	n/a	4
Business Acumen	2	3	3	4	4	2	n/a	3	n/a	3
Political Savvy	2	2	3	4	3	3	n/a	3	n/a	3
Problem Solving	3	4	4	4	4	4	n/a	3	n/a	2
Technical Credibility	2	3	3	3	3	3	n/a	3	n/a	3
<b>Overall Readiness Level</b>					Ready Now		Ready Now		Ready with Development	
<b>Approving Official Concurrence</b>					-		Yes		-	
<b>Willingness to Relocate</b>					Yes		No		No	
<b>Advancement Interest</b>					Yes		No		No	
<b>Next Step Advancement Target</b>					Executive		Executive		Executive	
<b>Highest Step Aspiration</b>					Executive		Executive		Senior Manager	
<b>Color Key</b>	Meets or Exceeds Next Step									
	One Level Below Next Step									
	Two or More Levels Below Next Step									
	Not Observed/No opportunity to exhibit									

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# Leadership Succession Matrix

Status	Executive Level	
<p><b>Ready Now</b> This individual possesses the skills, competencies and experiences necessary to advance to the next level of management at this time.</p>	<i>Available</i>	<i>Not Available</i>
<p><b>Ready with Development</b> With the proper mix of training, education and experiences, this individual can be prepared for the qualifications necessary for advancement to the next level of management within a 24 month timeframe.</p>	<i>Available</i>	<i>Not Available</i>
<p><b>Not Ready</b> This individual will require in excess of 24 months of additional training, education and experience before they possess the skills, competencies and qualifications necessary to advance to the next level of management.</p>	<p><i>Clancy Wiggum</i> <i>Lionel Hutz</i> <i>Nick Riviera</i></p>	
<p><b>Individuals to Watch Long Term</b> Refers to promising future candidates who are <i>not</i> currently eligible for selection. Exhibits excellent performance in their current role, however, lacks many experiences and accomplishments to typically be considered a viable candidate. Due to positive performance trends, the individual should be considered for accelerated development.</p>	<p><i>Martin Prince</i> <i>Samantha Stankey</i> <i>Jessica Lovejoy</i> <i>Nelson Muntz</i></p>	

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# Leadership Succession Matrix

Status	Position 1		Position 2		Position 3	
	Available	Not Available	Available	Not Available	Available	Not Available
Ready Now	<i>Troy McClure</i> <i>Lurleen Lumpkin</i> <i>Ruth Powers</i>	<i>Edna Krabappel</i>	<i>Helen Lovejoy</i> <i>Julius Hibbert</i>	<i>Beatrice Simmons</i> <i>Lenny Leonard</i> <i>Agnes Skinner</i>		<i>Carl Carlson</i>
Ready with Development	<i>Selma Bouvier</i> <i>Carl Carlson</i>	<i>Julius Hibbert</i> <i>Beatrice Simmons</i> <i>Artie Ziff</i> <i>Brandine Spuckler</i>		<i>John Frink</i> <i>Nick Riviera</i>	<i>Kirk Van Houten</i> <i>Troy McClure</i> <i>Lurleen Lumpkin</i> <i>Brandine Spuckler</i>	
Not Ready	<i>Clancy Wiggum</i> <i>Lionel Hutz</i>				<i>Nick Riviera</i>	
Individuals to Watch Long Term	<i>Martin Prince</i>		<i>Martin Prince</i> <i>Samantha Stankey</i> <i>Jessica Lovejoy</i> <i>Nelson Muntz</i>			

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# Dealing with Resistance: Kotter's Eight-Stage Process

- Establish a sense of urgency
- Create a guiding coalition
- Develop a vision and strategy
- Communicate the change vision
- Empower employees for broad-based action
- Generate short-term wins
- Consolidate gains and produce more change
- Anchor new approaches in the culture

Source: Kotter, John. *Leading Change*. Harvard Business School Press, 1996.

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## Summary

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- **Sustainability**
- **Management of Competencies, Capability, and Capacity**



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## Questions?



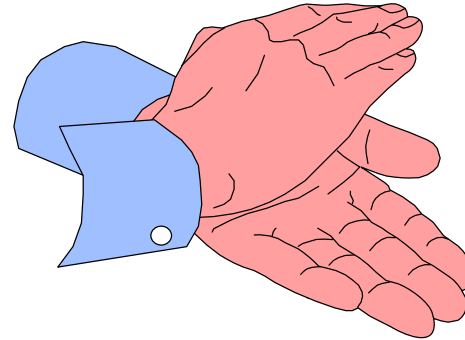
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# Thank You!



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**GO  
NAVY!**



**BEAT  
ARMY!**

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