

Four Mistakes Nonprofits Make When Using Competencies in Talent Management

By Kirk Kramer and Barbara Christiansen

On average, one in four senior nonprofit executives will leave their organizations in the next two years. Their departures will leave a gaping hole that will result in months of lost productivity and will create a burden on organizational resources: recruiting and time spent looking for a replacement can nearly equal an individual's salary depending on the position. Unfortunately, the retention rates at other managerial levels are no better.



Why are they leaving? Our research¹ shows that among the primary reasons is lack of development. Nonprofit leaders and managers believe that going elsewhere will help them grow faster than staying where they are.

To reduce these exits, nonprofits can create a talent management process that includes defining and using competencies that will help individuals grow in their roles and organizations. **Competencies, when well-defined, identify those skills, capabilities, and experiences needed for staff members to perform their work today and to grow in the future.** (Our article, “[A Framework for Great Nonprofit Leadership](#),” shares more about how to approach defining leadership competencies.)

¹ Libbie Landles-Cobb, Kirk Kramer, and Katie Smith Milway, “The Nonprofit Leadership Development Deficit,” *Stanford Social Innovation Review*, Oct. 22, 2105, https://ssir.org/articles/entry/the_nonprofit_leadership_development_deficit.

What Is a Competency?

What it means: Most competency definitions refer to skills, capabilities (or abilities), and experiences (that create usable knowledge) that are required for individuals to do their jobs successfully.

How to use them: Defining what it takes to do a job successfully through competencies helps ensure organizations hire and develop the talent needed to succeed. For example, knowing what it takes to succeed enables organizations to write job descriptions that are very specific and helps in finding the right talent—internal or external—to fill the position. Similarly, knowing what it takes to succeed helps organizations assess individuals against relevant competencies and identify areas for development that will help them get more out of each individual.

However, when ill-defined and wrongly applied, competencies can undermine key parts of the talent process. In our work with 50 nonprofits, we have witnessed four common mistakes organizations make when defining and using competencies.

1. Using competencies to assess an individual's performance

The performance assessment of an individual should be based primarily on how well they are doing against their agreed upon goals and targets for the year. Competencies enable this performance. They provide a guide for individuals to understand the skills, capabilities, and experiences they need to develop to improve their performance over time. Organizations that do this right **use the performance assessment process to identify the competencies for each individual to work on**. For example, a program manager charged with growing her program over the next couple years may need to strengthen competencies like strategic thinking or relationship building to achieve this job goal.

Our House, Inc., a nonprofit in Atlanta that provides early childhood education and pre-k schooling for children from families experiencing homelessness, provides a good example of an organization that uses competencies to help individuals know where and how to develop. Supervisors assess individuals against annual job goals and targets, and then against a set of competencies to identify areas for development. Next, they define specific development goals for each competency that the individual should work on (see an example on the next page). Using this information, the subordinate and manager co-create a development plan each year.

Our House: examples of development goals linked to competencies

Job competency to develop	Development goals
1. Analytical Thinking	<ul style="list-style-type: none"> • Establish clear goals and priorities • Form follows function; use the end goal to guide the structure and sequence of projects and work streams
2. Workload Management	<ul style="list-style-type: none"> • Increase effective delegation by: <ul style="list-style-type: none"> – Breaking down the work into more concrete pieces so that other team members may be included earlier – Assigning projects earlier so team members may better manage their own workloads – Increasing clarity around who owns versus participates in a project
3. Technical Expertise	<ul style="list-style-type: none"> • Increase knowledge of the organization's facilities and systems

Leadership competency to develop	Development goals
1. Decision Making	<ul style="list-style-type: none"> • Be able to make the best decisions as quickly as prudently possible

2. Thinking of competencies only in relation to the work of the individual and organization

Most nonprofits that have identified and defined competencies use a common list of job-related competencies. These are generally relevant for everyone in the organization (e.g. communication, dependability, workload management) and can include competencies specific to certain roles (e.g. work planning for supervisors). However, many of these nonprofits forget that **they need a set of leadership competencies—in addition to the job competencies—for organizational success**. While these competencies may not apply to everyone in the organization (e.g. strategic thinking, external relationship building, motivating and developing others), they are vital to the organization's day-to-day management and long-term success.

Consider the senior team at Our House. The team engaged in a process to identify both the job and leadership competencies that they believe are required for the

organization to succeed (see a list of these competencies below). “Identifying job and leadership competencies gave us clarity,” said Tyese Lawyer, president and CEO of Our House. “We had been struggling to understand the particular challenges with some staff members, and by identifying both job and leadership competencies, we could better understand if we needed to focus more on job-related development or leadership-related development with each person.”

Our House competencies

Job competencies	Leadership competencies
<ul style="list-style-type: none"> • Technical expertise • Analytical thinking • Teamwork/collaboration • Service focused • Accountability • Workload management • Mission driven • Supervisory skills (for supervisors only) 	<ul style="list-style-type: none"> • Motivates others • Emotional intelligence • Problem solving • Decision making • People development & management • Communication • Initiative/results-driven • Resilience • Vision/purpose

3. Failing to develop a tailored set of competencies that are both organization-specific and future oriented

Some nonprofits we have worked with have a starter set of competencies pulled from an HR website or another source. When we ask if the competencies will enable the organization to achieve its strategic priorities, senior teams reflect and typically modify the list, often quite considerably. Starter lists have their use, but **organizations need a set of competencies that are specific to their work and that enables them to succeed in the future.**

Not long before Our House’s conversations about competencies, the nonprofit had merged with Genesis Shelter, which served mothers and their newborns experiencing homelessness, to create a larger, more complex organization. Therefore, as Lawyer and the senior team at Our House identified competencies, they considered both current and future needs. As they reflected on the changing role of the organization, the team identified several new competencies that became more relevant because of the merger. For example, the team defined the job competency of “mission-driven” to include an understanding of how the programs interact to achieve the mission. Also, in order to improve service delivery across multiple programs, they knew that staff needed to become more focused on client needs, so the senior team added “service focused” as a job

competency. By ensuring that their competencies incorporate new and future needs, Our House leaders have helped staff members develop competencies that will prepare them for the path ahead.

4. Not defining competencies in a manner that makes it easy to use them for development purposes

Many organizations with competencies have a short definition for each one. Some venture further and provide detail on the major elements of the competency. However, few organizations have taken the time to **create a scaled definition, one that provides an understanding of what it means to progress from an early stage to an advanced stage for each competency.** (See Our House’s definitions below.) “My leadership team refers to those competencies and their definitions when we discuss how to help each person progress,” said Lawyer. “We’ll say things like, ‘This director is “early stage” now on the problem-solving competency, and we need him to be “proficient” in order to do the job well. How can we help him get there?’” she added. “Having those clear definitions makes development less nebulous; we can pinpoint where to focus our development support.”

Our House: examples of scaled definitions of competencies

Job competency	Early stage	Proficient	Advanced
Analytical Thinking	<ul style="list-style-type: none"> Sequences work with an understanding of impact on others Anticipates potential challenges and identifies solutions Establishes clear goals and priorities Initiates research into challenges and prepares proposed solutions Recognizes and reconciles discrepancies 	<ul style="list-style-type: none"> Identifies trends and key underlying issues in complex situations Translates information/data into management reports Utilizes data information to provide guidance and/or resolve issues Anticipates and thinks ahead about next steps 	<ul style="list-style-type: none"> Identifies trends and key underlying issues in complex situations Translates information/data into management reports Utilizes data information to provide guidance and/or resolve issues Anticipates and thinks ahead about next steps

Our House: examples of scaled definitions of competencies

Leadership competency	Early stage	Proficient	Advanced
Initiative/ Results-Driven	<ul style="list-style-type: none"> • Is a hard worker; is energized by a good challenge • Demonstrates a sincere positive attitude towards getting things done • Appreciates a well-thought-out game plan and participates in the operation of it • Sets goals and pursues them to completion 	<ul style="list-style-type: none"> • Goes beyond expectations in the assignment, task, or job description without being asked • Considers planning important but will readily jump into an urgent situation without a plan rather than lose the moment • Performs work with energy and drive • Consistently meets goals • Owns difficult decisions 	<ul style="list-style-type: none"> • Has a contagious and positive work ethic • Views a challenge as an opportunity for growth and learning • Sets the pace for productivity by example • Dependably achieves what he or she sets out to do, and expects others to do likewise • Appropriately pushes and motivates others to achieve excellent results

Having well-defined competencies is important in the development process. Competencies should have a clear set of attributes. Scaled definitions for each attribute provide each individual with a clear understanding of what it takes to improve within each competency. It helps shift the individual's mindset from assessment ("where I am today") to development ("where I'd like to be next year"). Managers also benefit from the careful crafting of competencies. What it takes to progress is well defined (the "what"), allowing them to focus their attention on the "how," what actions to take to progress to the next level of competency.

Conclusion

Organizations that approach identifying and using competencies with leadership development in mind avoid many of these pitfalls. They automatically look through the lens of what skills they need today and tomorrow, and adapt their competencies to achieve organizational goals. In addition, getting the competencies right and using them for development purposes gives nonprofits a good shot at increasing retention and job satisfaction among emerging and existing leaders, helping them keep the talent that is key to their organizational impact.

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