

The Missing Metric: Competency Performance Index

Key Performance Indicators (KPIs) are critical to a company’s performance, and critical to almost every output is their most expensive and potentially greatest asset—their workforce. Why then, do companies fail to measure employee knowledge, capability and competency with anything like the same degree of diligence or frequency as they measure the KPI itself?

One of the key challenges of Learning and Development is to not only measure return on investment but also to be perceived by management as a strategic and valuable partner in the boardroom. With the large majority of systems and processes quantifiable, L&D’s inability to link targets to operation and business objectives based on performance results in management perceiving training to be a necessary evil, a tick-the-boxes chore that adds no tangible value. Whilst L&D’s value is often incremental improvements per person, when this is multiplied by a large workforce, however, it can add up to a big impact on a KPI.

Firstly, management needs to know what individual employees *actually* know and whether they know how to apply that knowledge in a real-life work environment, thus demonstrating their knowledge, capability and competency. At present the following measures are in place in companies throughout the globe:

Measurement	Results
End of Training Assessment/Exam	Only measures short-term memory
Periodical Exam Testing	Unpopular with both employees and management. Employers have to set up, supervise and mark the exam which results in large sections of the workforce missing at a given time for several hours
Line Management’s supervision of employees’ competency	No tools are currently in place to help management to identify gaps in competency
Coaching by supervisor	Often supervisors are sufficiently removed from the day-to-day activities due to large amounts of administrative duties. As a result, they aren’t qualified to continue on the job training and are time poor
Supervisor’s Assessment	Risk of being an emotional assessment/opinion that is open to human error and the vagaries of inter-work relationships.

As you can see, without the tools in place, it has proven quite difficult for L&D to prove beyond a shadow of a doubt the value of training and learning development in the workplace. So what can be done? Up until now, a *Competency Performance Index* or *CPI*, has been the missing metric that has eluded L&D, now, however, its presence will form an integral part moving forward.

So what is the *Competency Performance Index*?

CPI is a numerical representation of an employee's knowledge, capability and competency expressed as a percentage which will enable L&D professionals to quantify numerically the competency of every single one of their employees. While KPIs state bald statistics, they do not take into account an individual's, team's or department's level of competency. Or put a different way, they do not consider how knowledgeable, capable and competent an employee is in the role they have been employed to fulfil.

If you think about it, a large percentage of both executive level and operational level KPIs are directly influenced by the level of knowledge, capability and competency of the employee, or employees, carrying out the work the KPI has been set up to measure. And while an employee's Competency Performance, or CP, is an integral part of successful results, as evidenced by those things we measure, it is not itself taken into account. In fact, it is completely ignored!

Surely the most obvious starting point when looking to improve any KPI is what drives the KPI? If people are involved then the most obvious question must be; do all the people who contribute to this KPI know what they are doing and are they all competent at the tasks that cumulatively contribute to the KPI? Any experienced manager will know that the answers to these questions are obviously 'no,' as there are almost certainly a large number of employees that are not as competent or knowledgeable as they are needed to be.

Indeed, the impact of employee competency on any given KPI has led us to coin the term *Human Impact Factor* (HIF), particularly in relation to the prioritising of management's interventions in relation to poorly performing KPIs. For example, if a poorly performing KPI has a very low HIF then the CPI isn't going to have a significant impact and thus should be deprioritised in terms of intervention strategies. Put simply, under-performing KPIs with the greatest economic value at stake and the highest HIF should be prioritised as they will be greatly aided by a CPI-centric performance improvement strategy. Thus, by improving the latter you will also improve the former.

To ensure you get your CPI up and running, Elephants don't forget have created a unique and engaging Artificially Intelligent software application, *Clever Nelly*, to provide management with a numerical competency rating for every employee, team, department, function, site and business unit. Nelly can even be used to calculate a CPI for any part or sub-set of any organisation.

How? *Clever Nelly* draws upon the recent trend in gamification and uses a range of sophisticated, employer-specific, multiple-choice questions delivered randomly to the employee via email, an app on a smartphone, tablet or desktop every working day. As with many software applications, Nelly can be customized and tailored to suit both the

employer's and employee's needs simultaneously. It can be scalable to match the former's requirements and can focus on specific industry issues, while it varies the quantum and subject matter of the questions for the latter, based on that individual's past responses.

The best part? On average Nelly delivers 3.4 questions per employee per day and uses on average 1 minute 47 seconds of an employee's day so that even the busiest contact centre agent, the most time poor salesperson and over-active manager can find time to engage with Nelly each day. Using a combination of the most successful learning techniques such as spaced learning, repetition and self-testing, Clever Nelly guarantees users that they will learn what they have been trained.

Once Nelly is embedded within the organisation, she is able to reliably and continually express employee capability as a metric which management can then link to their KPIs. Without a doubt, there will be a correlation between low CPI relative to a given KPI and poor performance of that KPI—the data doesn't lie.

Once the areas of weakness have been established, you have a choice: you can either use your existing L&D infrastructure to train in the weak areas, supported by Nelly to ensure that what is trained gets learned, or you can wait for Nelly to gradually repair those gaps over time. Clearly the decision criteria will relate to how big a delta there is between desired CPI and actual CPI, and the importance of the KPI. For example, imagine a mission-critical KPI where enterprise wide CPI is at about thirty per cent, it would be inappropriate to wait for Nelly to gradually repair this CPI delta. A more appropriate response would be an immediate remedial training intervention, subsequently supported by Nelly.

Moreover, Nelly is a powerful ally not only when it comes to driving change and lifting standards, but also in providing demonstrable levels of knowledge to an industry regulator. Nelly will enable you to become a strategic partner in the boardroom and will ensure that your budget for targeted learning and development will be improved due to the positive impact to your bottom line.