

A Talent Management Foundation

How Steelcase Uses Job Families to Simplify the Competency Management Process

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▶ IN THIS CASE STUDY

Competencies provide the connection or currency between the talent processes, so that organizations can source, develop and manage talent based on a consistent set of standards that are ideally aligned to the business strategy. However, this complex process for defining and maintaining a set of competencies for every job is typically HR-driven and unnecessarily fails.

In addition, most companies have hundreds or thousands of job positions. In order to keep job-specific competencies updated, a team of people would be required. Steelcase came to the conclusion that the company needed to cluster all job roles into “job families.” Through this process, Steelcase learned that there is a core set of foundational skills that are needed for a particular group of jobs – and which do not change very often. As a result, the company defined “wholesale” what the skill requirements are for a broad group of jobs.

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This case study describes how Steelcase has developed and implemented a companywide leadership competency model based on six job families. We also share Steelcase's approach for:


- Engaging senior executives;
- Ensuring business strategy alignment;
- Integrating competencies into all of the company's talent management practices; and,
- Leveraging a competency management system to track and maintain job families and associated competencies. 

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Company Overview

Founded in 1912, Steelcase Inc. is the largest office furniture manufacturing company in the world. Originally called, “The Metal Office Furniture Company,” the company changed its name to Steelcase in 1954 and became a publicly held company in 1998.

Today, headquartered in Grand Rapids, Michigan with its international headquarters in Strasbourg, France, Steelcase is a global company with FY’07 revenue of \$3.1 billion and approximately 13,000 employees in more than 66 countries. The company operates manufacturing facilities in 35 locations worldwide. Steelcase and its subsidiaries have dealers in more than 900 locations around the world.¹

In the mid-1990s, Steelcase began a transition from a manufacturer of office furniture to a full-solution office environment provider. The company is constantly developing new tools to help companies measure how their workplaces contribute to improved productivity, communications and work processes.

The History of Competencies at Steelcase

Steelcase began its evolution toward talent management in 1992 by creating a competency assessment program to replace the less formal and subjective system that was in use at the time. Competencies were initially used as tools for hiring, performance reviews, promoting and succession planning. This transition provided managers with a structured approach for qualifying talent and assessing the competencies of their employees.

Initial job competencies were created with input from HR, executive management, and corporate learning and development (L&D). Corporate L&D (now Steelcase University – SCU) worked collaboratively with human resources to make sure the hiring, promoting and succession planning processes were aligned with the competencies.

¹ Source: http://www.steelcase.com/na/investor_relations_ourcompany.aspx?f=10040.

KEY POINT

Steelcase initially used competencies as tools for hiring, performance reviews, promoting and succession planning.

Job Families

Competencies and their application at Steelcase have evolved over the years. The latest key chapter (which occurred in the late 1990s) included the development of job families. As stated by the senior consultant leadership development,

“We had to think about how the jobs might be grouped, so that we could define wholesale what the skill requirements are for a very broad group of jobs.”

SCU created six job families that would encompass all job descriptions across the entire enterprise (three of which were non-leader jobs). (See Figure 1.) These job families are:

Figure 1: The Six Job Families	
Job Category	Description
1. Hourly (Skilled / Technical / Operators)	Hourly operators and skilled / technical hourly employees (primarily in Operations).
2. Administrative / Office	Salaried administrative employees. The majority is nonexempt (Fair Labor Standards Act).
3. Technical / Professional	Typically salaried technical and professional employees who do not have supervisory responsibilities.
4. People Leader	Typically first-level leaders, e.g., those leaders who have direct reports who, in turn, generally do not have supervisory responsibilities.
5. Process Leader	Typically leaders with direct reports who, in turn, are also responsible for leading others.
6. Business / Strategic Leader	Typically considered executive-level job roles. Responsible for the formulation of organizational strategies and policies.

Source: Steelcase Inc., 2006.

1. **Hourly** – Production workers;
2. **Administrative** – Clerical or administrative support;
3. **Technical / Professional** – White collar (non-supervisory roles);
4. **People Leader** – First-level supervisors and managers;
5. **Process / Operational Leader** – Mid-level managers, directors and plant managers; and,
6. **Business / Strategic Leader** – Senior leaders (including vice presidents, senior vice presidents, general managers and business-unit presidents).

This effort was led by the vice president HR, with support from the company’s organization development specialists and HR leaders – as well as external competency consultants, with additional input from managers across the company.

The company’s CLO shared,

“Many global companies have literally hundreds if not thousands of job positions. It would take an army of people to constantly keep competencies updated because jobs do change ... we came to the conclusion that we needed to cluster all job roles into these six job families and that also makes it much more manageable for us to maintain as time goes forward.”

Competency models were analyzed and developed for each job family (see section, “Appendix I: Figures”). Core competencies were identified through a statistical survey methodology and assigned to the appropriate job family. For example, the “People Leader” job category contains the key competencies needed by anyone who wants to succeed or excel in that job family regardless of his / her position. Employees are encouraged to work on the job family competencies first and then move on to the job-specific competencies.

 **KEY POINT**

Core competencies were identified through a statistical survey methodology and assigned to the appropriate job family.

Job-Specific Competencies

Having a long and successful track record with competencies, SCU recognized the need to enhance its strategy with a framework that could more easily be customized for specific roles within the job families. Job-specific competencies enable development programs to be targeted toward key skill behaviors required for a specific job role.

The vice president global L&D indicated, however, that

“... specific competencies are a more complex challenge simply because there are hundreds of distinct roles within the company that need competencies identified.”

Currently, less than 10 percent of all positions are managed with job-specific competencies that have been developed over the last five years.

The effort involved in developing job-specific competencies dictates that SCU prioritizes positions for those that can have the most strategic and valued impact on the business. The prioritization of job roles is based on:

- Those that can provide the greatest return, considering the strategic direction of the company; and,
- Functional groups that are willing to work with global L&D to create the competencies.

Maintaining Competencies

SCU manages the corporate competencies and job profiles for Steelcase (see Figure 2). Although relatively stable, competencies are not static. Every two years, SCU’s talent management team supervises a process to reexamine job family competencies, adding new competencies while deleting others.

A change in strategic vision or significant organizational restructuring may require modifications to existing competencies, as well. For example, the company’s transformation from a manufacturer to a full-solution provider in the mid-1990s required the workforce to exhibit more creativity and innovation – along with global acumen; hence, these competencies were added to the appropriate job families.

KEY POINT

Job-specific competencies enable development programs to be targeted toward key skill behaviors required for a specific job role.

★ BEST PRACTICE

Every two years, SCU’s talent management team supervises a process to reexamine job family competencies, adding new competencies while deleting others.

Figure 2: Sample of a Job Family Model

Role Catalog > Role Details

Associated Tasks and Competencies Information > Sales Leader

Item	Task	Competency	TYPE	STATUS	IMPORTANCE	FREQUENCY	PROFICIENCY
<input type="checkbox"/>	Core Values		Group	Active	10	10	N/A
<input type="checkbox"/>	Customer Service		Skill	Active	10	10	Proficient
<input type="checkbox"/>	Integrity		Skill	Active	10	10	Expert
<input type="checkbox"/>	Quality		Skill	Active	10	10	Proficient
<input type="checkbox"/>	Leadership - The Four Es		Group	Active	10	5	N/A
<input type="checkbox"/>	Edge		Skill	Active	10	5	Proficient
<input type="checkbox"/>	Energize		Skill	Active	10	5	Functional
<input type="checkbox"/>	Energy		Skill	Active	10	5	Functional
<input type="checkbox"/>	Execute		Skill	Active	10	5	Expert
<input type="checkbox"/>	Functional		Group	Active	10	10	N/A
<input type="checkbox"/>	Sales		Skill	Active	10	7	Expert
<input type="checkbox"/>	Research		Skill	Active	10	6	Aware
<input type="checkbox"/>	Project Implementation		Skill	Active	10	8	Proficient

Source: TEDS, 2008.

Senior Management Engagement and Strategic Alignment

Requiring the involvement of senior management, the job analysis process includes three phases, which are:

1. Getting work content experts (or incumbents) to identify how frequently they perform tasks in their work and how important those tasks are to the job. Based on this input, a software program produces a list of potential competencies.
2. Managers of those people do a rating and ranking of the competencies that were produced by the previous step. This

information is then added to the software program –at which point, the competency list is typically narrowed, by as much as 50 percent.

3. The list produced in step two is given to a senior leader for a final review. For the top two levels of the company, the CEO has the final opportunity to edit the competency list. As these leaders review the competencies, they need to determine how well these competencies will support the work today, as well as up to three years down the road.

Legal Review

A job analysis report is given to the vice president HR and the legal department, with a copy that is maintained at SCU. This report includes a great deal of information, such as:

- Who was involved in the process;
- The kinds of data that were gathered;
- The composition of the sample size;
- The makeup of the larger population;
- A list of preliminary competencies;
- A first list of recommended competencies; and,
- Successive lists of modified competency models.

Even the CEO receives a copy of the job analysis report. According to the vice president global L&D, the CEO stated that he liked the report because he can see the science in the competency management process. The real value for Steelcase is to protect the company from anyone (both internal and external) who may contest a selection, a performance review, a dismissal or even the competence of a fellow worker.

Talent Management Integration

Over the last 15 years, the use of competencies has become engrained in the company's various talent management processes. The senior consultant leadership development stated,

“Competencies are a common architectural platform for many HR activities. They are common for selection, assessment and development. You can make a lot of different and otherwise unrelated HR processes integrate very smoothly through the language of the competencies.”

All employees are part of a job family even if they are not assigned specific competencies for their individual positions. This enables employees to use a common language around performance and development, regardless of their department or position. Job families are actively used for identification of future leaders by senior executives and to make other staffing decisions (such as the assembly of a global team needed for a special project).

Further, the job family competencies were designed to monitor employee performance requirements and development gaps – and to assist in structuring annual review discussions. The competencies ascertain, describe and list the key capabilities of an engineer, for example, instead of creating a long list of all the tasks an engineer might perform as he / she did his / her job.

The application of competencies in various talent management activities at Steelcase is described as follows.

- **Recruitment and Selection**

- Hiring new employees.
- Training managers to be talent assessors by observing, recording, classifying and judging behaviors.

- **Performance Management**

- Promoting current employees.
- Identifying development gaps for all individuals.
- Recording behaviors needed for personal and organizational development.
- Providing the framework for a common language to describe work tasks and to monitor employee performance.



KEY POINT

The job family competencies were designed to monitor employee performance requirements and development gaps – and to assist in structuring annual review discussions.

- **Employee Development**
 - An optional process, enabling employees to be assessed against competencies and to create development plans.
 - Having discussions with managers about strengths and opportunities around weaknesses.
- **Succession Management**
 - Identifying high-potential employees who may be exemplar in certain competencies.
 - Determining successors to key positions.
- **Learning and Development**
 - Providing relevant training and development options.
 - Linking to the learning management system (LMS).

Technology

The move to job-specific competencies impacted the selection of the system needed to automate the talent management process. Steelcase selected TEDS' RTC Power competency management system because the company needed the capability to support a hierarchical structure that would associate job family competencies to multiple job roles, while allowing the association of job-specific competencies to specific roles within the job family assignment. This vendor offered one of the few systems at the time that was able to accommodate these requirements.

This functionality was also important for employee simplicity and provides managers with easy access to information. The competency management system allows reports to be created, based on different job families by region, division, function, individual, et al, on any given talent management process that supports these competencies. Data for reporting comes from multiple sources.

- **HR Information System (HRIS)** – Specific employee data is uploaded directly from the company’s SAP system into TEDS (i.e., job history) and vice versa, every 24 hours.
- **Learning Management System** – The LMS application tracks and maintains L&D information for every employee (i.e., course completions).
- **Performance Management** – The performance management system provides assessment data of employee performance against stated goals and objectives.
- **Employee Development** – Competency assessment data includes self-ratings and manager ratings, as well as individual development plans. This is separate from the performance management process, which only focuses on goals.
- **Employee Résumés** – Additional data is self-reported and maintained by employees (i.e., languages, willingness to relocate). This type of information provides employees (who are maintaining their résumés) with a tool to “market” themselves for promotions, cross-functional teams and succession planning.

Further, changes to job families and competency models can be made internally. SCU has internal IT people who have expertise with the TEDS application. If an error or other problem occurs, these individuals work directly with the vendor to resolve it. With the exception of some troubleshooting, however, the company does not have to rely on TEDS for ongoing support.

Lessons Learned

Limit the Number of Job Families

Most companies have hundreds or thousands of job positions. These roles should be clustered into a limited number of job families, with which competencies can then be aligned. This approach will make the process more manageable for HR and more understandable for employees.

Simplify Competency Models

SCU learned that there are foundational skills that are needed for a particular job or group of jobs that do not change very often. For example, the competence of first-level managers requires a certain core set of skills regardless of function (e.g., marketing, manufacturing). Do not over complicate the process by trying to find uniqueness where it does not exist.

Select One Vendor for Competencies

As stated earlier, competencies create a common language and understanding among the workforce and managers. Using competencies from different vendors for different parts of a business can cause a lot of unnecessary confusion and frustration. The assessment, selection, transference and development of employees become difficult; expectations are misaligned; and, talent can be lost in the process.

Integrate with Talent Management

Companies should not consider competencies for only one talent management function, such as recruitment. Competencies and their application must be thought of more strategically and holistically from the outset. For example, ask the question, “How do we want to use competencies among multiple talent management processes?”

Develop a Common Language

Competencies can become a common architectural platform for many other HR activities, including assessment, selection and development. Various talent management processes can integrate smoothly through the “language” of the competencies.

Conclusion

Steelcase is a great example of a company that understands how to develop and maintain competencies, as well as how to integrate them throughout all talent management processes. The company truly believes that competencies are the underpinnings of its talent management strategy. Also, if correctly defined, the competencies will provide a roadmap, and optimize Steelcase's processes for the selection, assessment and development of its talent pipeline.

Appendix I: Figures

Figure 3: Steelcase Job Family Competency Matrix

Business Leader	Process Leader	People Leader	Tech / Prof	Admin / Office
				Adaptability (Non-executive)
Building Organizational Talent				
				Building Positive Working Relationships
Business Acumen	Business Acumen			
Change Leadership	Change Leadership	Facilitating Change		
Coaching / Teaching	Coaching / Teaching	Coaching	Coaching	
	Communicating with Impact	Communication Skills	Communication Skills	Communication Skills
		Continuous Improvement	Continuous Improvement	Continuous Improvement
Customer Orientation	Customer Orientation	Customer Service Orientation	Customer Service Orientation	Customer Focus
Developing Strategic Relationships	Developing Strategic Relationships			
Driving for Results	Driving for Results			
		Decision-Making	Decision-Making	Decision-Making (Admin)
	Empowerment / Delegation	Delegation		
Entrepreneurship				
Establishing Strategic Direction				
Global Acumen		Financial Acumen		
		Gaining Commitment (1)		
	Influencing Others	Initiative	Initiative	
Learning Orientation	Learning Orientation	Learning Orientation	Learning Orientation	Learning Orientation
		Managing Conflict		
Mobilizing Resources				
	Operational Decision-Making			
		Planning and Organizing	Planning and Organizing	Managing Work
		Project Management		
Positive Disposition	Positive Disposition			
Selling the Vision	Selling the Vision			
	Team Development	Bldg a Successful Team (2)	Teamwork / Collaboration	Contributing to Team Success
Valuing Diversity (Process / Business Leader)	Valuing Diversity (Process / Business Leader)	Valuing Diversity / Inclusion	Valuing Diversity / Inclusion	

(1) Previously "Influencing Others."

(2) Previously "Team Development."

Source: Steelcase Inc., 2006.

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About Us

Bersin & Associates is the only research and advisory consulting firm focused solely on *WhatWorks*® research in enterprise learning and talent management. With more than 25 years of experience in enterprise learning, technology and HR business processes, Bersin & Associates provides actionable, research-based services to help learning and HR managers and executives improve operational effectiveness and business impact.

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