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Competency-based learning:
**How to master the transformation
of learning for the digital age**



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Digital transformation disrupts the business models and work processes of small and medium-sized companies all the way up to global corporations. On the one hand, technical innovations, agile product development as well as changes in customer demands result in ever-shorter product and service cycles. On the other hand, digital technologies also change the work processes and structures of companies. As a result, companies face an increasing demand for continuing education and skills development for their employees. Due to these trends, companies face several key challenges:

Job profiles change

Digital technologies, project teams across sites, flat hierarchies, increasing growth of home offices and similar trends and developments not only affect corporate cultures but also require new skills from senior managers as well as employees. Professional hard skills and soft skills, such as communication or collaboration skills, are becoming more significant compared to hard skills, which requires additional training and development.

In addition, the career biographies of employees are also changing. A CV which runs from

education to retirement in the same company is nowadays an exception rather than the rule. Employees change employers more quickly and on a regular basis while career changes are also more frequent today. With this as background, companies are confronted with candidates, new employees and workers who have a broad base of more or less distinct skills. This “skills heterogeneity”

presents a challenge for companies, and requires custom development and career paths.



Reduced half-life of knowledge and qualifications

In the competition for customers and market shares, companies rely on a greater variety of products and services, higher customization and ever-shorter product cycles. This development tempo challenges companies because they must train and qualify their employees more regularly and more frequently than ever before. After all, a new product won't be successful, if, for example, your sales employees cannot adequately advertise and sell said product or a service employee cannot help or support a customer with her or his problems.



"War for talent"

Even in the upcoming age of artificial intelligence and the Fourth Industrial Revolution, employees and their skills remain one of the most important resources of a company. Even the most modern robots and the newest algorithms won't be of much help if a company doesn't have the right employees with the needed skills to operate and use them. This results in an increasing need and an intensive struggle for qualified professionals.

These trends show that skills and their development are becoming a key success factor in order to keep up with the competition in the digital age. Additionally, since more and more employees are interested in their personal development and career advancement, skills development opportunities make companies more attractive for qualified professionals and talent as well as for the existing staff.



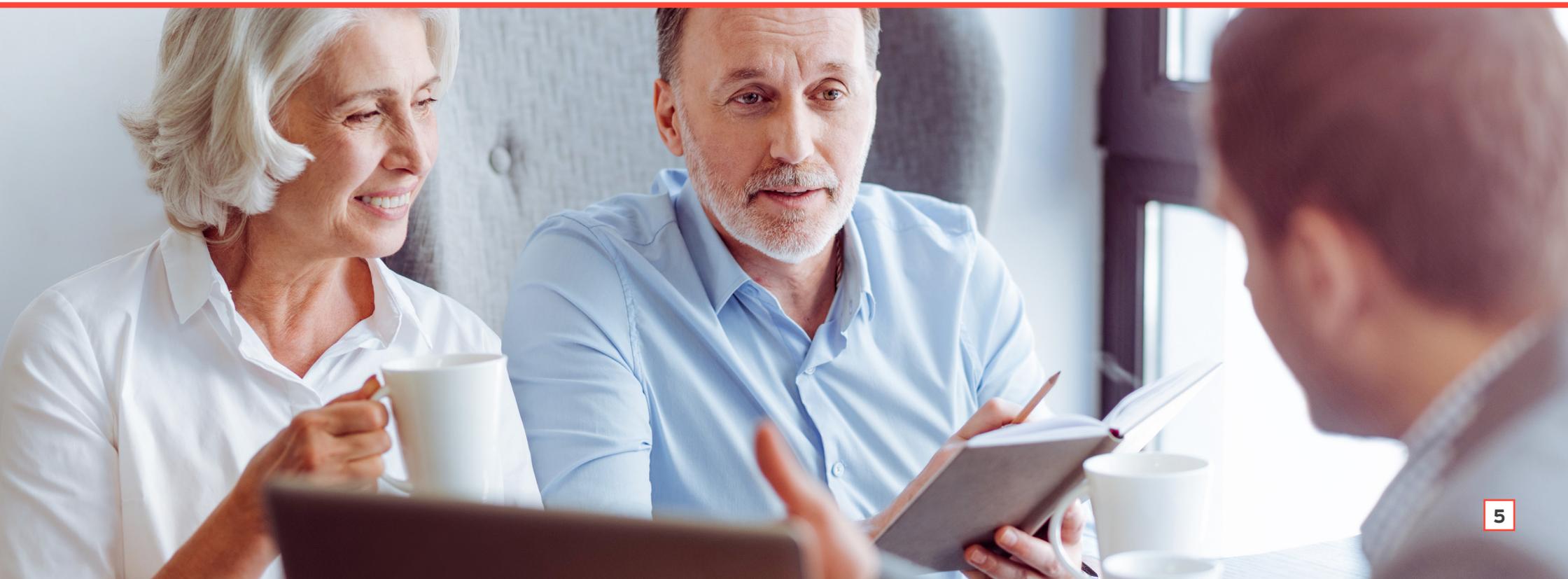
2. Case study - digitization in the insurance industry

The insurance industry is one of the areas of the economy in which the digital transformation is already having a profound effect. Insurance products and services can be digitized to a great degree, and are thus subject to high-speed changes. Data availability, for example, enables insurance companies to offer tailor-made digital products to their customers, such as car insurance with customized risk as-

sessments. In addition, digitization also creates new product categories, such as short-term insurance (on demand) for specific, temporary risks, and insurance for cyber risks.

At the same time, insurers lost some of their structural advantages due to digitization, such as a dense branch network with local contacts and clerks. Partly thanks to comparison websites and

direct insurers, the insurance industry moved their business to the Internet. Furthermore, agile fintech start-ups as well as large data companies such as Amazon represent new, potential competitors. Against this background, established insurers had to modernize their business models as well as adapt their work processes (such as the use of algorithms and AI to recognize fraud or the use of modern communications technology).



QUESTION
How can the insurance industry qualify sales representatives as effectively as possible in the face of these issues?

The challenge of skills development

Employees and especially sales representatives play an important role in these change processes because customer satisfaction is paramount and requires high-quality service. For this reason, insurers must ensure that their sales representatives follow corporate-wide business standards and procedures. This results in a regular need for continued training and education for field employees in order to inform them of new standards, products and business processes

which are updated in ever-shorter cycles due to digitization.

Qualification of new sales representatives is particularly challenging. Intensive training and qualification programs must convey the needed professional knowledge and skills. At the same time, lengthy training and qualification phases often collide with the economic interests of insurance agents, who are for the most part independent

contractors of insurance companies. It is in their best interest to move their sales representatives as quickly as possible to selling, and to integrate them in customer care. This situation is further exacerbated by the fact that the insurance industry traditionally has a high share of career changers who usually have a wide variety of prior work experience, and who can have very different skills levels. This heterogeneity of skills further complicates targeted and time-efficient onboarding.



ANSWER

Custom, targeted continuing education using:
COMPETENCY-BASED LEARNING!

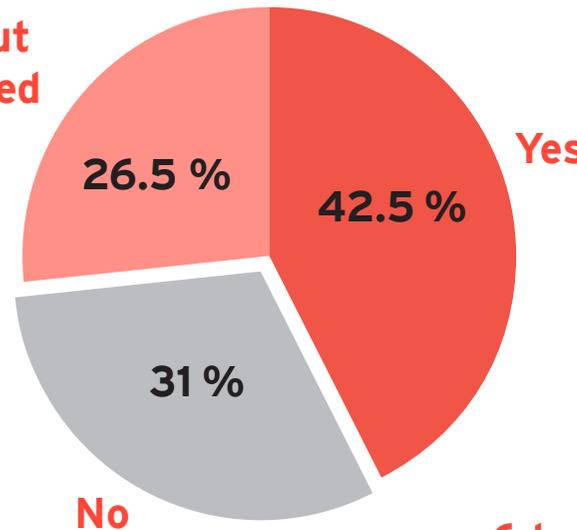
Who doesn't know this situation? You log into the company's learning management system, get a list of assigned courses and learning contents which you, like your colleagues, are usually required to do.

Learning and development based on a "one-size-fits-all" approach is still reality in most companies, especially in the area of compliance issues. At the same time, this approach is also one of the primary reasons why in-company training and, above all, eLearning, are not always widely accepted among employees.

On the other hand, the concept of competency-based learning is a completely different approach. Competency-based learning is individualized and designed to adapt, in order to coordinate the learning process with the personal needs of each employee. Instead of treating all employees in the same way, Competency-based learning considers individual strengths, weaknesses and learning goals which means that an employee only works on the specific courses, the modules and learning contents which are needed to achieve a desired skill.

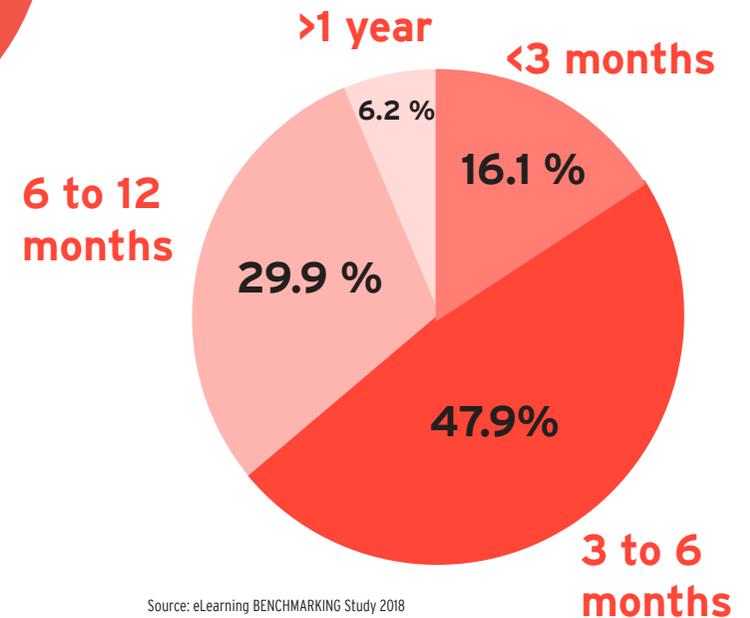
Is skills management practised in your company?

No, but planned



Source: eLearning BENCHMARKING Study 2018

How long does it take on average for an employee of your company to master a new skill?



Source: eLearning BENCHMARKING Study 2018

Reasons for the use of Competency-based learning

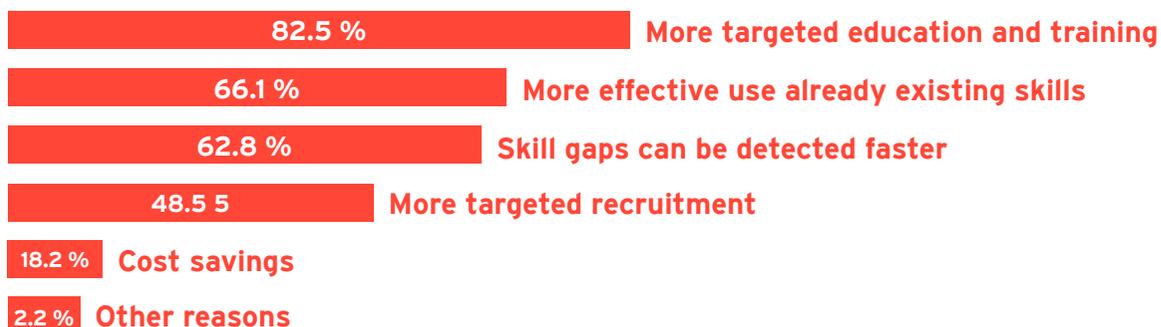
So much for the theory. But what are the actual advantages of this approach both for companies as well as their staff? From the corporate point of view, mainly the **shorter qualification and onboarding times** while maintaining an equal training quality speak for the use of competency-based learning. Instead of a “one size fits all” training concept, competency-based learning considers already available previous knowledge and existing skills, which can be used to trim down the training requirements and, therefore, time. To illustrate this point, let’s come back to the insurance company case study: A new sales representative already has sales experience through a previous job, for example. Based on this prior knowledge, he can skip the course on sales skills, partially or completely, therefore considerably shortening his qualification period. This agility is the greatest advantage of competency-based learning and makes the approach particularly exciting in the digital age. Skill-based learning enables companies to efficiently train their staff while providing employees with the tools to enable and support their personal development and

to keep up with the increasing speed of change caused by the digital transformation.

In addition, competency-based learning is also beneficial for the employees themselves. This approach allows them to continue their education and development in a targeted fashion based on their own needs. They are not forced to redo contents or courses which they already know and which, thus, offer little to no added value to them. Therefore, experience has shown that competency-based learning has a positive effect on employees’ **acceptance and motivation**, which in turn contributes to better learning outcomes.

A further benefit of competency-based learning is **sustainability**. One of the greatest “enemies” of learning and development is forgetting because with most “one-off” learning contents such as web-based trainings a large part of the knowledge passed on is typically already forgotten the next day. In contrast, competency-based learning focuses on sustainable skills development. A focus on knowledge transfer ensures that the training activities don’t go up in smoke after a short while. Employees benefit by gaining skills that can positively affect their careers, while, at the same time, sustainability means a higher ROI for companies.

For what reasons does your company practice skills management



Source: eLearning BENCHMARKING Study 2018

4. Easier said than done – typical stumbling blocks and challenges in implementing competency-based learning

There is a series of reasons that support the use of competency-based learning. However, as with any major change affecting the learning culture, the right framework conditions must be in place, or be created, for the successful introduction of competency-based learning in a company. Experience shows that **skills management, the training infrastructure, teaching contents and certification** present typical stumbling blocks.

1. Skills management

As the name implies, skills play the central role in competency-based learning. In order for the approach to work in practice, a company needs to have a functioning skills management in place. Skills and skills profiles must be clearly defined, so that clear specifications can be formulated, and the difference between the “actual” and the “target” skill level can be reliably determined for an employee.

This also means, however, that a company must be able to determine an employees’ skill level in a reliable and detailed way and be able to consistently track the progress over the entire development period. **Determining the specific skill level** of an employee can be done by various means, for example in the form of regular tests or via 360° feedback. How-

ever, it is important to note that the determination of skill levels is not a one-time thing. Rather, it must be conducted at regular intervals, so that development progress can be accurately tracked and, if needed, the training strategy can be adjusted. Let’s consider the previous example of the insurance industry again. In this context, an insurer must determine in detail what skills a sales representative must possess to be able to successfully perform his job. Afterwards, during the onboarding process, the insurance company can assess the skill level of new employees and determine, whether and which of the needed skills they already possess, before a tailor-made training plan can be created for them.

At the same time, skills determination also brings additional challenges to a company. Sensitive learning data must be gathered, stored and assessed so that the skills of an employee can be accurately tracked, particularly over a longer period of time. For this reason, the topic of **data protection** and the associated appropriate and responsible handling of these data play an important role. One should therefore clearly define precisely which data are to be gathered, how they will be used, and which people can access these data. Clear and transparent processes avoid not only possibly improper handling of the learning data, but also create trust and acceptance by employees.





An additional hurdle can be the **recognition of skills**. Especially new employees may have acquired skills from their previous employment which they might not be able to demonstrate with a certificate, particularly an official one. The situation is similar for informally-acquired skills that employees have gained during their employment. Therefore, as a company, you should consider whether and how the externally- or informally acquired skills are to be recognized and to be taken into account in your competency-based learning approach.

2. Training infrastructure

Another stumbling block can be a company's educational infrastructure. Technical support plays an important role in the successful implementation of competency-based learning. On the one hand, existing skills or employees' skills profiles must be securely stored (cf. data protection). They must be capable of being updated regularly and, at the same time, be visible at all times by the learner himself or by selected people (such as the trainer or direct supervisor).

On the other hand, educational infrastructure is also a success factor in employees' skill de-

velopment. Because in competency-based learning, employees have extensive control over their learning process, and can set their own priorities. In many companies, however, this means reversing established training structures which are usually characterized by mandatory courses and learning contents that are assigned to employees by a central office. Therefore, the existing learning management system (or comparable software) must be able to offer and support a "learning on demand"-style environment in which employees can find, select and use learning contents and courses based on their own needs.

Optimally, employees are supported by the company's educational infrastructure holistically beginning from the initial assessment and planning phases as well as throughout their skills development. A context-sensitive search function, predefined learning paths and content recommendations, as well as custom suggestions for learning content based on the strengths, weaknesses and learning goals ("adaptive learning system") can help employees to navigate their skill development in a targeted manner, thus preventing frustration or overload.

3. Learning contents

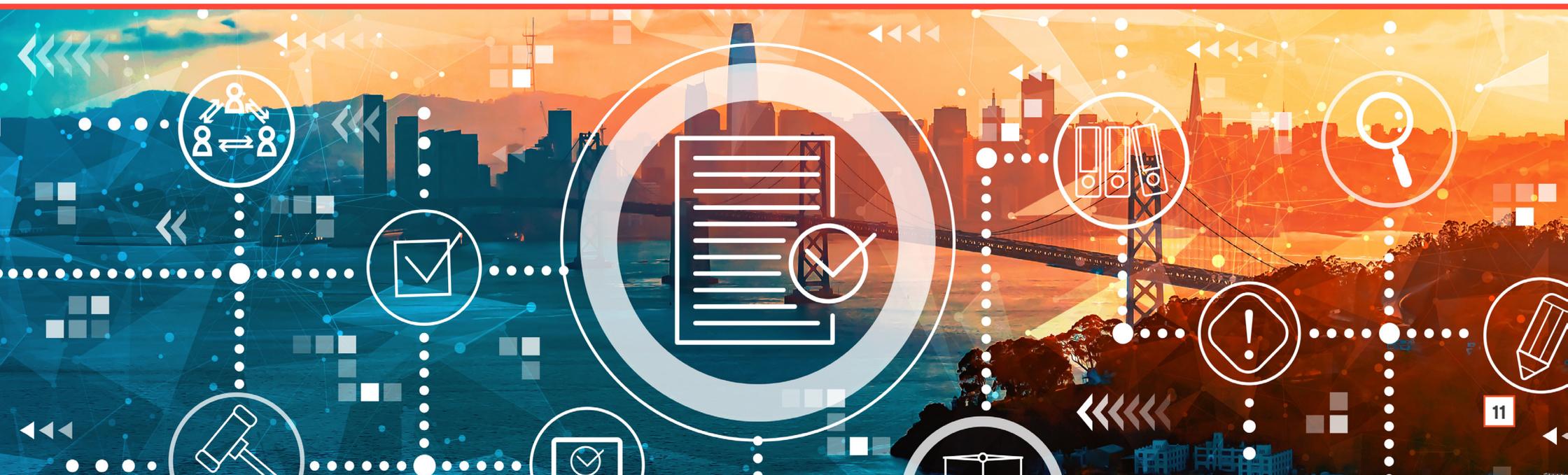
In addition to the software infrastructure, the learning contents themselves must also be compatible with a competency-based learning approach. After all, the benefits of a modern LMS with a powerful search function are negligible if the only available learning content are hour-long web-based trainings without descriptive tags or keywords. That is why learning contents, such as courses or learning paths, should be clearly structured and tagged as well as be constructed modularly to support a competency-based learning approach. Additionally, individual learning contents should always have a clearly defined learning objective (such as at-

tainment of a specific skill including certification). Furthermore, courses or learning paths should be designed in such a way that beginners, advanced learners and experts can start at different times or in different modules based on their previous knowledge. Related to this, short or small-scale learning content (micro learning) can be particularly advantageous for competency-based learning, as it deals with a very specific aspect of the overall skill in just a few minutes.

4. Complex certification

While self-determined learning has clear advantages, it also means that companies must

eventually give up a certain amount of control over their training processes. This in turn can become a problem. In certain industries, or for certain employee groups, legislation specifies minimum standards that must be met in order to perform an activity or job. In the insurance industry, for example, the Insurance Distribution Directive (IDD) regulates minimum training requirements for insurance employees, particularly if they are active in sales, which must be met. For companies, such regulatory requirements can be a challenge to competency-based learning. Thus, self-determined acquisition and certification of skills must be coordinated and brought into line with legal requirements.



5. How to implement competency-based learning

There are a number of stumbling blocks and framework conditions that must be considered for the successful use of competency-based learning. Therefore, what should you consider when implementing a competency-based learning approach? Below are some tips and hints that will support you and make implementation easier.

Start simple

Before competency-based learning should be roll-out as the new, company-wide standard, it is advisable to first gain important experience with a small pilot project. For example, you may want to initially select only a very specific business area, ideally one which concretely influences the company's success. The skills required for this business area can then be defined, training concepts be created, and the relevant employees be brought on board. The new processes can then be tested and refined on a much smaller and, therefore, more manageable way. During the pilot project, the effects on business successes, in particular, can serve as an important guide to improve one's own competency-based learning concept and help to remove as many problems and stumbling blocks as possible. Once all the kinks have been worked out, competency-based learning can then be scaled up with relatively few complications.

Consider bringing in an external advisor

All beginnings are hard. This phrase particularly comes to mind when introducing competency-based learning. This is especially true, if a company starts from zero with any form of a skills concept or if only a rudimentary skills management system is present. In such an environment, the introduction of competency-based learning can quickly become a mammoth task. Even if there is already previous experience in this area available, skills management can often be a complicated task. A comprehensive skills management concept frequently includes several business areas to the entire company and must be regularly defined, tracked and updated.

Another typical challenge is the availability of the right kind of learning contents. As described before, course as well as learning contents should optimally be short, modular as well as clearly defined and tagged, so that employees can efficiently find what they need to further their individual skill development. Unfortunately, learning opportunities in companies are usually not available in such a structured, standardized form. And adapting learning content to these requirements afterwards, for example by dividing a one-hour WBT into several short micro-courses, can in turn be very time-consuming and complicated.





In both cases, it may be worthwhile to use external advice and support. An external service provider can provide his or her experience in creating and expanding a skills management model as well as revising the courses. Additionally, an external service provider can provide important human resources during the implementation phase and at the same time ensure long-term success through a knowledge transfer to your own employees.

Use existing material

Especially for the determination of skills, there is a plethora of already established assessments or tests in wide variety of subject areas available which can be used for your own competency-based learning approach, instead of developing your own standards. For example, there are many established tests available with which a company can assess the digital skills of its employees. Instead of investing time and other resources in coming up with your own test for digital skills, it may be more appropriate to simply use what is already available.

Secure your employees' acceptance

The implementation of competency-based learning means a profound change not only for

the learning culture of the company as a whole, but also for its employees in particular. Regular and ongoing skills determination and the associated collection and use of learning data is vital for the success of a competency-based learning approach. Yet, this process hinges on your employees being on board. Therefore, it's recommended to bring on employee representatives such as unions or works councils as early as possible and consider their needs and reservations.

Appropriate infrastructure is essential

In the early days, or on a smaller scale, competency-based learning can work even without appropriate software support. Sooner or later, however, you will not be able to avoid purchasing suitable infrastructure because the advantages of competency-based learning can only fully be realized when a company can support self-determined and adaptive learning processes. In practice, AI-based adaptive learning systems, in particular, offer corresponding functions. For example, such a software can make targeted suggestions based on individual knowledge and learning objectives for a large number of employees feasible. In addition, such a system can also support a company in its skills management, for example by automatically recognizing the need for a successor.

6. Conclusion - Competency-based learning is the educational tool of the digital age

Megatrends, such as digitization and artificial intelligence, have the potential, on the one hand, to make existing professions obsolete. On the other hand, they will create a variety of new jobs and occupations. In the working world of tomorrow, skills will become more important than ever, as technical and hard skills operate and deploy these new technologies, and in the form of soft skills to work successfully in a networked and globalized world. For companies this means that the importance of their employees' skills as a suc-

cess factor as well as a competitive advantage will further increase. They must, therefore, be developed and maintained.

Against this background, competency-based learning is a promising and effective concept for sustainable skills development. Instead of the old school "once size fits all" approach, in which all learners are treated equally and the focus is on imparting knowledge, competency-based learning focuses on the individual needs of each employ-

ee. Supported by the right training infrastructure, employees can use this concept to determine their individual learning needs and use the company's learning contents in a targeted and efficient manner. With competency-based learning, employees can efficiently gain new qualifications as well as more effectively and continuously update the skills and knowledge they already possess. Thus, competency-based learning helps both companies and employees to keep up with the constant changes of the digital age.

**Skills are the resource of the future.
And competency-based learning is the tool
to maintain this resource.**



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Zum Dorfe 28

27628 Hagen im Bremischen, Germany

Phone: +49 47 46 / 72 68 85

Fax: +49 47 46 / 72 68 87

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