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People Capability Maturity Model[®] (P-CMM[®])

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Organizational Capability Management

A process area at Maturity Level 4: Predictable

Purpose **The purpose of Organizational Capability Management is to quantify and manage the capability of the workforce and of the critical competency-based processes they perform.**

Description The *capability of the workforce* refers to the level of knowledge, skills, and process abilities available to the organization in each critical workforce competency for performing committed work. The organization's capability in a specific workforce competency is assessed from the number of individuals in a competency community and the level of knowledge, skill, and process ability that each of them possesses.

The organization identifies the workforce competencies most critical to its business strategy and objectives. The organization determines its capability and quantitative trends in each of its workforce competencies relative to objectives established in its strategic workforce plan. Data regarding competency development trends are defined and collected, and trends are analyzed. The organization determines the quantitative impact that its competency development and related workforce activities have on capability in each of its workforce competencies. These analyses are focused on changes in behavior and results, the highest 2 levels in Kirkpatrick's framework for evaluating training [Kirkpatrick 98].

Capability baselines typically refer to statistically-based descriptions of the performance or results of a process that has been performed repeatedly. In the People CMM, we use the term *process performance baseline* to refer to these documented characterizations of the actual results achieved by following a process. Capability baselines are typically developed by aggregating results across process performance baselines in order to develop statistical characterizations at the level of a competency community. However, it may be inappropriate to aggregate process

performance baselines when competency-based processes are performed under circumstances that result in different performance characteristics. In such situations, the organization may develop and maintain several capability baselines describing typical results under the differing circumstances where the competency-based process is performed. Thus, a process performance baseline describes the typical result that will occur when a competency-based process is performed under specific conditions. Process performance baselines provide an organization with the ability to predict future performance and results based on past experience and to control progress toward achieving these results while the process is being performed.

Organizational Capability Management also involves establishing the capability required of competency-based processes to achieve the organization's performance objectives. It defines methods for collecting data and establishing capability baselines for its critical workforce competencies, process performance baselines for its critical competency-based processes, and quantitative performance models predicting performance in each of these critical competency-based processes. These capability results are used in planning and quantitatively managing the performance of competency-based processes. Thus, the products of Organizational Capability Management are used as inputs in performing Quantitative Performance Management activities in units and workgroups. The impact of workforce practices on the capability and performance of competency-based processes is quantified and managed and the results of these analyses are used in organizational decisions. The results of these analyses are used in adjusting workforce practices to improve their impact on performance and results.

Goals

Goal 1

Progress in developing the capability of critical workforce competencies is managed quantitatively.

- Goal 2** **The impact of workforce practices and activities on progress in developing the capability of critical workforce competencies is evaluated and managed quantitatively.**
- Goal 3** **The capabilities of competency-based processes in critical workforce competencies are established and managed quantitatively.**
- Goal 4** **The impact of workforce practices and activities on the capabilities of competency-based processes in critical workforce competencies is evaluated and managed quantitatively.**
- Goal 5** **Organizational Capability Management practices are institutionalized to ensure they are performed as defined organizational processes.**

Commitment to Perform

- Commitment 1** **The organization establishes and maintains a documented policy for conducting Organizational Capability Management activities.**

Issues typically addressed in the policy include:

1. The organization’s capability management practices and activities serve the business objectives and stated values of the organization.
2. The organization identifies the workforce competencies that are critical to its business strategy and objectives.
3. The organization identifies the competency-based processes within each critical workforce competency that are critical to achieving defined performance objectives and business results.
4. Measures are defined and collected for characterizing the:
 - capability of each of the organization’s critical workforce competencies, and
 - the performance of critical competency-based processes.

5. Progress toward achieving measurable capability objectives for each of the organization's critical workforce competencies is managed quantitatively.
6. The capability of competency-based processes is analyzed and used in managing these processes to achieve performance objectives.
7. Workforce practices and activities are evaluated for their impact on:
 - the organization's capability in its critical workforce competencies, and
 - the capability and performance of competency-based processes.
8. Results of quantitative analyses of impact are used in managing and improving workforce practices and activities.
9. Responsibilities for the organization's capability management activities are defined and assigned to appropriate roles.
10. Organizational Capability Management practices and activities comply with relevant laws, regulations, and organizational policies.

Human resources or other appropriate professionals are consulted to ensure that the collection, use, and access to competency and performance data comply with relevant laws, regulations, and organizational policies.

Commitment 2 **An organizational role(s) is assigned responsibility for coordinating Organizational Capability Management activities across the organization.**

Examples of organizational roles that might be assigned responsibility for coordinating capability management activities include the following:

- Competency center managers
- Competency ownership teams
- Quality, efficiency, or performance experts
- Measurement or process improvement groups
- The human resources function
- Managers responsible for units requiring a unique competency

Ability to Perform

Ability 1

Within each unit, an individual(s) is assigned responsibility and authority for ensuring the unit's involvement in Organizational Capability Management activities, as appropriate.

Examples of responsibilities performed within units include the following:

- Providing competency and performance capability data to an organizational group for storage and analysis
- Obtaining and using organizational capability baselines in planning and other activities within the unit
- Providing data on competency development activities within the unit and performance data relevant to improved capability
- Providing information or data on workforce activities performed within the unit for use in analyzing the impact of workforce practices and activities on performance
- Ensuring appropriate security and use of performance data

Ability 2

A responsible individual(s) coordinates the quantitative capability management activities within each critical workforce competency.

Ability 3

Adequate resources are provided for performing Organizational Capability Management activities.

1. Measures of the performance of competency-based processes are made available for analysis.

The initial measurements required to support this practice were defined in the Performance Management, Competency-Based Practices, Workgroup Development, Empowered Workgroups, and Quantitative Performance Management process areas. As the organization's quantitative capability management activities mature, additional or refined measures may be defined.

2. Experienced individuals who have expertise in analyzing competency-based data are available to assist in quantitative analyses of the organization's

workforce competency trends and development activities and in using the results in improvement activities.

3. Experienced individuals with appropriate expertise are available to help individuals, workgroups, and those responsible for unit performance to analyze and use quantitative performance results to:
 - understand and predict the performance of competency-based processes,
 - improve their performance, and
 - adjust practices and activities as needed to enhance the performance of competency-based processes.
4. Resources for supporting the organization's capability management activities are made available.

Examples of resources to support the organization's capability management activities include the following:

- Capability assessment tools, such as tests or work samples
- Plotting and graphing tools
- Statistical analysis packages
- Spreadsheets
- Performance assessment instruments
- Databases and other repositories
- Textual and graphical reporting tools

5. Funding to accomplish the organization's capability management activities is made available.
6. Time and methods for data collection are built into workforce activities.
7. Adequate time is made available for performing the organization's capability management activities.

Ability 4 **Those responsible for Organizational Capability Management activities develop the knowledge, skills, and process abilities needed to perform their responsibilities.**

1. Those who collect capability data and process performance data receive orientation on the definitions and use of these data in analyses.
2. Those who analyze and report capability data, process performance baselines, and related results receive preparation in statistics, data analysis, presentation methods, and other activities related to performing their responsibilities.

Ability 5 **Individuals who participate in Organizational Capability Management activities receive appropriate orientation in the purposes and methods for the organization’s quantitative capability management activities.**

Individuals and workgroups receive the orientation required to interpret and use capability data and process performance baselines if they have responsibilities for:

- using this information in performing workforce activities,
- using this information in evaluating and managing competency development practices and activities,
- using this information for planning and managing the performance of competency-based processes,
- adjusting workforce practices based on this information, and
- using this information to understand or improve the performance of competency-based processes.

Ability 6 **The practices and procedures for performing Organizational Capability Management are defined and documented.**

1. Practices and procedures are defined and documented at the organizational or unit levels, as appropriate.
2. Guidelines for tailoring the practices and procedures for use in different circumstances are documented and made available, as necessary.

3. The individual(s) assigned responsibility for Organizational Capability Management activities across the organization ensures that defined practices and procedures are:
 - maintained under version control,
 - disseminated through appropriate media,
 - interpreted appropriately for different situations, and
 - updated through orderly methods.
4. Experiences, lessons learned, measurement results, and improvement information derived from planning and performing Organizational Capability Management practices are captured to support the future use and improvement of the organization's practices.

Practices Performed

Practice 1

The organization identifies the workforce competencies that are critical to its business strategies and objectives.

Critical workforce competencies are those most crucial to sustaining an organization's capability in its core competence [Pralhad 90]. Their growth and development is critical to the viability of strategic business objectives and plans. Consequently, the organization's capability in each of its critical workforce competencies is managed quantitatively to ensure that its competency-based processes can be performed with sufficient capability to achieve the organization's quantitative performance objectives.

1. The organization evaluates its strategic business and workforce plans to identify workforce competencies that are critical to achieving its business strategies and objectives.
2. The organization periodically re-evaluates its business and workforce plans to identify additions or deletions to its list of critical workforce competencies.

Practice 2

The organization quantifies its capability in each of its critical workforce competencies.

1. Trends to be analyzed for each critical workforce competency are based on capability objectives established in the strategic workforce plan.

Refer to Practice 2 of the Workforce Planning process area for information regarding setting capability objectives for workforce competencies and to Practice 8 of the Competency Analysis process area for information regarding determining the current resource profiles for each of the organization's workforce competencies. These resource profiles present the overall capability in the workforce for accomplishing business activities requiring knowledge, skills, or process abilities in a specific workforce competency.

Examples of measurable objectives for capability in each of the organization's workforce competencies include the following:

- The level of capability available in each critical workforce competency
- The rate at which capability is developed in each critical workforce competency
- The deployment of critical workforce competencies across the organization
- Trends relating competency development and business performance
- The rate at which new workforce competencies can be developed and deployed across the organization

2. For each critical workforce competency, a quantitative capability management strategy is established and maintained.

Examples of issues to be covered in the quantitative capability strategy for each critical workforce competency include the following:

- Capability goals, trends, and issues to be subjected to analysis
- Strategy for performing, validating, and revising analyses
- Definition of measures to be used in the analysis
- Analyses to be performed
- Methods and frequency of data collection, validation, and storage
- Schedule for performing and reporting the analyses
- Guidance and limitations for evaluating results
- Reports to be distributed
- Incorporation of results into other workforce activities, such as Competency Analysis and Workforce Planning
- Safeguards to ensure data privacy and security

The initial measurements required to support this practice were defined in the Competency Analysis, Competency Development, and Competency-Based Practices process areas. As quantitative analyses of organizational competency mature, additional or revised measures can be defined.

3. Quantitative analyses of capability are conducted according to the quantitative capability management strategy for each critical workforce competency.

Quantitative analyses of capability can be performed at the organizational level for all critical workforce competencies, or in a more decentralized fashion at the level of one or more competency communities. The level at which these analyses are performed reflects the organization's strategy (e.g., centralized vs. decentralized) for managing its workforce competencies.

4. The organization develops quantitative models of capability in its critical workforce competencies for use in workforce planning and management.

Quantitative models of capability can range from simple quantitative projections based on historical trends to sophisticated stochastic or multivariate statistical models. The purpose of these models is to predict future capability levels based on historical experience, industry trends, current conditions, and/or future expectations. The organization may begin with industry standard models and over time refine them to reflect the organization's business conditions and unique characteristics. Quantitative models may differ in purpose, sophistication, analytic foundation, parameters, predictability, or use among the various critical workforce competencies.

Examples of quantitative models may include:

- Growth curves for projecting future capability in critical workforce competencies
- Demographic models of labor supply for projecting availability and level of skills of entrants to critical workforce competencies in the future
- Models relating hiring and retention success with various recruiting sources and methods
- Models estimating rates at which individuals can progress through competency development activities and successfully achieve higher levels of capability in workforce competencies
- Predictive models of characteristics most closely associated with capability and success in different workforce competencies
- Models for evaluating tradeoffs in breadth vs. depth of individual experience on career performance at the individual level and on workforce capability at the organizational level
- Models of the effect of increasing capability in various critical workforce competencies on performance at the individual, workgroup, unit, and/or organizational levels
- Models relating the compensation strategy to hiring, retention, and career growth in various workforce competencies

5. Capability results for each critical workforce competency are:

- reported to responsible individuals,
- incorporated into workforce planning and other workforce practices as appropriate, and
- updated on a periodic or event-driven basis consistent with the quantitative capability management strategy.

Practice 3**The organization's capability in each of its critical workforce competencies is managed quantitatively.**

1. Quantitative analyses of capability in each critical workforce competency are used by responsible individuals to:
 - evaluate progress in achieving capability goals,
 - predict future capability levels,
 - identify factors that affect capability levels,
 - evaluate the effects of workforce practices and activities on capability levels, and
 - identify needs for corrective action.

Examples of conditions under which needs for corrective action may be identified include the following:

- Trends in a workforce competency differ significantly from the measurable goals established for the competency
- The impact of competency development activities on a workforce competency is below expectations
- Variation in results of competency development activities is too great
- Deviations from the capability level of a workforce competency that the organization believes it must maintain

2. Corrective actions are taken when capability results deviate significantly from capability goals for a critical workforce competency.

Examples of corrective actions may include the following:

- Improving the performance of workforce practices and activities that have been demonstrated as being capable of achieving the targeted capability results
- Tailoring, replacing, or terminating workforce practices or activities that are not achieving intended capability results
- Altering capability objectives for a critical workforce competency or adjusting the workforce activities performed to meet these objectives

Practice 4**Measurable objectives for contributing to capability growth in critical workforce competencies are established for workforce practices and activities.**

1. Measurable objectives for contributing to capability growth are established for workforce practices and activities based on such factors as:
 - the capability development objectives for the critical workforce competency established in the strategic workforce plan,
 - the nature of how specific workforce practices affect capability in each critical workforce competency,
 - the capability of the individuals participating in the workforce activities related to the practice, and
 - how capability will be measured.

Refer to Practice 2 of the Workforce Planning process area for information regarding setting measurable capability objectives for workforce competencies. Examples of these measurable objectives include the following:

- The effectiveness in recruiting candidates in different workforce competencies
- The effectiveness of selection techniques in predicting work performance and development of capability in workforce competencies
- The effectiveness of performance feedback in motivating and guiding capability development
- The effectiveness of different competency development activities, such as training or mentoring, on increasing capability in critical workforce competencies
- The effectiveness of the compensation strategy in attracting and retaining individuals in different workforce competencies
- The effectiveness of the compensation strategy on developing capability in different workforce competencies
- The effectiveness of career development activities in motivating and guiding capability growth
- The effectiveness of formal and informal mechanisms for transferring capability among members of a competency community

2. Measurable objectives for contributing to capability growth are:
- developed through the involvement of those responsible for coordinating or managing each affected workforce practice across the organization,
 - reviewed by responsible individuals with expertise in performing the relevant workforce practices, and
 - communicated to all affected parties.

Practice 5

The organization quantitatively evaluates the impacts of workforce practices and activities on capability in each of its critical workforce competencies.

The organization should analyze the impact of the workforce activities considered most important for increasing the capability in a critical workforce competency. Examples of effects of workforce practices and activities on the capability of a workforce competency that the organization might evaluate quantitatively include the following:

- Impact of recruiting activities on the mix and level of workforce competencies entering the organization
- Success of selection methods in identifying individuals with capabilities in the organization's workforce competencies
- Impact of performance management activities on identifying needs for development activities in the organization's workforce competencies
- Impact of training and competency-development activities on increasing the level of workforce competencies in the organization
- Impact of training, competency development, and career development activities on the rates at which individuals are progressing through graduated career levels
- Impact of career development and other competency-based practices on motivating and increasing the level and optimal mix of workforce competencies in the organization
- Effect of compensation, performance management, and recognition and reward practices and activities on capability within each critical workforce competency

1. An evaluation strategy is established and maintained for evaluating the impact of workforce practices and activities on capability in critical workforce competencies.

Examples of issues to be covered in the evaluation strategy include the following:

- Measurable objectives for contributing to the capability growth to be analyzed
- Measures to be used in the analyses
- Methods and frequency of data collection
- Methods for data validation, storage, and retrieval
- Data analyses to be performed
- Guidance and limitations for evaluating results
- Reports to be distributed
- Methods and tools to support using results
- Other uses for the data in performing workforce activities
- Safeguards to ensure the privacy and security of data and results

2. Measures of capability improvement are defined in each critical workforce competency for use in developing capability baselines and evaluating the impact of workforce practices and activities.

Examples of capability improvement measures may include the following:

- Knowledge tests or skill demonstrations
- Measures of work performance or on-the-job behavior
- Baselines for the capability of competency-based processes
- Measures of coordination or team performance
- Capability profiles for workforce competencies

3. Analysis methods are defined for evaluating the impact of workforce practices and activities on the capability of critical workforce competencies.

An analysis method must be defined for each workforce practice to be evaluated that provides appropriate sensitivity to the impact of the practice on capability in relevant workforce competencies. Analyses can be conducted at several levels of analysis, based on the capability objectives to be evaluated and the evaluation strategy. Examples of different levels of analysis for evaluating the impact of competency development practices and activities might include the following:

- The improvements associated with a single occurrence of a competency development activity
- The improvements associated with multiple occurrences of the same competency development activity, such as a course
- The improvements associated with a type of competency development activity, such as mentoring
- The improvements associated with a collection of competency development activities, such as a sequence of different courses
- The improvements achieved by different individuals based on completing their personal development plans
- The improvements associated with a particular form of delivery (e.g., classroom vs. intranet)
- The improvement in workforce capability within each workforce competency resulting from the full set of competency development activities

4. Data on the impact of workforce practices and activities are collected from appropriate sources and prepared for analysis.
5. The impacts of workforce practices and activities on capability baselines are evaluated quantitatively.
6. Evaluation results are reported to responsible individuals in accordance with the evaluation strategy.

Examples of individuals or entities that would receive evaluation results include:

- Those responsible for coordinating workforce activities across the organization
- Those responsible for performing and reporting workforce activities
- Those responsible for competency analysis and competency development activities
- Those involved in workforce planning
- Executive management

Practice 6

The impacts of workforce practices and activities on the organization's capability in each of its critical workforce competencies are managed quantitatively.

1. Responsible individuals use quantitative analyses to:
 - evaluate the impact of workforce practices and activities on the capability baselines of selected workforce competencies,
 - identify conditions under which these impacts vary,
 - predict future capability levels based on anticipated future impacts of workforce practices and activities, and
 - identify needs for corrective action.
2. Results that differ significantly from expectations or capability objectives for each of the organization's critical workforce competencies are analyzed for their causes, and remedial actions are proposed, if appropriate.

Examples of conditions under which needs for corrective action may be identified include the following:

- The impact of workforce activities on a workforce competency differs from expectations
- Variation in results of workforce activities is too great
- Significant deviations from the capability level that the organization believes it must maintain in a workforce competency

3. Proposed actions are reviewed, approved, taken, and their completion is tracked.

Examples of proposed actions include the following:

- Correcting problems in the performance of workforce activities
- Adjusting the capability objectives for the workforce competency
- Redesigning or adjusting workforce practices to improve their impact
- Altering the performance of workforce practices and activities under different conditions to improve their impact
- Collecting additional data or designing other analyses to correct misleading results

4. When appropriate or beneficial to capability results, the performance of workforce practices is brought under quantitative control.

Examples of workforce practices placed under quantitative control for a critical workforce competency may include the following:

- Predictable levels of qualified applications from recruiting activities or targeted sources
- Statistically valid predictors of capability or future performance used in selection and career guidance activities
- Predictable capability levels within and across organizational units as a result of assignment and career development strategies
- Predictable shifts in capability among workforce competencies based on motivating development of new competencies through compensation and reward practices

5. Evaluation results for the impact of workforce practices and activities on competency baselines are used in performing other workforce activities.

Evaluation results might be used in strategic workforce planning to evaluate or predict such factors as:

- The rate and effectiveness with which the organization can increase capability in various critical workforce competencies
- The rate at which capability in new workforce competencies can be developed
- The probability of achieving strategic capability goals in different workforce competencies
- The effectiveness with which increases in capability can lead to improved business performance
- The return-on-investment for expenditures of time or financial resources on various workforce practices and activities

Practice 7

Process performance baselines are developed and maintained for critical competency-based processes.

Critical competency-based processes are those competency-based processes within each critical workforce competency that are most crucial to achieving defined performance objectives and business results. Consequently, the organization quantitatively manages the organization's performance in these workforce competencies, as well as the impact of the organization's workforce practices and activities, to ensure that these critical competency-based processes can be performed with sufficient capability to achieve the organization's quantitative performance objectives and intended business results.

Examples of parameters to be established in developing process performance baselines include the following:

- Expected performance as measured by mean, median, mode, or other measures of central tendency
- Performance variability as measured by standard deviation, confidence limits, range, or other measures of variation
- How performance parameters vary under different conditions
- Performance trends over time

1. Measures are defined for competency-based processes.

The initial measurements required to support this practice were defined in the Performance Management, Competency-Based Practices, Workgroup Development, Competency Integration, Empowered Workgroups, and Quantitative Performance Management process areas. As quantitative analyses of performance capability mature, additional or revised measures are defined.

Example sources for defined measures of competency-based processes include the following:

- Definitions of competency-based processes
- Existing process performance baselines for relevant processes
- Standard business, product, or service measures

2. An analysis strategy is established and maintained for computing and analyzing process performance baselines for each critical competency-based process selected for analysis.

Examples of issues to be covered in the strategy for the analysis of the process performance baseline for each critical competency-based process selected for analysis include the following:

- Measures to be used in the analysis
- Frequency and methods of data collection
- Methods for data validation, storage, and retrieval
- Data analyses to be performed and reported
- Guidance and limitations for evaluating results
- Mechanisms for reporting results
- Methods and tools to support using results
- Safeguards to ensure data privacy and security

Examples of analyses that might be performed include the following:

- Curve-fitting or trend analyses
- Statistical process control techniques
- Regression or multivariate predictive techniques
- Stochastic or time-series techniques
- Classification analyses (e.g., defect or problem types)
- Analyses of leading indicators

3. Quantitative analyses of capability of each critical competency-based process are conducted according to the analysis strategy to determine:
 - the current capability of each critical competency-based process,
 - how the capability of each critical competency-based process relates to unit and organizational performance,
 - factors that affect the capability of each critical competency-based process, and
 - capability levels of a competency-based process under different conditions of factors that affect it, if relevant.
4. Process performance baselines for critical competency-based processes are reported to appropriate individuals and incorporated into:
 - planning and tracking,
 - predicting performance,
 - understanding the factors that affect the performance of competency-based processes,
 - identifying opportunities for improving the performance of competency-based processes, and
 - evaluating the capability of competency-based processes compared to the capability required to achieve the organization's performance objectives.
5. Process performance baselines are incorporated into the unit's Quantitative Performance Management activities.
6. Process performance baselines are continually updated, adjusted, and recomputed based on new performance data.

Practice 8**The capability of critical competency-based processes is managed quantitatively.**

Refer to the Quantitative Performance Management process area for information regarding the quantitative management of competency-based processes by individuals, workgroups, and units.

1. The results of performing competency-based processes are compared to process performance baselines for critical competency-based processes within each critical workforce competency.
2. Process performance baselines are used by responsible individuals to:
 - monitor and predict the performance of business activities,
 - identify conditions under which the capability of a competency-based process varies,
 - identify how the capability of the workforce affects the capability of competency-based processes,
 - identify needs for improvement of competency-based processes,
 - identify factors that affect business performance,
 - evaluate the effects of workforce practices and activities on the capability of competency-based processes, and
 - identify needs for corrective action.

3. Corrective action is taken when the results of performing competency-based processes deviate significantly their process performance baselines.

Examples of corrective actions include the following:

- Solving problems or removing barriers that inhibit a competency-based process from being performed at its potential capability
- Improving the capability of individuals or workgroups that perform the competency-based process
- Tailoring, replacing, or terminating workforce practices that inhibit a competency-based process from being performed at its potential capability
- Adjusting the performance objective to match the capability of the competency-based process
- Reorganizing business activities to reduce the impact of variations in the capability of the competency-based process on the achievement of performance objectives

Refer to Practice 12 of the Continuous Capability Improvement process area for information regarding improvement actions to take when process performance baselines deviate significantly from the capability objectives established for each critical competency-based process.

Practice 9

The organization uses its capability data and process performance baselines in developing quantitative models of performance.

Quantitative models of performance can range from simple descriptive statistics concerning capability to sophisticated stochastic or multivariate predictive models. Such models may be used to predict individual, workgroup, unit, or organizational performance from the current capability of competency-based processes and the conditions that affect them. An organization may begin with standard models from related industries and over time refine their algorithms or parameters with internal data and experience. Quantitative models may differ in purpose, sophistication, analytic foundation, parameters, predictability, and use among the various competency-based processes.

Examples of quantitative models include the following:

- Growth curves for projecting the effect of learning and other factors on future capability and performance
- Predictive models of characteristics most likely to affect capability and performance
- Models of the effect of variations in workforce practices and activities on the capability and performance of competency-based processes
- Models for evaluating decisions involving performance tradeoffs
- Models assessing the effect of competency at the individual and workgroup levels on the performance of competency-based processes
- Models for assessing the effect of capability and performance of competency-based processes at the individual and workgroup levels on unit and organizational performance

1. Data are analyzed to develop quantitative models of capability and performance such as:
 - the effect of learning and competency development on the capability of competency-based processes,
 - differences in the capability of competency-based processes across individuals at different skill levels, workgroups, units, or under varying conditions,
 - the effect of aggregating capability results across individuals at different skill levels, workgroups, units, or the organization,
 - how the capabilities of competency-based processes interact to affect the performance of business activities,
 - the impact of overall performance among alternate ways of organizing business activities or competency-based processes, and
 - the effects of workforce practices on the capability of competency-based processes.
2. Quantitative models of the capability of competency-based processes are used in:
 - planning and tracking committed work,
 - predicting performance and results at the individual, workgroup, unit, and organizational levels, and
 - strategic business and workforce planning.

Practice 10

The impact of workforce practices and activities on the capability and performance of competency-based processes is evaluated and managed quantitatively.

Examples of the effects of workforce practices and activities on the capability of competency-based processes that the organization might evaluate quantitatively include the following:

- Improved capability and performance of competency-based processes
- Reduced variation in the capability and performance of competency-based processes
- Impact that workforce practices and activities have when adjusted to achieve their most effective application in different areas of competency-based processes or under different organizational conditions
- Reduced variation in the application or performance of workforce activities
- Increased predictability in the capability and performance of competency-based processes

1. Methods and associated measures are defined for evaluating the impact of workforce practices and activities on the capability and performance of competency-based processes.

Examples of capability measures that may be affected by workforce practices and activities include the following:

- Improvements in mean
- Reduction in performance variation
- Rate of change in capability parameters
- Reduced need for different process performance baselines reflecting differences in performing competency-based processes by different levels of capability in a competency community
- Improved predictability
- Improved performance in data aggregated to higher organizational levels
- Improved business performance or results

2. Data on the impact of workforce practices and activities are collected from appropriate sources and prepared for analysis.
3. The impact of workforce practices on capability baselines and process performance baselines is evaluated.

Analyses may be conducted either at the level of workforce practices or at the level of competency-based processes. For example, analyses may be conducted for the effects of one or more workforce practices across a range of competency-based processes. This approach would be appropriate to determine whether the effects of one or more workforce practices differ across various competency-based processes. For instance, this approach would be helpful in identifying how a bonus program is motivating improved performance in some competency communities but not others.

Alternatively, analyses could be conducted within each competency-based process to determine how the organization's collection of workforce practices affects these processes. For instance, this approach would be helpful in identifying which workforce practices do not appear to improve performance in a specific workforce competency.

4. Quantitative analyses of the impact of workforce practices and activities are used by responsible individuals to evaluate:
 - their impact on the capability and performance of various competency-based processes,
 - conditions under which their impact varies, and
 - needs for corrective action.
5. Corrective actions are taken when quantitative evaluations indicate that the actual impact of workforce practices and activities deviates significantly from expectations. These actions may include:
 - correcting problems in the performance of workforce activities,
 - adjusting expectations regarding the impact of workforce practices and activities on the capability and performance of competency-based processes,
 - redesigning or adjusting workforce practices to improve their impact, and
 - altering the performance of workforce practices and activities under different conditions to improve their impact.

Practice 11

Evaluations of the impact of workforce practices and activities on the capability and performance of competency-based processes are used in performing other business and workforce activities, as appropriate.

1. Evaluation results are used in strategic business and workforce planning to evaluate or predict such factors as:
 - the rate at which the capability of competency-based processes can be improved,
 - the probability of achieving strategic capability levels for competency-based processes and quantitative performance objectives,
 - the effectiveness with which increases in the capability of competency-based processes can lead to improved business performance, or
 - the return-on-investment for expenditures of time or financial resources on improving the capability of competency-based processes.
2. Evaluation results are used to guide such actions as:
 - designing more effective workforce practices for motivating, improving, and sustaining performance,
 - redesigning, replacing, or eliminating ineffective workforce practices, or
 - setting or allocating more realistic or effective quantitative performance objectives.

Refer to Practice 6 of the Continuous Workforce Innovation process area for information regarding setting improvement objectives for the organization's workforce practices and activities, based on a quantitative understanding of the process performance of these workforce activities.

Measurement and Analysis

Measurement 1

Measurements are made and used to determine the status and performance of Organizational Capability Management activities.

Examples of measurements include the following:

- The number of workforce competencies or competency-based processes for which capability analyses are performed
- The completeness, accuracy, and timeliness of the data collected
- Frequency with which data is collected and analyzed on the capability of critical workforce competencies
- Length of time between data collection and the presentation of analysis results
- Frequency with which capability baselines are updated
- Number and extent of corrective actions taken
- Number or extent of changes made in workforce activities, based on analysis results

Measurement 2 Measurements are made and used to determine the effectiveness of Organizational Capability Management activities.

Examples of measures to determine the effectiveness of the organization's capability management activities include the following:

- Predictability of the organization's capability in its critical workforce competencies
- Improvements in the capability achieved through competency development activities
- Increases in the effectiveness with which competency development activities increase the organization's capability in each of its workforce competencies
- Increases in the speed with which the organization or its units can increase the level of workforce competencies
- Increases in the speed with which the organization or its units can deploy a new workforce competency
- Increases in the organization's ability to achieve quantitative objectives in the growth of its workforce competencies over time
- Predictable relationships between business performance trends and improvements in the organization's capability in critical workforce competencies
- Improvements in the capability and performance of competency-based processes
- Improvements in the prediction or achievement of quantitative performance and business objectives
- Improved correlation between workforce practices and performance results
- Improved ability to identify and manage factors that affect performance
- Increases in the organization's ability to identify areas of competency development activities needing corrective action
- Increases in the organization's ability to identify areas of workforce activities needing corrective action

Verifying Implementation

Verification 1 **A responsible individual(s) verifies that Organizational Capability Management activities are conducted according to the organization’s documented policies, practices, procedures, and, where appropriate, plans; and addresses noncompliance.**

These reviews verify that:

1. Organizational Capability Management activities comply with the organization’s policies and stated values.
2. Organizational Capability Management activities comply with relevant laws and regulations.
3. Organizational Capability Management activities are performed according to the organization’s documented practices and procedures.
4. Noncompliance issues are handled appropriately.

Verification 2 **Executive management periodically reviews the Organizational Capability Management activities, status, and results; and resolves issues.**

These reviews verify:

1. The appropriateness of Organizational Capability Management practices and activities.
2. Progress in improving performance-related workforce practices and activities.
3. Progress in achieving capability objectives for each critical workforce competency.

4. Results from reviews of Organizational Capability Management practices and activities.

Refer to Verification 1 for information regarding reviews of Organizational Capability Management activities to ensure adherence to the following:

- Relevant laws and regulations
- Organizational policies, practices, and procedures

5. Status of resolution of noncompliance issues.
6. Trends related to Organizational Capability Management activities.
7. Trends related to capability baselines.
8. Effectiveness of Organizational Capability Management activities in achieving quantitative management of:
 - the capability of critical workforce competencies,
 - workforce practices and activities in developing the capability of critical workforce competencies, and
 - the capabilities of competency-based processes in critical workforce competencies.

Verification 3

The definition and use of measures at the individual, workgroup, and unit levels are periodically audited for compliance with organizational policies.

