

Financial Career Insight Series: Competency Based Interviews

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This document should be read in conjunction with the 'Financial Career Insight Series:

Strength Based Interviews' document.

Congratulations, you've been invited to an interview! Problem is, you've been told it's a competency based one, and you're not sure what to expect. If you understand and prepare for competency based interviews they become relatively straight-forward and a chance to shine. If you do not prepare they are almost impossible to perform well in and you have little chance of proceeding to the next stage of the hiring process.

What are Competency Based Questions?

Competency based questions are interview questions that require candidates to provide real-life examples as the basis of their answers. Candidates should explain why they made certain decisions, how they implemented these decisions and why certain outcomes took place.

Why are Competency Questions Used in Interviews?

Financial recruitment professionals believe that the best way to find out about a candidate's potential future performance is to find out about examples of past performance. However, graduate candidates don't usually have any significant financial or work experience. Consequently it is impossible for interviewers to discuss previous job roles.

Instead, interviewers use competency questions to persuade candidates to reveal how they have performed in various situations in the past, revealing individual personality traits. These are a great help for interviewers interested in finding out exactly who a candidate is and how they may act if employed.

Interviewers usually isolate specific key competencies that they believe suitable employees should possess and ask competency based questions focused on skills in these areas. When considering how to answer competency questions, candidates should not talk in broad terms, be too general or use their imagination when replying to interviewers. Instead, candidates should use specific situations from their life as examples and demonstrate the required skill with both energy and fact. Note: Examples should include non-academic as well as academic events from your life experiences.



What are key competencies required in financial markets?

At this stage in the hiring process the skills asked about are non-technical / non- commercial i.e. about you as a person:

- Teamwork
- Responsibility
- Communication
- Decision making
- Leadership
- Problem-solving
- Goal orientation
- Overcoming adversity
- Initiative
- Time you failed
- Dealing with conflict

Competency Questions normally start in one of two ways:

- *“Tell me a time when...”*
- *“Give me an example of when...”*

Essentially, what the interviewer is looking for is practical examples of some key competencies i.e. ‘Tell me a time when you demonstrated excellent leadership’.

As stated, your examples can be from any aspect of your life experience to date i.e. a previous part-time job, sports or recreational activities, volunteering or your university coursework. Use a wide variety of non-academic and academic examples to answer.

Tips for Answering Competency Based Interview Questions

In order to give clear, effective and varied answers, consider the following pointers:

- Well before the interview do the relevant preparation so you have a pre-prepared example for each attribute listed. Don’t try and think on your feet; it doesn’t work in this type of interview. If you try and make it up on the spot answers typically become unstructured and not sufficiently relevant to score well.
- When answering competency questions you can give examples from work, study or personal life, but make sure you give a wide variety of examples and a different example to answer each question.



- Don't go into too much background detail when answering competency questions. Your interviewer only wants to know about your past behaviour. Further detail is redundant.
- Make sure your answers and examples you use are the most relevant to the questions asked; simply talking for 2 minutes will not impress or score well. You need to answer according to the specific competency asked.
- Don't lie or make your answers up! Your interviewer will find this very easy to spot and integrity is now a critical personal quality required in financial circles.

The STAR Technique

Many commentators advice for dealing with this type of question is to use the STAR approach:

- **Situation:** Describe the situation.
- **Task:** Describe what task was required of you.
- **Action:** Tell the interviewer what action you took.
- **Result:** Conclude by describing the result of that action.

Practically speaking, there is no need to differentiate between Situation and Task so let's keep it straight-forward and use the **S-A-R** approach.

Essentially you are structuring your answer like a mini essay.

Situation is your introduction, where you describe the scenario you faced, the date and the place. The **Action** forms the main body and should, ideally, be the longest part of your answer. The **Result** is the conclusion and like the introduction, should be quite short.

- **Situation:** Describe the situation you were faced with, when, where, with whom?
- **Action:** How? What action did you take? Sometimes people focus on what the group did without mentioning their individual contribution: Reference "I" not "We".
- **Result:** What results did you achieve/conclusions did you reach/what did you learn?

It is preferable to quantify the **Result** if possible e.g.

- The team I led won the UK Universities National Cup.
- I led the team to 2nd place out of 50 teams in the XYZ business competition.
- I made £1500 for the charity.

As mentioned, don't try and 'think on your feet' for reasons already discussed. Preparation ahead of the interview is of the utmost importance and once you have invested significant time in your preparation you will have your competency interview set of answers prepared for ALL future



interviews. You will not then need to prepare for each future interview on this subject. One exception to this ‘thinking on your feet’ rule is if you asked about a competency not on your list of expected competencies to be asked. In this situation, adjust one of your examples to fit the relevant competency. For example your ‘story’ about dealing with a difficult situation should be adjusted, as needed, to address a competency question around ‘problem-solving’, ‘communication’ or ‘being innovative’.

Example Question

A classic question is:

“Tell me about a time when you failed / missed a deadline”

Situation

“During my final year at university I failed to deliver my dissertation by the due date. This was because I was heavily involved in cutting-edge research right up until the end of my course and was waiting for imminent results from surveys being undertaken by researchers at other academic institutions. Considering this was my final piece of academic work, I wanted to ensure it was based on the most accurate and up-to-date sources of information available, even if this meant a delay in production”.

Action

“To ensure no marks were deducted from my dissertation, I contacted my course director and personal tutor two weeks before my dissertation due date to discuss my particular situation. I put forward my case, and was consequently allowed an extra two weeks to produce my work (Note: if you didn’t have a separate ‘Influence’ competency example and was asked for one, this response could be used with minor changes”.

Result

“Although my work was delayed, I feel that this delay was justified in that the work was of the highest quality it could be. Furthermore, I sufficiently organised myself in relation to my department and tutors, so that all relevant people were aware of a possible delay in the production of my dissertation”.

A simple approach to answer the classic ‘time you failed’ question can be summarised as follows:

- *This is what happened...*
- *This is what I then did about it...*
- *This is where I am now...*



Further Examples

Interviewer “Tell me about a time where you have shown leadership”.

Situation

“I was captain of the university football team which had just avoided relegation from the top national universities league on the previous two seasons. In the past, underperformance was clearly due to a lack of training outside matches. As captain my responsibilities included organising such weekly training sessions. Indeed, this was actually the toughest part of being team captain; once the game actually started everyone was sufficiently self-motivated to give their best performance, but persuading people to turn out for weekly training session, so that we could win, was the most difficult part”.

Action

“I found that the best way to motivate players to train was to agree with the coach which particular skill each individual player needed to work on most. We would discuss this after each game. I’d then approach the players individually and ‘sell’ the training session based on that. I found that when players believed that the training session was going to address their own needs, rather than just general training, they were much more motivated to show up”.

Result

“We have had a good season this year finishing 4th in the league and reaching the Cup semi-finals. Hopefully next season we go further.

Again this example could be ‘tweaked’ to address an ‘influence’, ‘problem solving’ or even ‘creativity’ competency question if it came up.

Developing a Competency Grid

A good approach to address this whole topic is to develop a ‘Competency Grid’. Indeed, if you’re involved in a telephone interview, it is a good idea to have a spreadsheet or large piece of A3 paper on your desk in front of you summarising your personal competency grid so you can easily reference which example you are going to use for each question (remember, however, to sound as natural and unrehearsed as possible when giving your answers).



	Situation	Action	Result
Time failed	<ul style="list-style-type: none"> Failed to deliver dissertation Research results dependent 	<ul style="list-style-type: none"> Contacted course director Negotiated extra 2 weeks 	<ul style="list-style-type: none"> Highest quality result
Teamwork	<ul style="list-style-type: none"> Captain University football team Underperformed previously Lack of training 	<ul style="list-style-type: none"> Agreed individual skill based approach with coach 'Sold' concept to players 	<ul style="list-style-type: none"> 4th in league Cup semi-finals
Etc...			

Be aware that competency based questions will generally only be asked by Human Resource personnel or trained interviewers so this will often be at the first round interview stage. When interviewed by business personnel, they will likely focus on more random unstructured questions about you as well as technical and commercial awareness questions. If they do ask any competency questions it will likely be because they have an Human Resource script to follow for the early stages of the interview but they will soon move on to questions relating to you and the business. It is quite common for business personnel involved in the hiring process to have no knowledge of competency questions at all! Furthermore, the smaller the company, and therefore the less structured the hiring process, the less competency questions come up. For large companies, be prepared!

However, as Human Resource personnel interview you in a competency manner, they will have a formal scoring system which is why it is paramount that you succinctly and specifically answer the question asked.

Employer Scoring of Competency Answers

Different organisations will score and assess competency skills in slightly different ways but they will broadly follow a matrix as below:

Competency Scorecard

5 - Excellent. Provides a succinct, energetic and specific example of having the required competency and achieving a positive outcome.



4 - Very good. Well answered. Good evidence of required competency.

3 - Good example of having required competency if lacking some conviction.

2 - Some evidence of having required competency but answer generic and unstructured.

1 - Little evidence of having required competency.

Talking for 60 or 90 seconds might sound good to you but ask yourself “Did I specifically answer the question?” You need to do so to score well.

At the end of the interview your ‘interview scorecard’ will look something like:

COMPETENCY	SCORE (1 - 5)
Teamwork	5
Initiative	4
Problem-solving	4
Goal orientation	5
Time failed	3
Overcoming adversity	4
TOTAL SCORE	25 / 30

If you addressed the questions appropriately, and demonstrated the required skills better than other candidates, you will progress to the next interview round.

Quick Tips:

- Preparation is key, preferably before the interview season starts.
- Prepare your own ‘Competency Skills Grid’.
- Use the **S-A-R** approach.
- Once you have your examples in place you can use for all competency based interviews.
- Refer to what you specifically did in your responses i.e. “I” not “We”.

