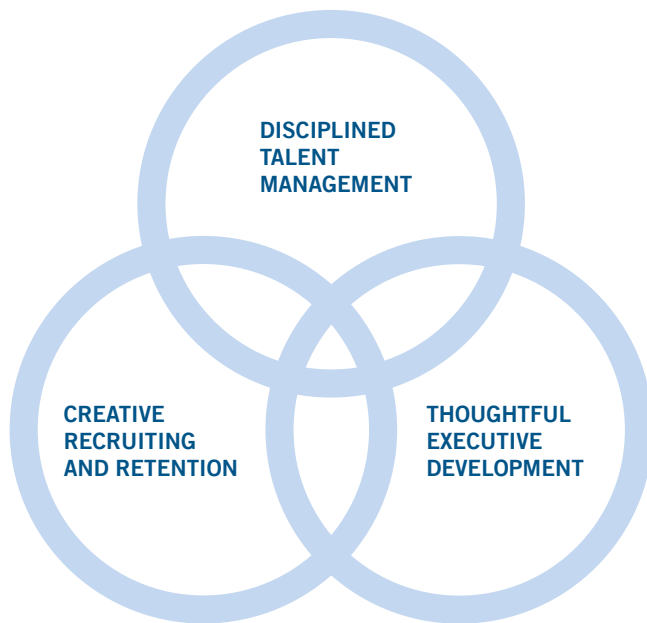


Leadership Talent Strategy



HANFIELD JONES

Achieve better business results through a robust leadership talent strategy – an integrated set of initiatives that will create a strong pool of leaders and a talent mindset throughout the organization.

Better talent for better business results

The caliber of a company's leadership talent determines its business success

- The demands of the capital markets, new technologies, and dramatic changes in industry structures are making better leadership talent essential for companies' success
- 99% of top executives said their top 200 managerial pool needs to be much stronger in the next 3 years, and only 20% said they have enough leadership talent to pursue most of their business opportunities

Attracting and retaining great talent will continue to be difficult

- The group of 25-44 year olds beginning to populate the leadership pools will decline 6% over the next 10 years, and the talent shortage will persist for at least another two decades
- Individuals' development and financial expectations from work are higher, and switching jobs is easier than ever before

Many companies have inadequate strategies to build a stronger talent pool

- Only 3% of executives strongly agree that their company develops senior managers effectively
- Only 16% strongly agree that their company even knows who are the high and low performers
- Only 3% strongly agree that their company removes low performers in a timely manner

Companies that excel in executing their leadership talent strategy have achieved returns to shareholders that are more than double the industry average

Source: *The War for Talent*, Harvard Business School Press, 2001

“I used to pick sweaters, now I pick people.”

LES WEXNER, CEO OF THE LIMITED

Clients' success with leadership talent strategies

Put the right change leaders in place to drive operating improvements

A global mining company set out to improve performance by rigorously measuring, benchmarking, and improving the operations of its ten mines. The COO knew that to make this happen the operations managers in the mines would have to become real business leaders rather than technicians and engineers.

Helen Handfield-Jones helped the COO articulate the capabilities the operations leaders needed and designed a review process to assess each mine's management team against that standard.

Some managers had what it took and flourished. Some became more effective leaders after explicit feedback and coaching. Those who could not meet the new expectations were replaced.

A year later, the organization is poised to capture improvements worth \$80 million. The Director of Continuous Improvement commented: "Our improvement efforts would have failed if not for the focus on people."

Doubled the number of top-quality hires in a competitive market

To support a new strategy, a Canadian financial institution needed to recruit twice as many economists each year as it had in the past. But it already hired a large share of the local graduating class and attracting more was becoming difficult.

After determining what their target candidates valued and what their competitors offered, Helen Handfield-Jones worked with the client team to craft a compelling message to convince more candidates to say "yes". They also identified new talent sources to tap and redesigned the recruiting process to avoid screening out good candidates early in the process.

Within a few months, the institution was on track to double its yearly intake while maintaining the same high standards.

Designed a bold new approach for developing future leaders

Just when challenges in the business meant the organization needed stronger leaders than ever before, the CEO of a large pharmaceutical company realized that his organization was not good at developing leaders.

Helen Handfield-Jones helped the client team design a new leadership development strategy. The team made sweeping changes to the job assignment process for the senior managerial ranks. They found ways to build coaching skills and to make coaching a regular occurrence between all leaders and their direct reports. Finally, they developed a blueprint of learning programs for managers at key leadership transition points.

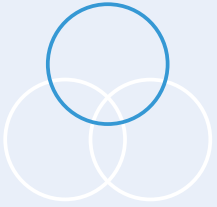
As the CEO launched the new strategy, he said: "Leadership is the most important lever we can pull for our business. This strategy will help us build the future generations of leaders our company needs."

Leaders with a talent mindset make talent management a huge and crucial part of their own jobs

Elements of a leadership talent strategy

Disciplined Talent Management

Assess the performance and potential of managers, develop action plans for each of them, and thoughtfully match people with jobs to optimize business performance and individual development

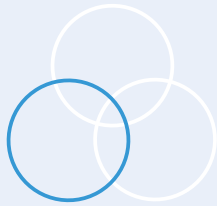


- What can I, the CEO, do to ensure we are building the talent pool we need?
- How can we get our strongest people into the jobs that are critical to our new strategy's success?
- How can we terminate low performers when they have been given "good" evaluation ratings for years?

DISCIPLINED TALENT MANAGEMENT GAUGE		
WARNING SIGNS	SIGNS OF PROGRESS	A ROBUST TALENT STRATEGY
Look only at successors in the succession planning exercise	Discuss incumbents' performance only sometimes	Clearly identify A, B, and C performers in each broad talent pool
Have a list of high-potential people, but nothing much happens as a result	Consult the high-potential list when vacancies occur	Have written action plan for each high-potential's development and retention
Like to think there are no low performers in this organization	Admit there are some low performers, but avoid discussing them or taking any action	Act decisively on low performers to improve, move, or replace them
Hold no one accountable for talent management, except maybe HR	Evaluate supervisors on how well they manage their direct reports	Hold line leaders accountable for building a strong talent pool

Creative Recruiting and Retention

Shape a value proposition that will attract and retain great talent, and pursue a deliberate strategy for pumping talent into the management pool – at multiple levels, from new sources, through innovative communication channels

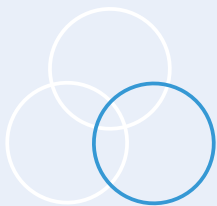


- Where can we find people who are capable but who haven't done a job like this before?
- How can we attract strong talent into our rather dull industry?
- Our attrition rate is 6% - is this too high or too low?

CREATIVE RECRUITING AND RETENTION GAUGE		
WARNING SIGNS	SIGNS OF PROGRESS	A ROBUST TALENT STRATEGY
Make blanket statements about being "an employer of choice"	Think about the value proposition for each type of talent	Understand the competitive strengths/weaknesses of the value proposition and plan ways to strengthen it
Hire only at entry levels and grow all our own talent	Occasionally bring people into staff roles at mid or senior levels	Recruit a steady flow of talent at multiple levels, even for line roles
Go to the same old pools of talent to find recruits	Experiment with new pools of talent, but look for similar experience	Creatively tap new pools of talent, looking for the essential capabilities
Feel disappointed and puzzled by overall attrition rates	Analyze attrition patterns by types of talent and department	Know the attrition rates of A, B, and C performers and understand why they are leaving

Thoughtful Executive Development

Develop the leadership capabilities of your people by giving them challenging job experiences, insightful coaching and feedback, and learning programs at key transition points



- How can we move people around to advance their careers when managers won't let their best people go?
- How will our leaders develop the business acumen and global perspective they will need?
- How can we create a coaching culture when most of our senior leaders have rarely been coached themselves?

THOUGHTFUL EXECUTIVE DEVELOPMENT GAUGE		
WARNING SIGNS	SIGNS OF PROGRESS	A ROBUST TALENT STRATEGY
Leave job assignment decisions entirely to the hiring manager	Suggest some candidates from the high-potential list or the job posting system	Involve leadership teams in every assignment decision, seeking to optimize across the company
Get the most qualified person in every job, with no discussion of development	Stretch people, but not in the context of any development plans	Thoughtfully consider the developmental opportunity of each assignment and the development needs of each candidate
Assume that "Since I didn't get coaching, why should others need it?"	Provide formal 360-feedback once a year	Embed candid feedback and routine coaching in the culture
Over-invest in training	Offer training programs for basic leadership skills	Offer integrated learning programs for each major transition point

Handfield Jones's distinctive client service

Handfield Jones brings a unique set of strengths to clients

- Deep understanding of best practices and compelling research data that demonstrate how high-performing companies succeed
- Ability to cut through complex concepts and buzzwords to apply the essentials of good talent management
- Penetrating insights into a company's situation and practical solutions that lead to immediate impact
- Focus on building senior executives' talent mindset and talent management skills in every engagement

Handfield Jones offers flexible approaches to working with clients

- Presentations to bring up-to-date thinking about talent challenges and what it takes to excel in leadership talent strategy to line executives and HR professionals
- Workshops on a particular aspect of talent strategy to understand best practices, discuss particular issues, and develop ideas for what might work in this client's situation
- Consulting projects to help a client team diagnose problems and design solutions for a particular aspect of leadership talent strategy
- Counseling relationships over time to advise a leader on initiatives to strengthen the organization's talent pool

Helen Handfield-Jones is an internationally recognized expert

- Co-author of the book *The War For Talent* published by Harvard Business School Press 2001
- Co-Leader of McKinsey & Company's groundbreaking talent research in 1997, and Senior Practice Expert with McKinsey's Organization Practice from 1994 to 2002
- Advisor to more than forty companies around the world on talent strategies
- Speaker on leadership talent strategy at over fifty forums including Wharton's Leadership Conference and Harvard Business School Press' Burning Questions 2001 Conference
- Recipient of the PRO Award from the International Association of Professional and Corporate Recruiters for a major contribution to the field of talent management

“I have tried to convince our top managers that if they believe people and people processes are HR's responsibility, they have totally missed the point.”

KEVIN SHARER, CEO OF AMGEN

A highly talented leader is a person with the full package of intrinsic abilities, skills, knowledge, experience, character, emotional maturity, and values that enables him or her to fulfill a particular leadership role superbly well.