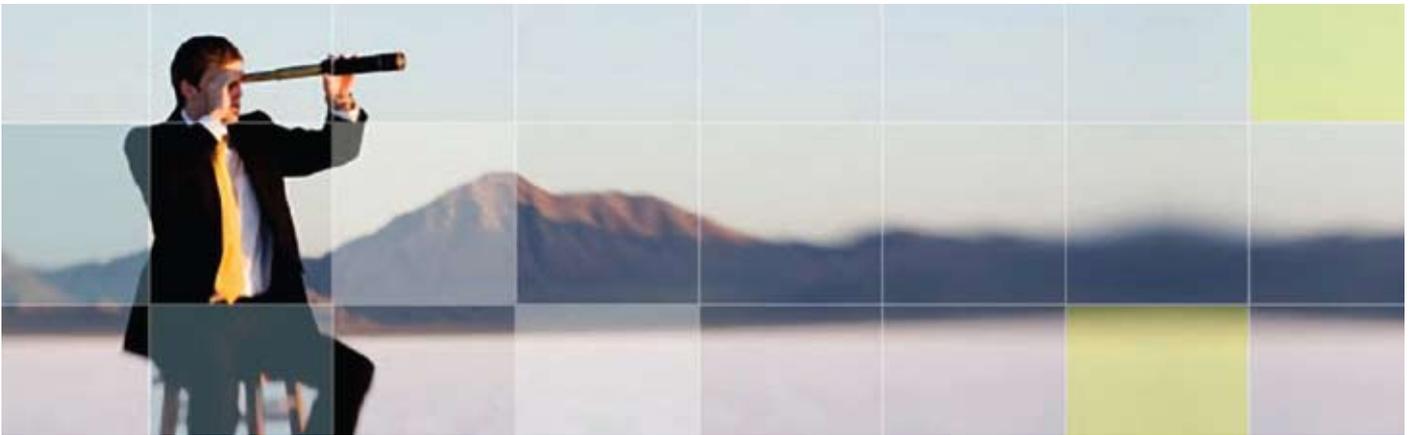
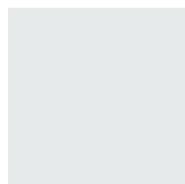


TALENT INSTITUTE



IDENTIFYING AND DEVELOPING FUTURE LEADERS

The ability to compete, differentiate yourself and thrive in the future will
require a different leadership development strategy



THE CONTEXT

Tomorrow's leaders must deliver seamless strategy execution, innovation and process excellence. They require intimate knowledge of value creating strategies, processes and systems operating within and across multiple geographic, business and functional boundaries.

As the world economy continues to struggle, business leaders face difficult decisions about which actions to take to stay afloat. HR-matters are often the focus. Salary freezes, retrenchments, benefit reductions, and cancelled training and development programmes are just some of the actions taken; and the situation might deteriorate before it improves.



While managing today's costs to stay in business is the top priority, successful organisations are also keeping sharply focused on how to win in the mid and long-term, and how to emerge from the recession competitively stronger.

Astute business leaders know that organisations succeed by identifying, developing and retaining talented leaders at all levels of the enterprise on a continuous basis.



KEY LEADERSHIP CHALLENGES

In addition to navigating the economic downturn, business leaders also face the following challenges:

- Building a high-performance culture
- Fostering innovation
- Launching new products and services
- Driving flawless execution
- Capitalising on key market opportunities
- Cascading accountabilities to execute competitive strategies
- Growing profitability
- Leveraging resources wisely to maximise profit, and
- Managing shareholder and Board-relationships.

THREATS TO BUSINESS SUCCESS

Factors posing a significant threat to business success include:

- Current leadership capabilities not aligned with current or emerging business requirements
- Weak bench of leadership talent ready to step into key roles
- Shortage of potential succession-candidates for mission-critical roles
- Insufficient bench strength to support business growth and meet future business demands
- Leadership attraction, and
- Leadership retention.

Because leadership talent challenges can so easily derail a company's business strategy, it is important to proactively identify the particular *leadership risks* facing the organisation.



PERFORMING A DUE DILIGENCE

In designing a *future leader strategy*, business leaders need to reflect on the following questions:

- What leadership skills are required for the future?
- Can we prepare the next generation of leaders well enough and fast enough to meet the company's strategic goals and competitive threats?
- How do we identify and build leaders who can work effectively in an increasingly globalised environment with diverse workforce expectations?
- Which roles are critical to our strategy, and how do we build our bench in these areas where we have critical business risks?

WHAT LEADERS DO

Effective leaders:

- Champion change, innovation and continuous improvement
- Leverage leadership capability across business groups
- Foster cross-organisational learning
- Build unity, alignment and capacity for execution.



IDENTIFYING FUTURE LEADERS

Current methods of identifying future leaders are often subjective and biased. Most organisations rely on manager judgement, which is heavily skewed toward performance, but *performance is a poor indicator of potential*. One study (PDI) shows that only 29% of high performers are high potentials.

While past performance is an important factor, the competencies that are required for success in future roles are often not observable in current roles. One also has to take into consideration that the leadership and business challenges of future roles will be quite different.

Since the development of talent is critical to maintaining a competitive edge, the need for a *comprehensive system to identify potential* is greater than ever.



A key element of a robust future leader strategy is *assessment*. Companies need to know:

- Which individuals inside the business have the most growth promise?
- Who will take the best advantage of, and respond positively to, differential development opportunities?
- Who will support the organisations' values?
- Who will apply what they learn productively within the organisation?

The second element critical to business strategy is *succession planning*. This involves assessing current capabilities against the leadership requirements of the business strategy to understand the dynamics of the pipeline:

- What level of leaders will the company need to achieve its growth strategy?
- Where are they now?
- What is required to move them up the pipeline?
- Where are leaders getting stuck?
- Will the company need to buy rather than build leadership talent?

RECOGNISING LEADERSHIP POTENTIAL

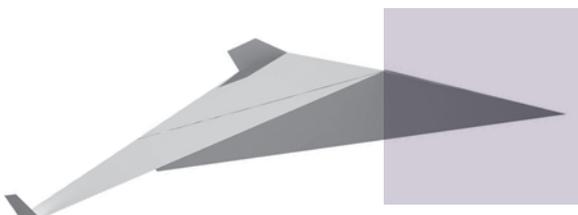
The factors that comprise potential are very difficult to develop. The key attributes that indicate leadership potential are:

- Curiosity and eagerness to lead
- Beyond-the-boundaries thinking
- Emotional balance
- Social understanding and empathy
- Personal development orientation
- A balance of values and results
- A mastery of complexity
- Mental agility.



According to *Ram Charan*, the following criteria typify future leaders:

- They consistently deliver ambitious results
- They continuously demonstrate growth, adaptability, and learning better and faster than their excellently performing peers
- They seize the opportunity for challenging, bigger assignments, thereby expanding capability and capacity and improving judgment
- They have the ability to think though the business and take leaps of imagination to grow the business
- They are driven to take things to the next level
- Their powers of observation are acute
- They come to the point succinctly and are clear thinkers
- They ask incisive questions that open minds and incite the imagination.



A LEADERSHIP PIPELINE

Creating a robust leadership pipeline involves the following:

- Identify people with the motivation and ability to become future leaders
- Accelerate the development of these high-potential candidates
- Develop pools of candidates at each major leadership level
- Identify key competencies related to business goals at each leadership level
- Prepare leaders for major transitions
- *Conduct in-depth assessments* to determine capabilities and readiness to move up the pipeline.

Organisations should identify the leadership competencies that are essential for attaining their business drivers, and then aim their leadership development efforts towards building those aligned competencies (DDI).



FUTURE LEADER COMPETENCIES

Any discussion of future capabilities, or competencies, is fraught with one specific hindrance: *present thinking*. When people look at future competencies, they tend to put them in the context of what is currently known.

For example, when a management review team assesses an employee to determine potential leadership capabilities, it is assessing the individual against the competencies and behaviours established for *current success*.

To effectively assess an individual for future competence, new definitions of current competencies will be required, as well as identification of competencies not yet on the corporate radar. These will need to be based on future trends and the organization's ability to practice sustainability.

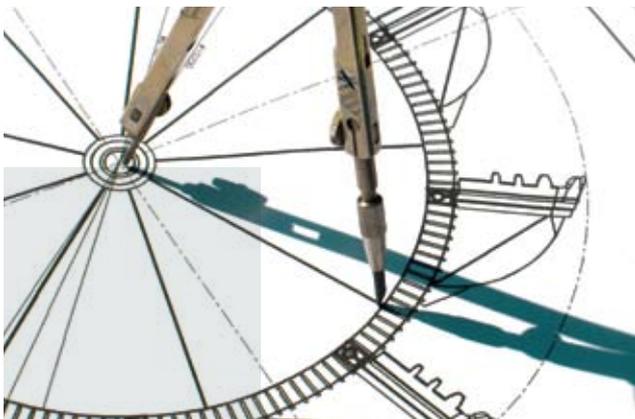


FUTURE LEADER STRATEGY

Talent provides the key to competitive advantage, but there must be managers and a process in place to identify, develop and nurture future leaders.

In crafting and implementing a *future leader strategy*, it is important to have the following:

- A sound business case
- Commitment from the CEO and the senior management team
- A view of threats that can undermine the business strategy
- Role profiles for mission-critical roles
- A view of performance and potential across *talent pools*
- A view of *leadership readiness* within the organisation
- A custom-designed leadership development programme.



ABOUT THE TALENT INSTITUTE

The **Talent Institute** is a professional services firm that specialises in helping clients develop and implement talent strategies to more effectively manage the acquisition, deployment, development and retention of talent to support current business strategies and to prepare for future challenges.

Our focus is on *reducing people risk* in organisations - which ones to hire or promote and when - how to train and develop them to their fullest potential - and how to organise them and systems around them to maximise their collective potential. Our combination of psychological insights and real-world business experience removes the guesswork from making decisions about people.

Our team of psychologists and experienced management consultants offer proven solutions for hiring and promoting the best, identifying and developing extraordinary leaders, enhancing organisational capability and unleashing talent.

Our work is grounded in organisational psychology and the science of measuring and developing people and organisations.

A virtual management consultancy, we deliver services at any location preferred by the client.

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