

# The Emerging Function of Talent Advisory in Organisations of Today

*by Katharine McLennan*

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TimeToReflect.Today

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*Strategy without execution is a daydream  
Execution without strategy is a nightmare  
Either without talent development is unsustainable  
All without a kind and curious awareness of Self is meaningless*  
--Katharine McLennan

In the ever-changing environment of the 21st century, marked by increased complexity, uncertainty and risk, talent resources have become more pivotal to organisations' success even as they are becoming more scarce. As a natural consequence, talent management has evolved into a "decision science." Just as the finance profession arose in the early 20th century to guide decisions about how corporations compete for money and the marketing profession arose in the 1950s to guide decisions about how to compete for customers, today talent management is guiding decisions on how to define, attract, develop and retain people while measuring the factors driving their performance and linking their capability to critical business outcomes. Furthermore, in a global marketplace defined by innovation, the effective management of talent has become both a major competitive differentiator for organisations as well as the number one risk facing corporate leaders seeking to drive sustainable growth.

It has been 15 years since the publishing of McKinsey's *The War for Talent*, and we have yet to see it result in strategic and effective talent management practices in most of the corporates we encounter. Perhaps the GFC gave us a bit of respite in terms of talent scarcity, but the squeeze on talent is back on more than ever, with Australia's economy experiencing 5.2% unemployment in its latest figures, only 0.7% difference in the unemployment figures before the GFC.

And now more than ever in an economy that is completely based on lightning-fast knowledge transmission, having the right talent at the top who can nimbly strategise, execute and lead in this ambiguous world is critical. This talent backed up by effective long-term succession planning and development has become essential to shareholder confidence and thus billions of value.

We see three forces influencing the rising importance of having access to sophisticated talent advisory services: (i) a risk argument; (ii) a value-creation argument; and a (iii) regulatory argument.



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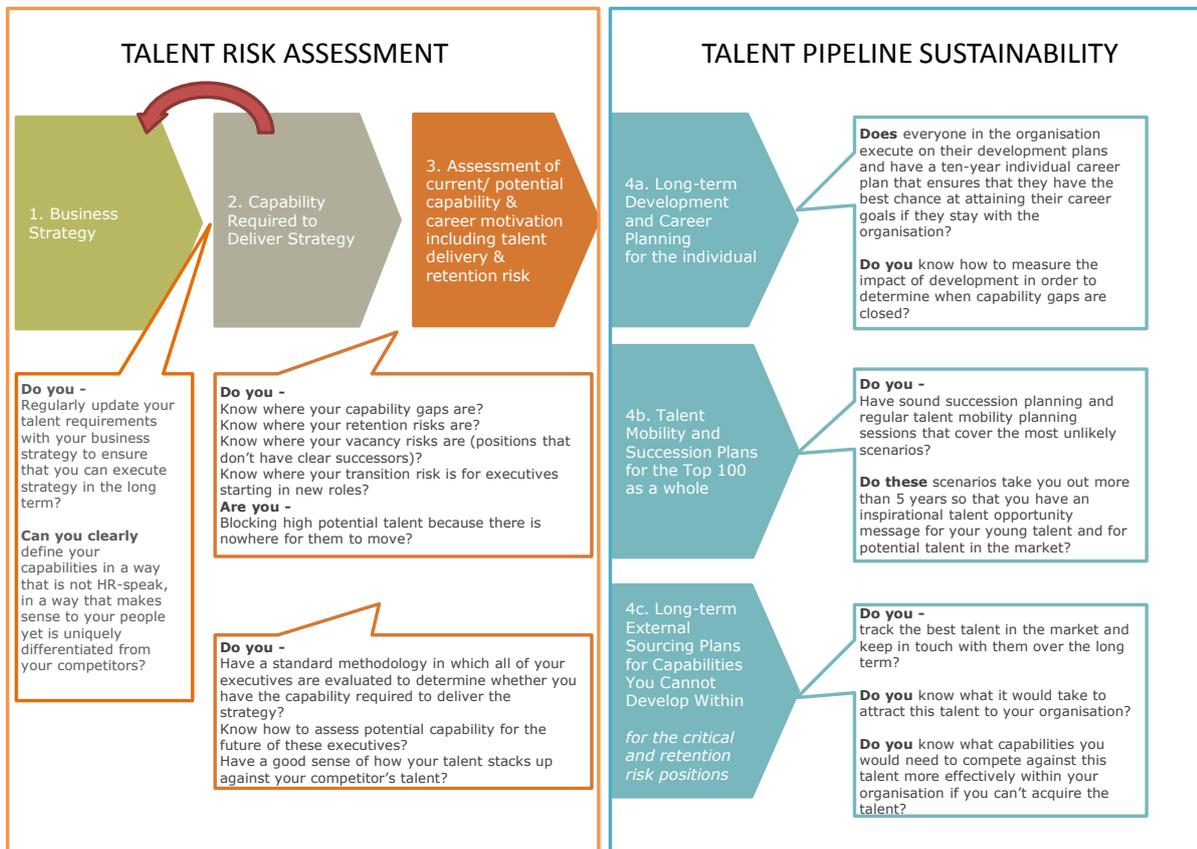
(i) The Risk Argument for a sophisticated Talent Advisory function

Witness the value erosion of poorly executed or arguably non-existent talent risk management plans at the very top:

- Lloyds temporary step down of its CEO, António Horta-Osório, on a two-month mental health break that the company was in no way prepared for succession-wise, resulting in a 6.6% decline in shares
- The quickly passing CEOs of Hewlett-Packard from Mark Hurd leaving in 2009, to Léo Apotheker only staying for a year, and then to Meg Whitman in less than a year, who just took the reins late last year. Through this flurry of CEO, \$40 billion of shareholder value was destroyed
- The 8% decline in value within a day of the announcement of the CEO appointment of Thorsten Heins for Research in Motion (Blackberry maker), with the market not believing that the selection of this very operational CEO would not be enough to stem the \$32 billion of shareholder value decline that had occurred over the last year
- The resignation of Perpetual’s Chris Ryan within only a year of his appointment as he could not stem the continuous decline of the share price, having fallen from \$32 a share to \$21 a share a year later
- The resignation of Leighton’s Chairman David Mortimer and CEO David Stewart, after only 8 months in the role, to be replaced by Hamish Tyrwhitt. The announcement alone cost 3% on the share market in one day

These are all cases where we believe the predominant answer to the following questions was NO:

TALENT ADVISORY REFLECTION



An integrated talent advisory service that goes beyond the provision of transactional search and leadership development will not only save the wasting of millions of dollars on transactional search bought reactively to vacancies and hundreds of talented executives walking out the door because they were not developed in leadership, skills or career, but also accelerate the right capability at the right time. As the Chief Internal Auditor works to test and suggest mitigation against compliance, process and financial risk, a Chief Talent Officer works to test and suggest mitigation against talent risk, as well as to catalyse the dramatic appreciation of talent capital.

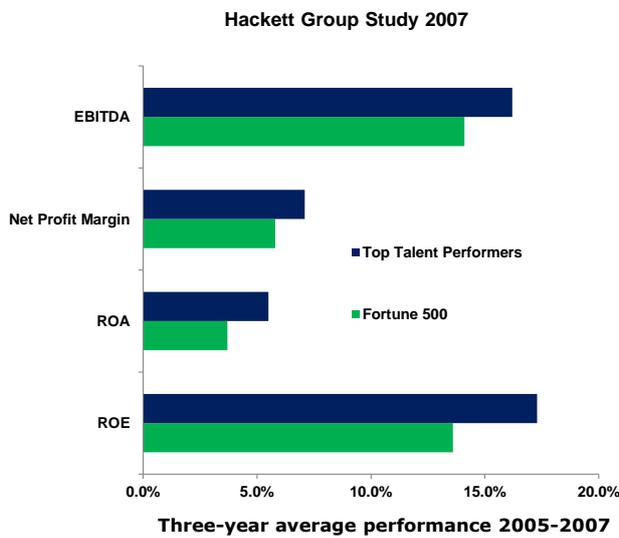
In our experience, however, the function of talent management in most organisations is a series of talent reviews being conducted without any finesse, language, or long-term contextual and strategic frameworks for looking at both the individual leader's career trajectory and where the organisation's strategy needs the talent to grow. Talent intelligence, retention strategy, tailored and strategic development planning and constant replenishment becomes a 10-15-year capability play with a board that constantly changes in size and shape, rules that emerge and change as the market changes, and pieces that come on, go off and grow and decline over time.

An organisation's executive talent are its most precious assets, and planning for the pipeline is one of the most strategic activities an executive should undertake. Spending 5% annually on a million-dollar piece of software for annual upgrading or 5% on a million-dollar property for depreciation is business as usual. Spending 5% annually on a million-dollar leader in the assessment, development and maintenance of their skills, behaviours, knowledge and long-term career is NOT business as usual.

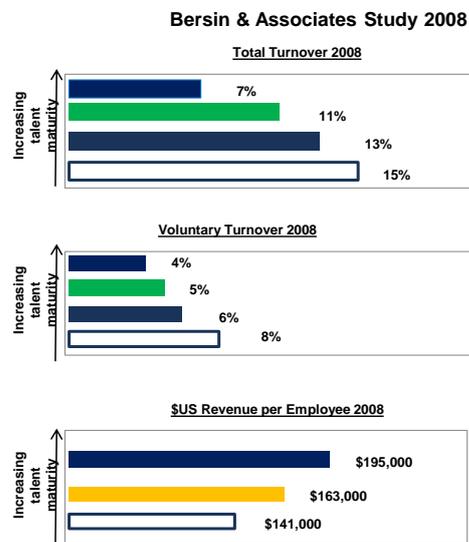
(ii) The Value-Creation Argument for Sophisticated Talent Advisory Services

Executing firm talent management strategy is not just about risk management – it is also about value creation. Since *A Search for Excellence* was published in 1982, there have been numerous correlation studies about the impact on the bottom line of good management practices, perhaps the most famous written by Jim Collins in *Good to Great*, published in 2001. The most recent studies were conducted by the Hackett Group and Bersin & Associates in 2007 and 2008 who identified the critical elements of a sophisticated integrated talent management system of large multi-national organisations and then correlated the sophistication of talent management practices to bottom line outcomes. The correlation results are significant. The top quartile-rated talent management implementers were significantly better business performers across EBITDA (15% difference), net margin (22% difference), return on assets (49% difference) and return on equity (27%).

**Firms with the Best Talent Management also create value more effectively**



This study examined 27 talent management capabilities of the Fortune 500 companies and compiled a weighted average score for each of them. The top-quartile of companies were labelled "Top Talent Performers."



An annual review of 725 US-based companies, weighted by size of company and segmented into four quartiles of maturity.

### (iii) The Regulatory-Creation Argument for Sophisticated Talent Advisory Services

In a regulatory sense, we believe that more effective talent management is going to be imposed on Australian listed corporations sooner than later. Witness the United States Securities and Exchange Commission, who in October of 2009, removed the ordinary business exclusion defence used by companies reluctant to disclose their CEO succession plans to shareholders. This policy change has ushered in a new wave of corporate governance scrutiny, as regulators and shareholders increasingly focus on CEO succession planning practices. With \$40 billion of value at stake at a company like HP, of course they should. In reversing its former position of allowing the exclusion, the SEC cited that "poor CEO succession planning constitutes a significant business risk and raises a policy issue on the governance of the corporation that transcends the day-to-day business of managing the workforce."

In fact, the following facts tell the story of perhaps why regulation is inevitable:

- In a 2010 international study of companies averaging 20,000 employees, Bersin & Associates found that fewer than 12 % of the companies had truly integrated and effective succession planning methodologies, characterised by succession planning integrated with business strategy results, a complete understanding of capability requirements for the future and the gaps currently at hand, and an associated contingency plan of both internal talent and external Talent management
- Statistics such as 55% of organisations reporting having no formal succession planning strategy are not uncommon, and these are companies with more than \$500 million in revenue
- Another study shows 40% of CEOs fail in their first 18 months
- Recent survey research from the US threw out even more alarming statistics:
  - Forty-six per cent of CEO successions were unplanned
  - Forty per cent of companies are not prepared for an emergency succession
  - Forty-eight per cent of directors currently see CEO succession as the sole responsibility of the CEO
  - More than 60 per cent of companies report that the CEO recommends his/her successor
  - Fifty-seven per cent of directors say that they do not know when their CEO plans to step down
  - Only 16 per cent of directors believe their board is effective at CEO succession planning

But we've known that all along. Whilst Australia has yet to enact such legislation in its corporate governance regulation, bodies such as the Proxy Advisors Services and the Australian Shareholders' Association will surely be lobbying ASIC and the Federal Government to at least get succession planning on the agenda of the Corporate Government Principles governing any major ASX listing.

## What is the function of Talent Advisory in an organisation?

(refer to diagram on page 2 as you step along the Strategy → Talent conversion table below)

Step along the Strategy → Talent Conversion that an organisation must take (see diagram, page 2)	Function of Talent Advisory	Capability and experience required in the function
<b>TALENT RISK ASSESSMENT</b>		
(1) Developing the business strategy	<p>Whilst a talent advisory function in an organisation is certainly not there to provide the function that strategy does, they are certainly in a place where they can influence heavily strategic directions by its deep insights into the differentiating nature of the organisation's capability.</p> <p>This function is also skilled in strategic facilitation, able to provide in-house facilitation in for the interactive workshops that drive the most collaborative approach to strategy formulation possible. Talent advisory facilitators know how to design scenario testing, assumption building, decision making and 5-year vision exercises that incorporate the "From" and the "To" of business over the long term. Whilst the team is working on the content of strategy, the facilitator is also strengthening the team's clarity in purpose, accountability, decision making processes and trust, as they are experts on how leadership psychology plays out in both the individual and the team.</p> <p>This facilitation allows the Talent Advisory function to know the executives intimately in the context of the business strategy, which the function to assess and coach individuals from a much more strategic vantage point.</p>	<p>The Talent Advisory function must be comprised of people who are experienced across the triangle of corporate strategy, business execution, and leadership psychology.</p> <p>They have trained extensively in the art of team facilitation, psychology of decision making and team collaboration. They integrate this psychological insight with their commercially grounded understanding of the art of strategy design and execution planning.</p> <p>In the strategic workshops they run for the executive teams, the Talent Advisory facilitators are usually strategically complex thinkers, very quick on their feet and able to respond and adjust agendas as they observe how the team is processing over the workshop. Time flies in their workshops, and clear strategic decisions are set collaboratively. At the same time, teams grow stronger in the trust and the awareness of both the strategic clarity of their purpose but also in a better understanding of each other.</p>
(2) Determining the capability required to deliver the strategy	Knowing how to translate business strategy into capability required is not a skill most organisations have. We have found organisations very adept at creating the project	Having understood the business strategy, the Talent Advisory function must know how to work with existing and emerging organisation's

<b>Step along the Strategy→Talent Conversion that an organisation must take</b> (see diagram, page 2)	<b>Function of Talent Advisory</b>	<b>Capability and experience required in the function</b>
	<p>management plans and timelines for executing against strategy, but we have not seen the associated clear articulation of capability required to deliver against these plans.</p> <p>The Talent Advisory function works with business executives to assemble not only a picture of the current set of capabilities required for each of the positions under review, but even more importantly a view as to what you will need in the future to differentiate the organisation in the market in the eyes of clients today and tomorrow. In our experience, this is seldom tied to existing organisational charts and the determination process needs a much more laterally creative definition of what talent needs to look like for the future.</p>	<p>capabilities frameworks and making them come to life in people.</p> <p>This function does not get caught up in a “generic set of leadership competencies” but instead considers strategy, culture and context to determine the most relevant capability set for each critical position. And, as the business grows and transforms, we find that this set constantly changes and varies across Business Units, across time horizons, and across markets.</p> <p>This function does not rely upon a static capability set and does not get lost in static job descriptions, knowing well that jobs evolve rapidly as markets, technology and knowledge exponentially expand.</p> <p>This function is also well-versed in the artful lens of ensuring diversity of thinking, gender, career experience, and ethnicity is applied to determine the most effective teams that complement each other synergistically.</p>
<p>(3) Assessment of current and potential capability and career motivation and therefore the talent delivery and retention risk</p>	<p>The Talent Advisory function takes the business strategy and the capability set and then works with executives intensely to assess their current and future potential against what the organisation is trying to build for the future both strategically and culturally. The function spends many hours with each of your executives in a dialogue that covers the spectrum of assessment and development. The function interviews their direct reports, peers, clients and managers to keep constant the most comprehensive feedback report on the leadership capability that leaders can take action on</p>	<p>The Talent Advisory function has strong experience of assessing executives against their current performance as well as extrapolating a forecast of the potential of a leader based on multiple inputs of past experiences, insights of the leader, motivations, perceptions, and strategic mindsets.</p> <p>The function has a methodology that they use to teach the organisation to have much more robust talent reviews and dialogue, much more thorough and</p>

<b>Step along the Strategy→Talent Conversion that an organisation must take</b> (see diagram, page 2)	<b>Function of Talent Advisory</b>	<b>Capability and experience required in the function</b>
	<p>across education, exposure and experience.</p> <p>It is extremely important that the Talent Advisory function is trained extensively in using different lenses for different types of people so that we identify talent across all types of diversity -- be it diversity in career experience, type of thinker, type of leader, gender, ethnicity, country of origin, age, etc.</p>	<p>inspirational career conversations, and much more planned action around education, experience and exposure.</p> <p>Over time, the Talent Advisory function constructs a "Talent Culture" across the organisation that is part of the everyday DNA of the organisation.</p> <p>The quality of the assessment process is measured in the results it brings in terms of significantly shifted leadership style, performance results, and cultural engagement scores. The trust we build over a long period of time with the candidates is also evident in the number of times we are asked to coach our clients and work with them at their significant transition times over their career.</p>
<b>TALENT GROWTH</b>		
<p>(4a) Long term development and career planning</p>	<p>After the assessment is complete, the Talent Advisory function works with the leader, their manager and the Board and/or CEO team to reflect on the short-term development and long-term career plans that each individual requires. This is completely tailored to match the individual's own life situation and ambition and align it the organisational need for the candidate's skills and character</p>	<p>The Talent Advisory function has deep experience in how to advise on career possibilities and years of experience in coaching executives on what steps to take to strengthen their skill set, to meet their life balance requirements and to more than satisfy the organisation's perception of them.</p>

<b>Step along the Strategy→Talent Conversion that an organisation must take</b> (see diagram, page 2)	<b>Function of Talent Advisory</b>	<b>Capability and experience required in the function</b>
	<p>strengths.</p> <p>Many of the candidates we assess then engage with the Talent Function on a long-term basis in ongoing coaching or particularly in coaching for critical career transition points, particularly in the first year of new positions.</p>	<p>There are few organisations that have robust career planning for their top 100 executives. Seldom in our experience do organisations even know what the possibilities are for the next assignment so that they can prepare well when the time comes. We work with the leader and their context to ensure that there is a clear pathway of career potential and thus the associated education, experience and exposure required for attaining the most optimum readiness for candidates in their transition of roles.</p>
(4b) Talent mobility and succession plans	<p>With our intimate knowledge of the internal talent, their ambitions and their retention risk combined with our search partners' knowledge of the external market, we can now help facilitate internal talent reviews that plot the short and long term talent pipelines of the organisation in the format of succession plans, long-term position phases (in which we show up to 10 years forward of people scenarios for the organisation) and long-term career plans (which are, in contrast, sorted by the individual person).</p>	<p>The Talent Advisory function has deep experience in facilitating C-suite teams and Boards in their talent reviews.</p> <p>They also know how to partner strategically with the most insightful search firm partners who can help track competitor talent and integrate this market data with long-term pipeline plans.</p> <p>The Talent Advisory function in partnership with an external search firm is responsible for an ever-growing knowledge of competitors' talent and the ability of such talent to enter the organisation as a competitive capability and cultural fit.</p>
(4c) Long-term external sourcing plans for capabilities the organisation cannot develop within	<p>The Talent Advisory function must partners with search firms who are constantly in the market charting both industry domains and functional domains, watching who is who and gathering detailed and substantiated evidence about</p>	<p>The Talent Advisory function must know how to strategically and commercially work with executive search firms who know how to comprehensively map talent in the market against different purposes.</p>

<b>Step along the Strategy→Talent Conversion that an organisation must take</b> (see diagram, page 2)	<b>Function of Talent Advisory</b>	<b>Capability and experience required in the function</b>
	<p>where the great talent is through the hundreds of reference interviews they might conduct weekly.</p> <p>Having this competitive knowledge allows the Talent Advisory function to do many things: gives the function a sense of “benchmarks” for how to develop internal talent, enables the function to influence strategy based on a competitive strength analysis, and allows the function to make long-term “attraction” tactical plans for external talent to come into the organisation.</p> <p>When external talent is identified, the Talent Advisory function works with external search firms assemble the most rigorous selection process in order to determine psychometric health, cultural fit, and general leadership potential. This assessment report has proven to be instrumental in ensuring the right selection is made as well as representing the first step of a comprehensive onboarding process that the Talent Advisory function can provide for the new executive in their first year.</p> <p>The Talent Advisory function with its data can also make the most strategic recommendations on whether to go “in” or “out” for filling new positions.</p>	<p>These search firms must be firms that know their candidate stock over many years, watching how their careers develop and understanding what steps they need to take further and in what organisations they would most thrive.</p> <p>Matching talent mapping insights with the insights of knowing the internal talent is a skill and knowledge that The Talent Advisory function is best equipped to do and can support leaders in their senior recruitment decisions, being able to provide an assessment and selection process that is fair, transparent, thorough and exceptionally developmental in nature.</p> <p>Even the candidates who are not selected in the process gain immensely from the process through a clear understanding of where they would need to develop next.</p>

## How can a Talent Advisory Function provide a return on investment?

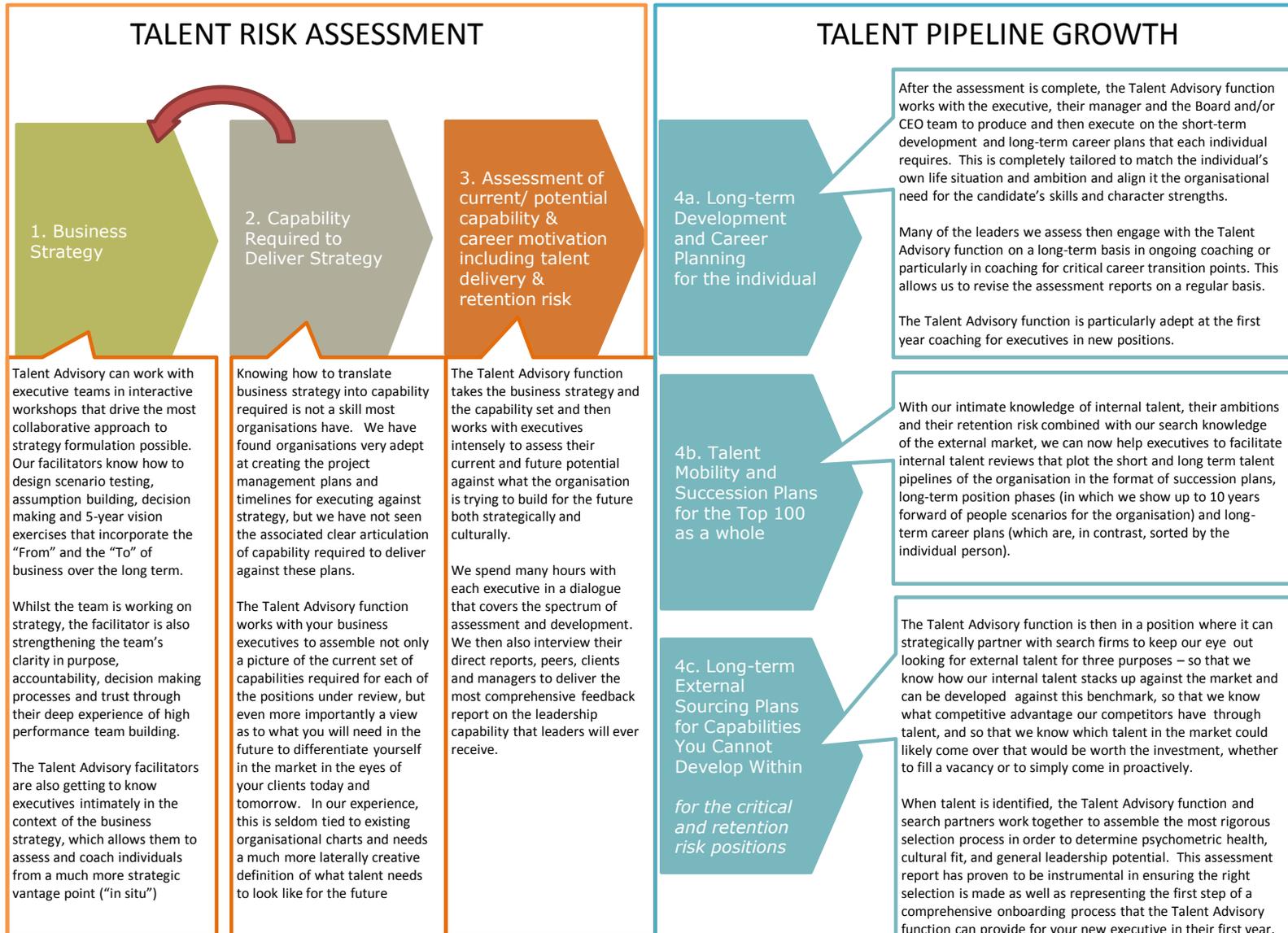
In traditional deal-based searches, organisations are currently seeing about 28% of the total value of the first year compensation go to executive search companies as a standard fee. In our experience, large corporate organisations buy this search reactively, and the decision on which search firm to go with is based on the decision of the hiring executive at the time, usually based on his or her previous search relationships. Below is a table that indicates the scale of return you might expect if you were to work with us based on the typical expenditure patterns we see in companies.

Category of expenditure	Assumptions for a typical ASX 50 company, assuming we are focusing on the top 300 executives	Amount spent if organisation followed the traditional talent strategies in the Australian market today	Immediate savings that could be possible if a strategic Talent Advisory function is executed that partners with a long-term strategic search firm	Revised expenditure
<b>Search</b> amongst your top 300 executives to refresh with external talent	<p>15% turnover in a given year being filled by external talent = 45 executives</p> <p>Average search fee of \$150,000 across these</p> <p><math>15\% \times 300 \times \\$150,000 = \\$6,750,000</math> in search fees</p>	\$6,750,000 in search fees	<p>Getting turnover to 10% as we can increase retention for employees whose careers and leadership are being strengthened.</p> <p>Offering a long-term strategic search partner an average search fee of \$127,500 because with volume we can reduce average fee by 15%</p> <p><math>10\% \times 300 \times \\$127,500 = \\$3,825,000</math> in search fees</p>	<p>\$3,825,000 in search fees</p> <p>(savings of \$2.9 million)</p>
<b>Search</b> to replace the 10% of the external talent you placed this year who will leave within the first year of hire	<p>Because of poor assessment, poor marketing of the company, poor referencing the candidate and poor onboarding, we see an average 10% turnover of external placements within their first year</p> <p>If you assume 10% on 45 new placements and again, \$150,000 search, you have \$675,000</p>	\$675,000 in search fees	<p>Because of poor assessment, poor marketing of the company, poor referencing the candidate and poor onboarding, we see an average 10% turnover of external placements within their first year if transactional search practices.</p> <p>Because of the strategic long-term sourcing strategies and onboarding practices a Talent Advisory function could provide, we could halve this one-year turnover to 5%</p> <p>If you assume 5% on 30 new placements and again, \$127,500 search, you have \$191,250</p>	<p>\$191,250 in search fees</p> <p>(savings of \$483,750)</p>

Category of expenditure	Assumptions for a typical ASX 50 company, assuming we are focusing on the top 300 executives	Amount spent if organisation followed the traditional talent strategies in the Australian market today	Immediate savings that could be possible if a strategic Talent Advisory function is executed that partners with a long-term strategic search firm	Revised expenditure
<p><b>Loss of productivity</b> from this 10% that either walk out or need to be asked to leave within their first year</p> <p>This includes costs such as:</p> <ul style="list-style-type: none"> <li>HR management time;</li> <li>Managerial time;</li> <li>Managerial time to interview new candidates;</li> <li>Loss of productivity due to low morale and lack of leadership caused by vacuum;</li> <li>Training and relocations costs lost</li> </ul>	<p>There will always be some loss of productivity with any new executive. Without proper onboarding and assimilation that begins as soon as the external candidate is given the job offer, serious time lags, cultural mis-matches, and strategic mis-fires can occur within the first year of hire on top of the risk of actually losing the executive</p> <p>A survey by Right Management conducted across 444 multinational organisations showed that at least 42% of those organisations calculated the cost of the loss of productivity and opportunities lost at least twice the employee's annual salary. 26% of the survey respondents said three times their salary, and 11% said up to 5 times their salary. The calculation of these costs can. Let's use an assumption of a \$450,000 executive who earns a bonus of 50%, totalling \$675,000 in package. Even at twice this package, the lost productivity and other costs associated with the bad hire would be 2 x \$675,000 = \$1.35 million per bad hire.</p> <p>Let's assume that of the 10% of executives who leave within the first year, 50% of these were actually due to the wrong hiring decision on</p>	<p>\$4,000,000 in lost productivity across the organisation</p>	<p>With an effective Talent Advisory function, we would propose that there would only be 1 mis-hire at the most, usually arising from emotional disturbances that occur after the hire, never before seen in the person's life. Because we are constantly watching the market with the strategic search firm, this one mis-hire would easily be replaced without as much of the productivity lost in transactional search. We would argue that at most you would lose would be the annual cost of your executive. Let's make that 1 x \$675,000 x 1 mis-hire.</p>	<p>\$675,000 in lost productivity across the organisation to any mis-hires and additional time to replace</p> <p>(savings of \$3.325 million)</p>

Category of expenditure	Assumptions for a typical ASX 50 company, assuming we are focusing on the top 300 executives	Amount spent if organisation followed the traditional talent strategies in the Australian market today	Immediate savings that could be possible if a strategic Talent Advisory function is executed that partners with a long-term strategic search firm	Revised expenditure
	your part. That is 10% x 50% x 45 executives = about 3 executives needing to be fired. At \$1.35 million a piece, this is \$4 million dollars			
<p><b>Cost of Talent Advisory function</b> services that relate to the "4a" and "4b" of the Strategy→Talent Conversion diagram on page 2</p>			<p>For a typical Top ASX 50 organisation, the Talent Advisory function would focus intensely in leadership advisory and succession planning on top 70, conducting regular assessment and development work with these executives, staying close to the executive teams through our strategy facilitation and developing these executives through our coaching practices</p> <p>We would also focus on the top 5-10% of the emerging young talent (e.g. 28-35-year-old) with the ten-year horizon.</p> <p>In this way, we would be closing your capability development gap and working with you to create the best long-term talent mobility plan</p>	<p>Estimated \$2,000,000 in Talented Advisory staffing costs (7 staff EVENTUALLY), which might cover covering top team facilitation, top 60 assessment, and development of critical talent, eventually over the years covering your total top 300 population as well as instilling</p>
<b>TOTAL COSTS</b>		<b>\$11.4 million dollars</b>		<b>\$6.7 million, representing a 41% cost reduction or \$4.7 million</b>
<b>TOTAL VALUE CREATION</b> you might expect by employing world class talent practices			<b>Correlations studies indicate a 15% increase in EBITDA, a 22% in net margin, a 49% increase in return on assets and a 27% increase in return on equity</b>	

# THE VARIOUS ROLES OF A TALENT ADVISORY FUNCTION



## Key Governance recommendations

Based on our observations and experiences with how talent is governed in other organisations, we would recommend that:

1. The Talent Advisory function be considered as an independent and objective function, treated very similarly to an Internal Audit function. This would mean a dual reporting relationship:
  - a. To executive management for their insights from assessing and developing talent in order to execute against short and long-term strategy
  - b. To the Board (via the Head of People/Nominations Committee) for ensuring that the organisation is constantly assessing against leadership risk and executing successfully against mitigation plans through talent development, succession plans, talent mobility and external sourcing
2. The head of this function be considered a senior executive perhaps without the bureaucratic designation of a "level" so that they can easily coach personalities that would otherwise be designated as more senior to them by where they sit on the organisation chart. Often just calling this position a Chief Talent Officer without reference to an organisational level suffices.
3. The head of the Talent Advisory function have regular access to the CEO and their team so that the discussions of talent are regular, sophisticated, and fully informed. This also allows Talent Advisory to observe the CEO team executives "in situ," which would further strengthen the function's ability to assess, coach and provide long-term succession planning data to the team and to the Board
4. This head of Talent Advisory function be entrusted to meet with the Chairman and the Head of the People/Nominations Committee independently so that the organisation's long-term horizons on capability be reviewed, a horizon that often extends well past the current executive team's horizon
5. This function have regular access to their counterpart in global best practice organisations – their strategic thinking, their talent processes, and their ideas about executive development
6. This function be established first by a Chief Talent Officer who is supported by a senior manager who is skilled in assessing and developing talent. These two people will then work through the needs of the organisation over the first year, most likely growing a Talent Advisory function that consists of the original two people plus one Talent Advisor for each business unit, who works hand in hand with the Head of the Business Unit's Human Resources
7. This function partner with the research arm of a university/business school who could quietly trace the learnings from the emergency of a globally leading Talent Advisory function and the impact on the success of the business and its individuals

## Suggested activity of Talent Advisory Function for first year for Telstra

Focus of the month	Activity
Month 1-2 Discovery Kick-start Managing Director and Executive Director Focus	<ul style="list-style-type: none"> <li>• Discovery: Interview all Managing Directors and Board Directors to gain perspective on talent, strategy, culture and their views on where various pockets of talent are now and what is missing</li> <li>• Spend a good deal of time with Tracey, Caroline and Helen on how to best complement the overall plans for talent management and add value</li> <li>• Spend enough time with the managers of strategy for each business unit to determine where the business units are expanding over the next few years and the impact that will have on talent</li> <li>• Meet with each of the top level of GMDs and ED's individually on their own career and potential, determining what Korn Ferry report has recommended and what is needed for 2013-2014 (2 hours each)</li> </ul>
Month 3 Kick-start Director Talent Focus	<ul style="list-style-type: none"> <li>• Kick start the process of meeting 12 Directors a week for 20 weeks individually on their own career and potential, determining what Korn Ferry report has recommended and what is needed for 2013-2014 (2 hours each). This will take me at least five months and will be conducted in parallel to the other projects.</li> <li>• Draw back from time to time to work with Tracey and her team on what I am observing across the Director population in terms of general themes, talent superstars, retention risks, and talent potential gaps</li> </ul>
Month 4 Kick Start Young talent focus	<ul style="list-style-type: none"> <li>• Set up "Rising 100" rising stars – usually the 28-35-year-old age bracket who has a ten-year horizon that looks like the possibility of turning up into C-suite</li> <li>• These will be the group of people we will assemble ten-year execution plan for talent scouting, talent planning, and career coaching for (i.e. this is NOT a one-year high potential program that disappears—it is an ongoing on-the-job career development program that is constantly expanding the individual's content, context, complexity and creativity).</li> <li>• We will propose what this structure for these rising 100 will be by the end of January. I would suggest that Telstra would employ one Talent Officer per business unit that could work under my direction to execute against these long horizons and act as the local Talent Agent</li> <li>• The first task for each group will be to map Telstra's organisation as it is now. They go out in small groups to interview each and every one of Telstra's Managing Directors, Executive Directors and Directors to talk about what they do on a day to day basis, the complexity of strategic thinking they need to employ, key career transition points they had in getting to that position and experiences they wish they had had in preparing them for this position. They can also discuss what each role</li> </ul>

Focus of the month	Activity
	<p>might look like in 5 years' time and the key capability requirements</p> <ul style="list-style-type: none"> <li>○ This project meets many purposes: <ul style="list-style-type: none"> <li>▪ It teaches the young rising executive to network</li> <li>▪ It teaches them about what levels of complexity, experience, and skill they will need to develop depending on the directions they wish their career to take</li> <li>▪ It collects information about Telstra as a whole that never really existed before – which usually ends into a completely new understanding of career paths, cross-silo talent mobility, and cross-silo long-term executive collaboration</li> </ul> </li> </ul>
<p>Month 5: Kick start C-Suite Succession Preparation Curriculum</p>	<ul style="list-style-type: none"> <li>• Through discussions with CEO and Board, identify critical prospects for succession in the CEO's team and assemble major development plans (experience, education and exposure) that must be assembled for each of these prospects ensuring that they are ready at any point in time. This is about assembling the right level of curriculum for major C-suite positions that ensures candidates are executing well at their day job but also preparing for their next job at the same time as efficiently as possible</li> </ul>
<p>Month 6: Kick-start building Talent Assessment and Planning capability into our executives</p>	<ul style="list-style-type: none"> <li>• In addition to all other activities being managed in parallel, in April we will step back and determine how best to build talent capability assessment/development planning into existing talent management processes, particularly in Telstra's process of talent reviews. Working with Helen's team in particular, we could ensure that executives are learning to assess their people's performance and potential, using language that is actionable, deeply reflective and action-oriented. Gone are the days when one can simply put people into the nine boxes and be finished. The talent dialogues being held must be geared towards developing for the future</li> </ul>
<p>Month 7: Finalise development plans for 50 Executive Directors and 250 Directors</p>	<ul style="list-style-type: none"> <li>• After having spent the last five months meeting each and every one of the Executive Directors and Directors, it is now time to sum up the Development Plans for each of them as well as the trajectories possible for each of them. Career files will be set up for all of these people that should be transparent and dually owned by the executive themselves as well as the Chief Talent Officer function</li> </ul>
<p>Month 8: Focus on succession</p>	<ul style="list-style-type: none"> <li>• Succession planning would be the focus here as we might take an organisational stance on the pipeline seen with the view of the current Telstra organisation chart AND a chart that might emerge over the next 5 years as Telstra transforms itself against its strategy. Here we</li> </ul>

Focus of the month	Activity
planning	would work extensively with the CEO and his team as well as the Board and determine major actions that must be set in place to ensure that succession is robust over the next year
Month 9: Focus on external talent pipeline	<ul style="list-style-type: none"> <li>As we have identified talent risks in the shape of either retention risks or capability gaps, we now look to systems of long-term external talent acquisition, identifying quietly targets in the market who could either fill in our gaps or add value. Many of these external candidates will be "on watch" for a long time as we systemically keep our eye on talent in association with Talent Acquisition functions. This external talent will form a vital part of Telstra's succession plan</li> </ul>
Month 10: Focus on innovation across the world	<ul style="list-style-type: none"> <li>In this month, we will visit many organisations globally to determine what Telstra can learn as to the world's best practice of growing talent – key young potential leaders will form a study group and report to both the CEO team and the Board on their findings and the implications on Telstra's talent planning</li> </ul>
Month 11: Telstra's role in driving Australia's leadership agenda	<ul style="list-style-type: none"> <li>In this month, we might aim to add credibility externally to Telstra by hosting a "Talent Advisory" major conference – with one day just being leading CEO's and Government Leaders, one day for Directors and one day for HRD's/Business Schools with the agenda being what we are doing to create best leadership practice across Australia. We could invite global thinkers to this forum and feature Telstra's practices throughout</li> </ul>
Month 12: Report on the year and steps going forward	<ul style="list-style-type: none"> <li>Having come to an end of the year of the establishment of this function, it is time to review the effectiveness of the function and the need for staffing going forward</li> </ul>

*Strategy without operations is a daydream.  
Operations without strategy is a nightmare.  
Either without talent development is unsustainable.  
All without a kind and curious awareness of Self is meaningless*  
- Katharine McLennan



### **About the author**

Katharine McLennan's combined career spans corporate strategy, operations, talent/leadership development and self transformation. Her most recent corporate roles have included Senior Vice President of People & Culture at Cochlear, Head of the QBE Global Leadership Academy and Executive General Manager, Talent and Business Unit HR for Commonwealth Bank of Australia.

Katharine is now an executive coach and psychotherapist for a range of corporate, government and non-profit leaders of organisations, where she focuses on corporate strategy, talent and psychology. She also works individual facing depression, anxiety, addiction, trauma, and career transition.

Prior to her corporate career, Katharine spent 10 years in leadership consulting, providing advisory services on behalf of three major organisations: Heidrick & Struggles, the Mettle Group and PricewaterhouseCoopers.

Before becoming the passionate leadership developer, Katharine's execution and pragmatic sense was fully developed in her role as head of operational planning and execution of the Sydney Olympic Games between 1996 and 2000, as well as her experience in the non-profit sector with her work with the YWCA NSW. In this role she led the operational planning process for the venue operations and was the main facilitator on all operational planning and contingency exercises within the Sydney organisation. She continues today to advise the IOC and all Organising Committees in their operational planning, workforce strategies and leadership development.

Her corporate strategy background is grounded in her formative years with Booz & Co driving corporate growth strategies, business reconstruction and process re-engineering across industries such as health care, banking, telecommunications and logistics. Clients included CBA, NAB, Tubemakers, TNT, Telstra, Royal Adelaide Hospital, the Alfred Hospital and Royal Prince Alfred Hospital.

Katharine has degrees with top honours in Biology/Neuroscience and History (Duke), Business (MBA, Stanford), and Political Science (MA, UNSW) .

Katharine is a qualified psychotherapist ([PACFA](#)), and an Industry Professor of the University of Technology

Sydney. She is also a Director of Petrea King's [Quest for Life](#).

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