Building the Next Generation of Finance Leadership

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Organizing for the next generation builds on a “talent agenda”

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<th>Get the Right People in the Right Seats</th>
<th>Build a Sustainable Organization</th>
<th>Create a High-Performance Team</th>
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<td>• Talent Assessment</td>
<td>• Formal Training</td>
<td>• Baseline Engagement Surveys</td>
<td>• Definition of Missing Capabilities</td>
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<td>• Performance Management</td>
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<td>• Recruiting</td>
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<td>• Exit and Out-counseling</td>
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<td>• Technology and Work Strategy</td>
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Source: Lessons from the Lab: What Is Your Talent Agenda?
Building leaders requires you to sponsor:

<table>
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<tr>
<th>The Five Essential Traits</th>
<th>The Shaping Moments</th>
<th>The Skill Sets That Matter</th>
<th>The Relationships That Matter</th>
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<td>• Curiosity</td>
<td>• Crises as Crucibles for Learning</td>
<td>• Communications and Sales</td>
<td>• Great Bosses</td>
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<td>• Courage</td>
<td>• Seizing Opportunities to Grow</td>
<td>• Listening and Approachability</td>
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<td>• Perseverance to Mastery</td>
<td>• Choosing Life over Work</td>
<td>• Negotiation and Conflict Resolution</td>
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<td>• Confidence and Self Assurance</td>
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<td>• Operating, Change, and Influence</td>
<td>• Role Models and the “Myth of the Mentor”</td>
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<td>• Ethical Responsibility</td>
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<td>• Strategic Judgment and Prioritization</td>
<td>• More Than a Village</td>
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</table>

Source: Deloitte Report: Journey to Leadership: Perspectives of Women CFOs
2012 Top Talent Challenges

*Business leaders cite leadership bench strength as their most important talent priority.*

Source: Bersin & Associates TalentTrends, 2012
Declining Leadership Capabilities

Confidence in leadership capabilities has dropped over the past two years.

- 30% rate first-line leaders as “highly capable”—down 2 points.
- 49% rate mid-level leaders as “highly capable”—down 17 points.
- 71% rate senior leaders as “highly capable”—down 9 points.

Source: Bersin & Associates TalentTrends, 2012
The Role of Leadership Strategy

A leadership strategy is the conduit between the organization’s business strategy and leadership development strategy.

Case Study: Capital Blue Cross

Leadership Strategy

The Goals

• To articulate an easy-to-understand leadership vision
• To increase the quality of current leaders
• To identify and prepare leader candidates
• To define the attributes of a successful leader
• To define the leadership success profile
• To facilitate business ownership of leadership development and talent management
• To facilitate governance for the leadership development strategy and initiatives
• To establish effective feedback loops to monitor and improve the strategy, program, and practices

Source: Capital Blue Cross 2011
Leadership Development

Bersin by Deloitte MATURITY MODEL

Level 4
- Strategic Leadership Development
  - Championed by Executives, Talent Management Integration

Level 3
- Focused Leadership Development
  - Culture-Setting, Future-Focused, Developing Organization

Level 2
- Structured Leadership Training
  - Core Competencies, Well-Defined Curriculum, Developing Individuals

Level 1
- Inconsistent Management Training
  - Content Available, No Development Process, Benefit to Employees

Source: Bersin by Deloitte, 2012
Six Leading Practices

*High-Impact Leadership Development*

1. Maintain Strong **Executive Engagement**
2. Align Leadership Strategy with **Business Strategy**
3. Define Tailored Leadership **Competencies**
4. Target **All Levels** of Leadership
5. Integrate with **Talent Management** Processes
6. Apply Blended, Targeted **Solutions**
Case Study: Merck & Co., Inc.

Business Challenge
In 2011 Merck faced challenges, including the expiration of the patent and exclusivity rights of one of its biggest products, an asthma preventative, which opened the market to other companies and generics offering similar products.

Business Strategy
One of Merck’s strategies for addressing patent expirations, accelerating revenue growth, and achieving growth in this business environment involved increasing its commitment and strategic investments in emerging markets.

Leadership Challenge
Because of the complexity of local emerging markets, including regulations, markets, and language, Merck leaders decided to put a greater focus on growing local talent into leadership positions.

Case Study: Merck & Co., Inc. (continued)

Leadership Strategy
• Focus on high potentials in all countries, including emerging markets
• Quickly develop higher-order leadership skills
• Build company understanding and loyalty
• Expand leaders’ networks outside their functional and geographic boundaries
• Increase visibility of top talent to key company leaders

Leadership Development Goals
• Accelerate the development of qualified leaders for senior positions in emerging markets
• Retain top talent

Leadership Development Solution
Emerging Markets Future Leader
A 10-month Blended Program
• Two in-person sessions to help build peer relationships
• Virtual lectures and self-study resources offering theoretical overview of topic from a strategic and global context
• Case studies to show topics in action
• Content specific to Merck
• Activities designed to place content into specific emerging market context, including action learning

**Succession Management**

_Bersin by Deloitte MATURITY MODEL_

Level 4

**Transparent Talent Mobility**
*Dynamic Process, Highly Transparent, Pool-Based, Talent Movement, Professional and Management Roles*

Level 3

**Integrated Succession Management**
*Business Strategy Alignment, Talent Management Integration, Enterprise Perspective, Owned by CEO*

Level 2

**Traditional Succession Planning**
*Development Plans, Talent Reviews, Business-Unit Focus, Targets Key Positions, HR-Driven*

Level 1

**Replacement Planning**
*List of Senior-Level Positions, List of High Potentials, No Development*

Source: Bersin by Deloitte, 2012
Succession Management Essentials

- Articulate Roles for Succession Management
- Identify Key and Critical Positions
- Assess High Potential
- Conduct Talent Calibration Session
- Implement Talent Review Workshops
- Define Action Plans

Ongoing Talent Discussions

Talent Management Integration

Key Roles in Succession Management

What is your role?

- **HR Leaders**
  - “Talent Accelerators”

- **Board of Directors**
  - “Talent Overseers”

- **Executives**
  - “Talent Orchestrators”

- **Business Leaders**
  - “Talent Influencers”

- **Employees**
  - “Talent”

Grant Thornton’s Strategy for Supporting Leadership Development at All Levels

Case Study: Amway
Global Leadership Development Curriculum Model

Source: Building Bench Strength at Amway: Succession Management Drives Leadership Development, Bersin & Associates, 2010