



Xstrata

REALISED IT. MINING FOR LEADERSHIP TALENT



A LEADERSHIP CHALLENGE CREATED BY GROWTH

ABOUT XSTRATA

- > A major global diversified mining group, listed on the London and Swiss stock exchanges.
- > Headquartered in Zug, Switzerland, Xstrata has approximately 40,000 employees world-wide, including contractors.
- > The Group's operations and projects span 18 countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, the Dominican Republic, Germany, Jamaica, New Caledonia, Norway, Papua New Guinea, Peru, South Africa, Spain, Tanzania, the USA and the UK.

When Michael "Mick" Davis became its CEO in 2001, Xstrata was a non-descript Swiss-based commodity company with a market capitalisation of less than \$1 billion. Today, the global diversified mining group's market capitalisation is nearly \$30 billion, and its operations reach across five continents.

Acquisition has played an important part in Xstrata's growth, but it has been Davis' vision of creating an organisation where entrepreneurialism reigns that has helped drive this success. When Thras Moraitis, head of strategy and development, began to implement, with Davis' support, an organisation-wide talent management initiative, the entrepreneurialism defining the Xstrata culture represented both his biggest asset and his greatest challenge.

After 15 lean and turbulent years, during which consulting firms and investment banks have developed a persuasive proposition to woo the best college graduates, the mining and metals industry is experiencing an acute talent shortage. While Xstrata's distinctive character and its ethos of empowerment and accountability are a proven attraction, aggressive growth targets mean that the company has to succeed in building a wider, fuller leadership pipeline—fast. As Moraitis describes it: "This move from a 'founders-run' business to one with a stable supply of talented leaders is part of our maturing as a company, delivering against our promise of growth and securing the organisation's longevity".

When Moraitis started to investigate, he read both *The Leadership Pipeline* and DDI chairman Bill Byham's book *Grow Your Own Leaders*.

While the former book sets out the personal and organisational transformations needed to build leadership strength, the latter is full of practical, "how to" advice. Moraitis decided to contact the organisation behind it and he liked what he heard.

BUILDING THE RIGHT TALENT STRATEGY

The next step was to approach Davis to secure his commitment and 'get him to put his name behind the initiative', as Moraitis says. "The initial reaction was: 'Our organisation will never go for this. It's too complex and it'll be seen as bureaucratic.' Our philosophy and our strength has been never to cut across the sovereignty of business units. But when we discussed this in the Executive Committee, we had to think of our best young people as *corporate* assets if the whole organisation was to realise its goals".

There were some further battles to win along the way to ensure consistency, transparency, and due focus across the business units. Many business unit leaders—autonomous and accountable heads of their own entrepreneurial enclaves—had, themselves, been a reluctant product of other organisations' "corporate tourism" and rapid job rotation. They were wary of being compelled to yield their best people to another operating unit, as part of such a process, in return for "novices". On top of this, they could see little value in the generic management programmes traditionally associated with accelerated development. Moraitis used this intelligence to design a process which addressed these concerns.



BETTER LEADERS READY FOR PROMOTION SOONER

“ I CHOSE DDI WITHOUT HESITATION. I saw a real willingness to flex and customise, and consultants who are good at what they do”.

THRAS MORAITIS,
HEAD OF STRATEGY
AND DEVELOPMENT,
XSTRATA

Working with DDI, Moraitis began to devise a talent strategy that would work for Xstrata, with the goal of increasing the readiness of current functional and other generalist operational leaders for executive roles within five years. The selection criteria to refine this group of leaders included screening against company values (the articulation of these values was a new concept to Xstrata) and the executive team's views on their potential for strategic leadership.

DDI's support in the creation of a “success profile” played a critical role in executing the talent strategy. This involved specifying exactly what leaders need to have done, need to know, and need to excel at if they are to lead the business toward its goals in the future. It also indicates what personal attributes might be most helpful in this regard.

Moraitis says: “As well as playing a role in the nomination process, this gives everyone a more granular view of the type of skills executives should cultivate in Xstrata, it dictates the design of the assessment process and provides an ongoing framework for development purposes”.

A PRAGMATIC APPROACH WINS LINE MANAGERS' COMMITMENT

It was essential that managers understood and could apply the success profile criteria in their nominations, so Moraitis prepared a detailed nomination pack which was sent to all involved. This was designed to counter some initial scepticism about the viability and relevance of prescribing what future leaders should look like in Xstrata. The pack simplified the language of psychology, re-labelled competencies in Xstrata terms and gave a clear picture of what should differentiate high potentials from others.

When the submissions were completed, the Executive Committee sat down to debate them. Those who had nominated candidates were encouraged to advocate their inclusion in the development programme using the objective criteria of the success profile. “We tried to make it clear that past performance was not the main qualifier”, explains Moraitis. Eight individuals from the 12 nominated were finally selected for the next stage—an in-depth, diagnostic assessment.

From a range of different tools, DDI recommended a combination of psychometric tests and a daylong leadership simulation in DDI's purpose-built execu-

tive assessment centre. “I liked the idea that this would give us the opportunity to see people in a different context”, Moraitis reflects. “Some people were uncomfortable at the outset. They saw it as a test for Executive Committee approval and doubted its validity. But, having done it and had the feedback, everyone felt it was relevant and gave them valuable self-insight, and they enjoyed the experience”.

He adds: “From Xstrata's perspective, it helped get the message across that an individual's career is their responsibility, but as an organisation we can give them an opportunity to understand their development needs and take action for change”.

THE VALUE OF MENTORING AND COACHING

At this point, the newly instituted Talent Review Board (TRB), including Mick Davis and all the business unit CEOs, had to make some tough resource allocation decisions on the basis of the data. Information on each candidate helped determine who would most benefit from the development programme and which of their learning needs would be targeted for maximum return. Those selected would benefit from an internal mentor and an external coach—a substantial degree of organisational focus.

The mentors are members of the Executive Committee, “hand picked” by the TRB based on fit with each individual's learning needs. Their role is quite specific, Moraitis says: “They act as circuit breakers and take a longer-term view of a person's career. They can give advice from their own experience and unlock possibilities in the organisation so that both the individual and the business can achieve their objectives”. He learned, over time, that personal fit needs to be a factor in matching mentors to high potentials.

The coaches are from DDI's faculty. Each coach's first interaction with a high potential is to share and create buy-in to the assessment feedback. They also explore development implications and kick-start the planning process. Subsequent discussions are equally goal oriented. The second discussion includes the high potential's manager, acknowledging that without his or her support, sustained change is virtually impossible. The aim is to distil the development plan into two or three key areas of focus for immediate action. “It also helps that the individual makes a commitment to these in front of his or her boss”, explains Moraitis.

“ DDI HAS BEEN WILLING TO CUSTOMISE AND EXPERIMENT, instead of just taking us through a pre-defined process”.

THRAS MORAITIS

One of the main objectives of the coach is to create learning tension and accountability for development, “a sort of project management function”, as Moraitis describes it. After the three-way conversation with high potential and manager, the coach then speaks with the mentor to provide some context for the mentor’s role and enlists support for development goals.

These discussions take place by phone, as coach, high potential, manager, and mentor are likely to be located across as many as three different continents. It’s essential that the coach holds the end of the thread that links them and keeps it taut. “Often, it’s a case of: ‘How have you progressed with this development goal? What did you do? What were the barriers? What will you try now?’ which keeps people focused on development as a priority activity”, says Moraitis.

As the programme has developed, the coaching has become more skills oriented; now DDI coaches directly contribute to the high potentials’ leadership development. They provide a “sounding board” and counsel to the high potentials and help them to improve core skills such as coaching, managing performance, and building teams.

Complementing this, the high potentials have constant access, from anywhere in the world, via the Web, to DDI’s *OPAL*®, an online library of tools, templates, activities, and resources. They can dip into this at any time for practical advice on a particular situation or skill area. For example, they can access *OPAL*® for guidance when preparing for a difficult meeting. Participants also have access to Corporate Strategy Board reports and discussion boards, to build business acumen; a digest service for the latest business books and thought leadership; copies of analysts’ reports; and press releases on Xstrata.

At the end of the first year, anecdotal evidence of progress was good but Moraitis wanted more robust confirmation of change. DDI helped conduct 360-degree feedback surveys for all high potentials—another first for Xstrata and another sign of how development was becoming better woven into the fabric of the organisation. The results of the surveys are aggregated with the coaching feedback on participants and this information is used to revise the high potentials’ individual development plans.

Progress is also reported to the TRB, which meets three times a year. Participants receive a personal letter from Mick Davis congratulating them on what they’ve achieved and offering reflections and coaching on their development areas. When high potentials are ready to move into a bigger role, Davis’ letter makes mention of their “graduation”, wishing them well in their new positions.

However, it hasn’t stopped there. The assessment process identified that there were some development needs that high potentials share and which

are of increasing consequence, given the business’ future direction. These include global acumen, financial awareness, and coaching and developing others. Moraitis is currently developing a programme with a business school to plug gaps in these areas, with an industry-specific context and based around an action learning project of strategic importance to the business.

He is also planning to use the time high potentials are together at the assessment event for a first “injection” of learning. This will include a session on corporate strategy and another on leadership, supported by DDI. “We probably underestimated the benefit of their having a peer network”, Moraitis observes. “When you create a cadre of high-quality people who move upward through the business together, they build strong relationships. This makes for minimal friction when they get to the top. So we want to use this opportunity to have them working and learning together early in the process”.

Moraitis is delighted with the momentum generated thus far: “It’s been working outstandingly well. We’ve had some great outcomes: of 16 in the programme, 12 have been promoted into executive roles and we have 100 percent retention, which is also very important to us. So far, only one of the 16 participants has not completed the programme, but participating helped him realise he was better suited to a technical rather than generalist management role”.

“We’ve delivered on our promise, despite scepticism, of giving people opportunities”, he adds. “Line managers have supported the development of participants—not always a given when these people are going to leapfrog them. The assessment centre was a fantastic way of creating impetus for the programme and the coaching framework has driven change. Another bonus has been the psychic income for the Executive Committee mentors—they’ve enjoyed doing this. Developing people is rewarding work”.

THE BOTTOM LINE

Through its accelerated development programme for high potential leaders, Xstrata has realised the following results:

- > Of 16 high potentials in the programme, 12 have been promoted into executive roles.
- > All 16 high potentials have remained with the company—100 percent retention of this valued leadership talent.
- > Executives, serving in talent review roles and as mentors, are actively engaged in the programme and committed to its success.

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We excel in two areas:

- :: Designing and implementing selection systems that enable you to hire better people faster.
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