

***rapid* Assessment Process**—Leadership and Organization Capabilities

Leadership Pipeline ® Report...*reporting the findings*

Presented to: Perpetual Equity, LLC

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Key Questions

Results of the Talent Audit (Examples of selective reports provided)

1st: Do we have the right people on the plane?

- 1.1 – Bench-Strength: What does the overall pipeline look like...what is the balance of Lift Vs. Drag?
- 1.2 – Individual Profiles : Do we have leaders with the right skills who can drive change?
- 1.3 – Leadership Coalition: Do we have the “coalition of leaders”... down two levels to drive change?
- 1.4 --Strategic Deployment Matrix: Are we consistently staffing in line with our business needs?
- 1.5 – Execution Strength: Do we have the functional leadership and depth required to be successful?
 - a. Line-Operating units; b. Corporate Staff
- 1.6 - Execution Capability Assessment -Key unit or Function...Gap Analysis

2nd: Do we have the wrong people getting off the plane?

- 2.1 – Poor Performance Cost/Risk: What is the cost and are we stepping up to poor performance ?
- 2.2 – Leadership Talent Vulnerability: Are we at risk of losing our best talent?

3rd: Do we have the right people—right seats...doing the right things? H

- 3-1 -Leader-Position ‘fit’ Are those in the core competencies truly driving profitability? T
- 3-2—HR Systems Capability -Supporting Engagement
- 3-3 --Pivotal Positions...Do we have our best talent in the pivotal positions critical for our strategic success this year-are we at risk and if so, what are we doing to mitigate that risk?
- 3.4 - Under-Leveraged Top Talent -what is the risk and what is our plan to mitigate the risk? **people off the plane?**

4th: What is our Plan to mitigate risks and assure we can successfully implement the strategic agenda?

4.1-Human Capital Action Plan

Results-Table of Contents

Note: Names of participants in this example have been changed for purposes of maintaining confidentiality.

Section One: Results of the Talent Review

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1.1 — Bench-Strength: What does the overall pipeline look like...what is the balance of Lift Vs. Drag?

1.2 — Individual Profiles: Do we have leaders with the right skills who can drive change?

1.3 — Leadership Coalition: Do we have the “coalition of leaders”... down two levels to drive change?

1.4 --- Strategic Deployment Matrix: Are we consistently staffing in line with our business needs?

1.5 — Strength to Execute: Do we have the functional leadership and depth required?

a: Line-Operating Units; b. Corporate Staff

1.5 – Execution Capability Assessment-with a **strategically important unit**...Can this unit execute well...where are there significant gaps...and, is the leadership team capable of quickly 'fixing things'?

1.1 – Bench-Strength Matrix...segmentation of the pipeline of talent

What does look like...what is the balance of lift vs. drag with the overall pipeline...are there risks and what are we doing to mitigate those risks?



Location: Winchester, Virginia
 Head of unit: John Smith, President and CEO
 Date of review: October 2, 2084

A-Players
B-C Players
D-Players
 Bolded Names = Direct Reports/Directors

		TALENT FORECAST								
		TAKE ACTION		HOLD AT LEVEL				PROMOTABLE		
		Limited	Mis-Placed (MP)	Too New (TN)	Well Placed (WP)	Seasoned Pro (SP)	Expandable (E)	1Level	2 Level	3 Levels
C H A N G E L E A D E R S H I P	Proactive 1-2					•Dennis Can	•John Jast	•Sharon Star •Joe Demo •Karen Sno	•Len DeVoy	
	Active 3-4				•Ed Faust •Mike Manila •Maury Wills	•Bill Monroe	•Greg Bannor •Mike Angus •Cameron Sheets	•Dan Bowes		
	Reactive 5-6	•Les Tarton •Major Delay			•Ernie First	•Keith Ward				
	Blocked 7-8	•Doug White								
	Too New									
				B-Players...Solid Players				A-Players		
		D-Players		C-Players				LIFT Performance		
		Drag Performance		Of Concern/Monitor) ...Managers in Name Only-can erode value-- (MINO's)						
		4/22 = 18%		13/22 = 59%				5/22 = 23%		

1.2--Individual Profiles...information that is gathered by discussion

**In a normal day can review approximately 25 individuals...profiles presented in descending order; thus, going down two levels...documenting the picture of individuals

 <p>The focused, multi-rater discussion allows the leadership team to assess upwards of 25 individuals in one day -- the process produces qualitative information that is valid, timely, differentiating and helpful to busy executives charged with making critical talent deployment decisions</p>	Name: Sharon Star	Service: 5 years		
	Location: Los Angeles, CA Chain	Title: VP, Supply	Change Leadership: <i>Proactive</i>	
	Reports to: Bill Alsostar	Division:	Talent Forecast: <i>Promotable 1</i>	
	Years in Job: 1.5 years	Position Code:		
Towering Strengths		Key Development Needs		
<ul style="list-style-type: none"> • Strategic Thinking - sees patterns/looks for opportunities and continuous improvement • Execution Skills - has a track record of results in tough situations • Leadership Skills - attracts talent/solid in development of people 		<ul style="list-style-type: none"> • Sizing Up People • Strategic Agility - Can overdo her strength 		
Key Questions/Challenges:				
1. Can Sharon provide leadership in a turnaround situation?				
2. Can Sharon <u>quickly</u> produce strong results with the new aggressive Quality Improvement program in the Midwest Region ?				
Future Scenario:				
Comments		Possible Jobs	% Ready	
		General Mgmt	75%	

1-4: Strategic Deployment Matrix:

Question: Are we consistently deploying talent appropriately as we implement our strategy?

...Of major concern: Are we deploying 'A Talent' against our most important—'A Business Challenges?'

	Most Valuable	Strategic- Mission Critical Positions	3				1
	↑	Pivotal Positions	3				2
Positions/ Role:							
		Essential Positions					4
	Least Valuable	Non-Core Positions				5	5
			D-Players	C-Players		B-Players	A-Players
			Least Valuable				Most Valuable
					People /Talent:		

Examples of queries:

1. Do we have our best talent deployed against our most important business issues?
2. Do we have A-Players in our pivotal positions that are essential for us this year?
3. Do we have mission critical positions staffed with 'not our best'?
4. Have we 'gold-plated' a unit/function and essentially are wasting an A-Player?
5. Do we have valuable talent in units/functions that we are divesting...what are we doing?

1.6: Key Unit/Function ...Execution Capabilities Assessment

Organization-Talent Capability Assessment

...Considering our strategy...what kind of shape (present view) are these functions/units in and where do they need to be, to be successful... and, do we have the leadership and depth we require in this area ?

****Indicate if first two levels of leadership in that unit/function are absolutely pivotal to our success –next 12-18 months.**

<u>Essential</u>	Present View	Must Be	Leadership -Bench-Strength ...today
• Store Operations **	C	B	C+
• Franchise Operations **	C+	A	Not sure—more information required
• Operations /Service	C-	B	B+
<u>Very Important</u>			
• Innovation	B-	B- to A (in two years)	C
• Marketing	B-	A	C- (#1 Focus)
• International	C-	B (OK)	A
• Financial Accounting	B	B+	B
• Human Resources	B	B+	C+ (# 3 Focus)
• Legal	C	B	B
• Supply Chain	B+	A	C(#2 Focus)

Key Questions

Section One: Results of the Talent Review

1. Do we have the right people on the plane?

- 1.1 – *Overall Pipeline*: What does the overall pipeline look like...what is the balance of Lift Vs. Drag?
- 1.2 – *Top Team in the Organization*: Do we have leaders with the right skills who can drive change?
- 1.3 – *Leadership Coalition*: Do we have the “coalition of leaders”... down two levels to drive change?
- 1.4 – *Functional Strength*: Do we have the functional leadership and depth required?

2. Do we have the *right* people *getting* off the plane?

- 2.1 – Poor Performance**: What are the costs and, are we stepping up to poor performance ?
- 2.2 – Leadership Talent Vulnerability**: Are we taking undue risks with our best talent?

3. Do we have the right people in the right seats in the plane?

- 3.1 – *Leader-Position “Fit”*: Are those in the pivotal seats truly driving profitability ?
- 3.2 – *HR Systems*: Do we have our HR systems aligned and ready for the future?
- 3.3 – *Performance Management*: Is our Performance Management System set up to drive change?
- 3.4 – *Communications*: Is our “Communications Machine” set up to help launch, drive and sustain our trip into tomorrow?

Section Two: Prediction of Change Capability

2.1 – Poor Performance...Costs across the Organization

Question: Are we stepping up to poor performance? What is the cost/risk—are we keeping poor performers in position- *tolerating poor performance*...what are we going to do to mitigate that risk?

Change Leadership

Talent Forecast

	Take Action		Hold at Level			Promotable		
	Limited	Misplaced (MP)	Well Placed (WP)	Seasoned Pro (SP)	Expandable (E)	P1	P2	P3
ProActive				61,966	165,228	2,442,320	140,915	
Active			3,273,772	1,073,622	2,867,557	1,306,100	321,766	
ReActive	46,149	285,504	1,034,702	441,059				
Blocked	274,622		00	118,800				
Count	606,275		9,036,705			4,211,101		
Percent	4%		65%			30%		

Too New
5

Legend
A Players
B Players
C Players
D Players

D-Players: Total Compensation-
Approximately \$606
K...common for Value to be
destroyed

C-Players--total compensation: 3.6MM: Must be
looked at . Many times we find C-Players have
created 'Pyramids of Mediocrity'--do an inadequate
job of developing those coming up throughout the
system: ultimately, damaging organization value.
The key is to look at turnover and quality of talent
in the unit

2.2 – Leadership Talent Vulnerability

Question: Are we taking undue risks with our best talent...Risk--if we lose them, it could effect organizational performance/profitability—What is our plan to mitigate the risk?

Total Leadership Pipeline

Company	Business/Format	Pivotal	Risk	Measures	Function:	Diversity
Demo Company ▾	All ▾	All Employees ▾	High ▾	Head Count ▾	All Functions ▾	All Employees ▾
All PipeLine		Executive Leader	Senior Leader	Key Manager	Individual Contributor	

Change Leadership

Talent Forecast

	Take Action		Hold at Level			Promotable		
	Limited	Misplaced (MP)	Well Placed (WP)	Seasoned Pro (SP)	Expandable (E)	P1	P2	P3
ProActive						3		
Active			3		5	1	1	
ReActive		1	1					
Blocked								
Count	01		09			05		
Percent	7%		60%			33%		

From the total population creates a report of those individuals judged as 'High Risk'

Too New
0

Legend

A Players
B Players
C Players
D Players

In this Dashboard you can just click on the specific cell and it will provide complete detail about the individuals in the cell--obviously the A-Players would receive immediate attention

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- 3.1 – *Leader-Position “Fit”*: Are those in the Core competency positions truly driving profitability ?
- 3.2 – *HR Systems*: Are our HR systems aligned and supporting engagement?
- 3-3 – Pivotal Positions**—Do we have talented individuals in our pivotal positions?
- 3.4 – Underleveraged Top Talent**—Do we have emerging leaders reporting to a leader that might stifle their growth?

Section Two: Prediction of Change Capability

3.3 – Pivotal Positions...

Question: Do we have 'A-Players' in the pivotal positions critical for our strategic success this year?

Company: Demo Compan ▾ Business/Format: All ▾ Pivotal: Pivota ▾ Risk: All Risk ▾ Measures: Head Count ▾ Function: All Functions ▾ Diversity: All Employee ▾

All PipeLine Executive Leader Senior Leader Key Manager Individual Contributor

Talent Forecast

Identifies Pivotal Positions

Change Leadership

	Take Action		Hold at Level			Promotable		
	Limited	Misplaced (MP)	Well Placed (WP)	Seasoned Pro (SP)	Expandable (E)	P1	P2	P3
ProActive						3		
Active			3	1	5			
ReActive		2	1					
Blocked								
Count	02		10			03		
Percent	13%		67%			20%		

Too New
0

Legend
Game Changer
Technical Leader
Spectator
Bystander

3.4 – Under-Leveraged Top Talent

Question: Do we have emerging talent in our Pipeline... **all** reporting to solid leaders who will develop and deploy them? Are there situations where we are at risk with our 'best'—if so, how are we mitigating that risk?

Underleveraged Top Talent

Company Demo Compan ▾	Business/Format All ▾	Pivotal All Employee ▾	Risk All Risk ▾	Function: All Functions ▾	Diversity All Employee ▾
All PipeLine		Executive Leader	Senior Leader	Key Manager	Individual Contributor

Promotables Expandables

Promotable

	Employee	Job Title	Job Years	Pivotal	Reports To	Rationale for Concern... Boss is
▶	Belatrix, Sharon	Manager, Continuous Improvement	13.67	NO	Moss, Tom	Well Placed
▶	Dee, Crystal	Sr. Manager, Distribution	11.42	NO	Caruso, Lili	Seasoned Pro
▶	Duffy, Pat	Director, Packaging Engineering	11.75	YES	Capuano, Anthony	Well Placed
▶	Goodway, Davis	Manager, Inventory Control	13.50	NO	Bobbey, Tom	Well Placed
▶	Haden, Jason	Manager, Area Sales	10.83	NO	Caruso, Lili	Seasoned Pro
▶	Hamilton, Todd	Sr. Director, Shanghai Distribution	15.75	NO	Renolds, Angela	Well Placed
▶	Lincoln, Jaime	Country Director, South East Asia	21.42	NO	Bamberger, Chris	Well Placed
▶	Miscow, John	Manager, Third Party Logistics	9.75	NO	Welch, Ronald	Seasoned Pro
▶	Pless, Robert	Manager, Third Party Logistics	12.92	NO	Bobbey, Tom	Well Placed

Solid Reserach-
Highly predictable
that well-placed
managers typically
are not good with
rishing talent...many
will manage
'pyramids of
mediocrity'

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4. Next Steps

4.1-Human Capital Action Plan

Human Capital 'Action Plan'... *will be developed at end of meeting- ...after reviewing the findings...the question is ...'to assure success... what are we going to do as we move forward?*

Business Issue	What...steps to be taken	Who ...is accountable	(By) When
1. Opening new market in Eastern Europe--Oct, 2016	Overall 'people' plan for entry needs to be developed--human assets and physical resources	HR: John Day Mktng: Nancy Moore <i>Regional G-M: Jack New</i>	Jan 1, 2016
	Assess talent in region/identify 'gaps' and potential talent available	Regional G-M: Jack New HR OD staff--Fred Patton	Jan 15/2016
	Present plan to EVP/team	Jack New/John Day	Feb 1/2016
	Identify potential HR sourcing partners in Hungary/Poland	CHRO-Fred Patton	Feb 1/2016
2. Lack of senior technical leadership in Pipeline	<u>Prepare a complete analysis--present to Senior Management Team----</u> Situation--cause and fix; 1st priority: Manufacturing Engineering and Fiber Optics Leaders	Fred Patton Two G-M's to be assigned <i>John Dailey--SVP--Technical Services</i>	Feb 1, 2016
	2nd priority: Marketing--across total organization	Fred Patton Nancy Moore	Feb 10, 2016
3. Lack of 'Engagement Essentials'-- need significant attention and upgrading--<i>this is affecting our customer reputation and ability to recruit and retain top talent</i> -Status of On-Boarding...overall -Lack of Development with top talent; -Retention 'hot spots'...western and southern regions are biggest concerns	Overall plan to substantially upgrade present state in these areas:- <ul style="list-style-type: none"> • Plan • Resources • What does C-Level team need to do...more of/less of/stop/start 	Fred Patton-CHRO/HR staff... meets with COO and G-M's--present case to 'fix' and upgrade.	Jan 15th,2016