

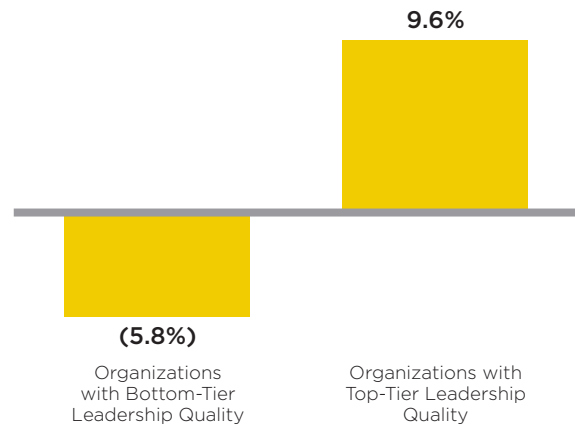


Bottom Line Impact of Succession Management

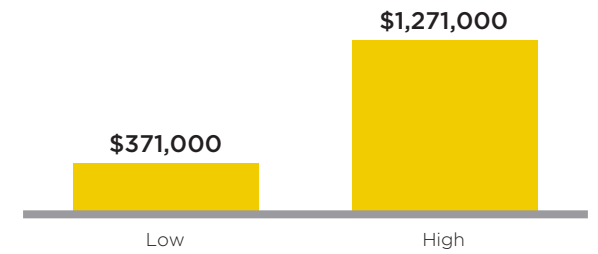
Building a Strong Leadership Pipeline Helps Companies Deliver Superior Financial Results

Organizations with top-tier leaders outperform competitors; however, buying leadership talent carries a significant premium versus building the pipeline internally.

Talent Impact on Corporate Financial Performance¹
Three-Year Total Shareholder Return (TSR) Relative to Peers



The Cost of Buying Senior Talent
Range of Incremental Costs to Hire **One** External Senior Executive



External Hire Costs	Range	
	Low	High
Executive Search Cost (20-40% of annual comp):	\$50,000	\$100,000
Candidate Offer (signing bonus/relocation) 10-30%:	\$25,000	\$75,000
Time to Productivity (6-12 months):	\$125,000	\$250,000
Recruiter Cost (Sourcing, infrastructure, candidate evaluation): ²	\$3,000	\$6,000
Productivity Loss in Span of Control ³ (2-10%) ⁴ :	\$168,000	\$840,000
Total Cost of Buying Talent:	\$371,000	\$1,271,000

“It’s not just that external hires are more expensive; they only tend to work out 50% of the time.”

Chief Human Resources Officer
Business Services

² Source: Recruiting Roundtable research.
³ Numbers assume an executive base compensation of \$250 K.
⁴ Council research on the 10:6:2 rule of employee engagement. The “10:6:2” Rule implies that every 10% improvement in commitment can increase an employees effort level by 6%. Every 6% improvement in effort can improve an employee’s productivity by 2 percentile points. Numbers assume an average base salary of \$50,000 per employee. Creating Talent Champions: “Business leaders hold an average managerial span of control of 112 reports (7 direct and 105 indirect).”

¹ Corporate Leadership Council research: Succession Management Survey.




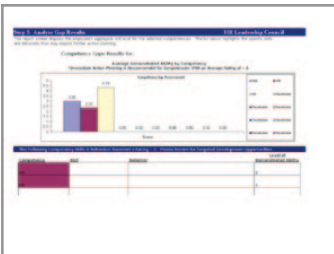



Bottom Line Impact of Succession Management

How the HR Leadership Council Helps You Build Successors Through Every Step of the Process

We provide resources and tools to support you through each step of the succession planning process.

Succession Management Process and Sample Supporting Tools

1. Build the Business Case	2. Assess Leadership Gaps	3. Identify Talent	4. Develop Successors	5. Measure Progress
 <p>Business Case for Succession Management</p> <p>Use this customizable PowerPoint to educate senior managers on the importance of succession planning.</p>	 <p>Position Prioritization Tool</p> <p>Determine key leadership positions at risk of turnover based on corporate strategy and retention outlook.</p>	 <p>Successor Identification Tool</p> <p>Establish size and depth of potential successor pools and decide what talent can be grown internally.</p>	 <p>Competency Skill Gap Assessment</p> <p>Define leadership competencies and measure gaps to determine high-potential development needs.</p>	 <p>Succession Management Dashboard Tool</p> <p>Track key succession management metrics over time using this easily configured Excel-based dashboard.</p>

Project Support Beyond Tools Saving You Valuable Time and Money

<p>Research</p> <ul style="list-style-type: none"> Quantitative-based insight testing hundreds of potential leadership drivers to help you diagnose and improve the activities that matter most. Best practice case studies drawn from a network of 1,500+ companies. 	<p>Network</p> <ul style="list-style-type: none"> One-click access to a network of 20,000+ HR practitioners to learn how peer professionals manage succession planning practices. 	<p>Research</p> <ul style="list-style-type: none"> Unmetered step-by-step support from our research specialists to help you use our solutions. A designated account representative to answer requests by phone or e-mail.
--	---	--