SITUATION
A travel and freight network provider in Australia (RailCo) had recently separated from one of the country’s largest rail and transport enterprises, marking the beginning of significant growth for the new rail organization. As a result, the organization needed strong, visible and capable leaders to drive business opportunities and attract and retain key talent.

CHALLENGE
As a people-oriented business, RailCo recognized the importance of each individual’s contribution to delivering a safe and efficient rail network.

In the past, the organization provided a catalogue of leadership courses that delivered value at either an individual or an organizational level; however, these courses were not built around a strategic plan, were not progressive by level and did not assess or cultivate a total skill set required to drive business outcomes.

The organization understood that future success depended on having the right leaders in place at the right level to drive business strategy. Fierce competition for leaders in the Australian market made it even more important to “build” leaders from within and to create a healthy leadership pipeline.

Key questions:
• What is our framework (our strategy and philosophy) for building leaders from within?
• What are the leadership skill requirements at each level in the organization?
• How do we support our leaders to work at the right level?
• How do we support our leaders to create growth and drive our business outcomes?

“The organization understood that future success depended on having the right leaders in place at the right level to drive business strategy.”
Mercer was engaged to design a leadership development framework based on the levels of the organization’s talent pipeline (Figure 1).

Specifically, RailCo engaged Mercer to help design a strategic and integrated leadership strategy, and undertake assessment and development for each level of the talent pipeline. Mercer was also engaged to design and deliver a very focused and comprehensive leadership development program for the senior management level of the organization.

Phase 1: Leadership strategy
The first objective was to create a clear link between the organizational strategy and leadership requirements/competencies. Executives and business leaders were interviewed across the organization to understand the business strategy and capture the critical leadership competencies required to meet strategic and operational requirements over the next three to five years.

Consolidation of these interview findings, coupled with access to Mercer’s library of leadership competencies categorized by level, led to the development of the client’s unique success profile: a customized Leadership Competency Profile aligned to the organization’s strategic objectives and the talent pipeline. This profile defined the organization’s most critical leadership skills at each level of leadership. The competencies were clustered around three key areas of focus for leaders, as shown in figure 2.

Phase 2: Assessment
Mercer then designed an assessment approach to measure the strength of the organization’s leadership talent pool against the required level of capability at each level of leadership. Depending on the level, the recommended assessment approach included a customized behavioral event interview (BEI), a customized 360-degree feedback tool and the Bar-On Emotional Quotient inventory.

For the senior manager level (the first level to undertake assessment), Mercer assessed participants via a customized BEI. It was designed as a structured one-on-one discussion to assess the current capability against the required capability defined in step one.

The interview results provided:

- An understanding of individual capability gaps, clarification of needs and goals and the ability to create targeted individual development plans
- An understanding of collective capability gaps to inform program design
- The necessary baseline in order to track development of competencies over time
Phase 3: Development

Next, Mercer developed a three-year plan to groom leaders that outlined the leadership development approach to best suit each level of the pipeline. Mercer presented the approach via workshops with key stakeholders across the business to obtain input and buy-in. A one-day training session with the Human Resource team was also delivered to review the proposed assessment and development approach while also engaging, consulting and transferring skills.

The complete leadership development program was then delivered for the senior management level. The program was designed to allow the senior leaders to participate in targeted development activities that were matched to business priorities and development needs identified in steps 1 and 2.

The leadership program was designed to include:

- An initial briefing session with participants and the Executive Leadership Team to explain the overall process
- Three facilitator-led two-day core leadership training modules (built around the three clusters of competencies)
- Four targeted half-day Master Classes (based on specific development needs identified during assessment: Strategic Foresight, Leading Diverse Teams, Driving Financial Performance and Risk Management)
- Mentoring provided by RailCo managers – Mercer equipped managers with the skills and tools to deliver a structured mentorship program
- Coaching provided by expert Mercer coaches
- Action learning and integration built into the modules
- A final integration session to share the program learnings and improvements

Figure 3: Multi-phase Development Intervention

To provide an opportunity for participants to transfer learning back into the workplace, the Core Modules and Master Classes were distributed over a 10-month period.

OUTCOME

The leadership development framework provided a strategy and methodology for long-term, sustainable leadership development across all leadership levels of the talent pipeline.

The framework delivered:

- Clear descriptors of leadership competencies at each level of the talent pipeline aligned with business strategy
- Agreed processes, methodology and tools for diagnosing current leadership competency, development priorities and gaps
- A roadmap that describes the core development interventions to support competency development at each level
- A strategy and processes for coaching and mentorship to support development
- Clear performance metrics to assess the success of the leadership development programs
Mercer also conducted a review of the effectiveness of the Senior Leadership Development Program. The key finding from the review concluded a significant impact at multiple levels:

- Over 90% of participants reported both satisfaction and learning from participation.
- Eighty-seven percent of participants reported an uptick in capability as a result of participating in the program; repeat behavioral event interview assessments for selected competencies targeted through participation in the program provided evidence of significant competency improvement.

Overall, the organization observed that senior leaders were now better able to work at the right level and focus on the right behaviors to deliver strategic business outcomes.

The next steps for the organization were to:

- Implement the leadership assessment and development approach for other levels of the talent pipeline, as communicated in the three-year roadmap
- Integrate leadership into succession planning and career pathing
- Evaluate the long-term impact of the programs on service delivery and organizational outcomes (using the evaluation approach developed by Mercer)
For more information about how Mercer can help develop people who can effectively lead and manage in today's dynamic business environment, please visit www.mercer.com/leadership-solutions or contact our experts:

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