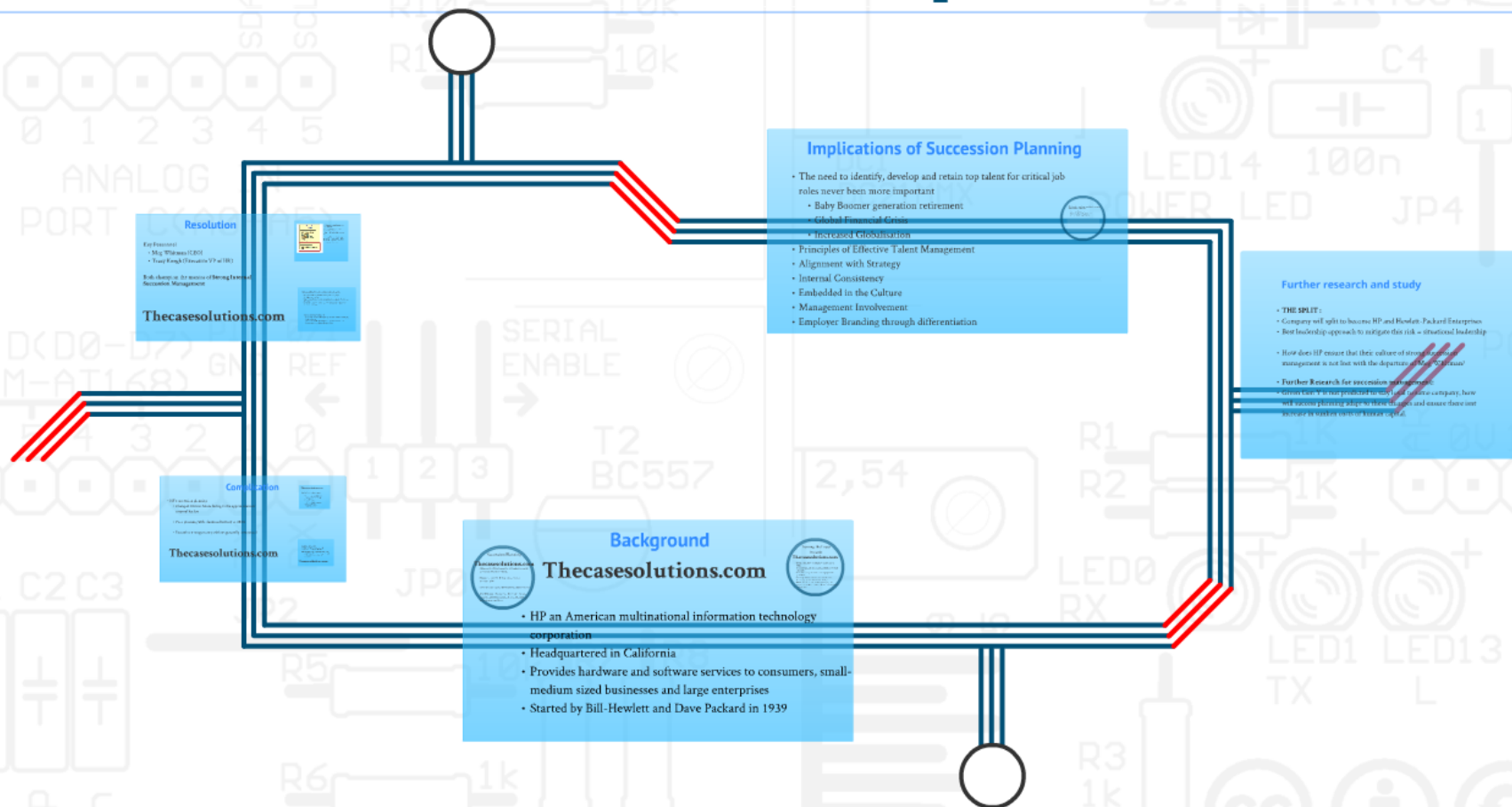
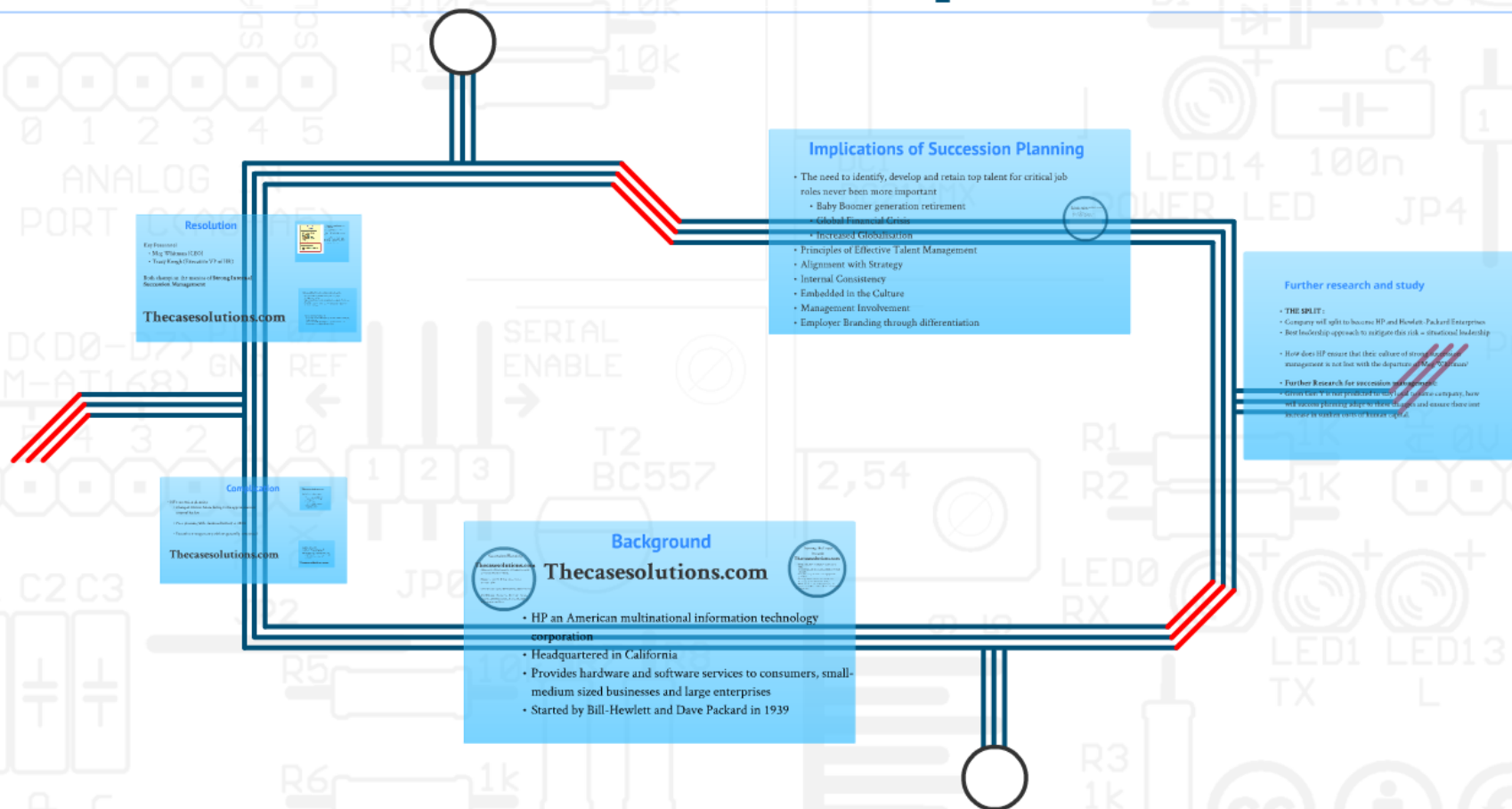


Managing Risk to Ensure Business Continuity at Maryland & Virginia Milk Producers Cooperative (B)



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Background

Succession Planning

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- Historically, HP was famous for developing each new generation of leaders in-house.
- However since 1999, HP has had no internal succession plan
- Over the past 15 years, there has been 7 different CEOs
- Meg Whitman, who became CEO in 2011, believes succession planning is absolutely essential, requiring focus of an internal focus

Turning the Focus

Inwards

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- HP has lost its ability - or willingness - to promote from within
- A few years ago, their talent strategy consisted of two words "go outside"
- Now, HP CEO Meg Whitman, is encouraging internal promotions
- Internal promotions now account for 45% of senior leadership, as opposed to 15% a few years ago
- HP has also now got internal development programs in comparison with Harvard and Stanford, as a new focus on development

- HP an American multinational information technology corporation
- Headquartered in California
- Provides hardware and software services to consumers, small-medium sized businesses and large enterprises
- Started by Bill-Hewlett and Dave Packard in 1939

Succession Planning

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Turning the Focus Inwards

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- HP has lost its ability - or willingness - to promote from within
- A few years ago, their talent strategy consisted of two words "go outside"
- Now, HP CEO Meg Whitman, is encouraging internal promotions
- Internal promotions now account for 65% of senior leadership, as opposed to 35% a few years ago
- HP has also now got internal development programs in conjunction with Harvard and Stanford, as a new found focus on development

Complication

- HP's succession planning
 - Changed from in-house hiring to the appointment of external leaders
 - Poor planning with checkered history of CEOs
 - Executive management positions generally outsourced

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Results of poor succession planning:

- Failure to preserve corporate history
- Lessen value of knowledge capital
- Public distrust
- Loss of productivity
- Social costs rounding \$14 billion per year
- Failure to fuel ambition
- Creating stagnated roles

Comparison with competitor

- IBM follow a more best-in-class succession plan
- In-house CEO, 33 year tenure with company

Where it all went wrong – Carly Fiorina's Management

- Company experienced significant losses in numerous highly unprofitable mergers/acquisitions (\$53.8 billion)
- Loss of corporate culture

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Resolution

Key Personnel

- Meg Whitman (CEO)
- Tracy Keogh (Executive VP of HR)

Both champion the mantra of **Strong Internal Succession Management**

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Strategic Leader
Skill Development (examples) <ul style="list-style-type: none">• Manage vision & purpose• Devise and adapt strategy• Size up people• Develop branding• Manage multiple P&Ls• Manage multiple countries & business• Maintain composure• Interface with media
Experience (examples) <ul style="list-style-type: none">• Mentor protégés• Leadership assignment of global reach

- 30% increase in internal promotions to senior leadership

Example: HP's hunt for new head of the troubled enterprise services unit
A long time insider, Mike Nefkens, won the job

Advantages: When internal candidates win promotions into senior management circles – bigger morale booster within HP work force and increased work productivity

Talent and Leadership development underpins succession management

- *HP now has a 'maniacal focus on talent development'* - Tracy Keogh
- Identifying people's potential
- Employees contribution - evaluate their professional development objectives with management
- Opportunities for further training - advanced eLearning tools - including HP's own 'virtual classrooms',

Focus on Leadership Development

- Every employee's annual development plan includes an element of developing leadership competencies
- Creation of a specialised learning and development team and specialised learning portal - Leadership Development Central