

# MANAGING ORGANISATIONAL EFFECTIVENESS

To ensure we have the right people in the right roles, at the right cost with the right capabilities for current and future business needs, requires that we gain insight into our workforce profile so that we can optimally deploy key talent across the group and develop leadership capability to mitigate against succession risk. This in turn impacts our ability to attract new talent, and motivate and retain existing talent.

## OUR APPROACH

### ORGANISATIONAL EFFECTIVENESS FRAMEWORK



Smart, simple, effective and trusted talent management practices across the group will build cohesive teams with the same vision for the future. Given that Imperial has evolved entrepreneurially, our talent management practices differ across the divisions. The Organisational Effectiveness Framework, therefore, focuses on the implementation of leading edge talent management processes that drive performance, succession and transformation across the group in a robust, fair and consistent manner.

Three work streams (explained on page 5) have been established to implement the framework, with the rollout across the group expected to be completed in 2018. From 2017, talent management will be linked to executive and senior management’s performance and remuneration incentives.

Two key aspects to ensure the success of the framework are capability within the group’s human resources functions and technology systems.

### TALENT FORUM



Divisional talent forums, an extension of the executive committees, are mandated to articulate the three to five-year talent requirements for each division, which will then be consolidated to provide a group-level view.

## Our performance

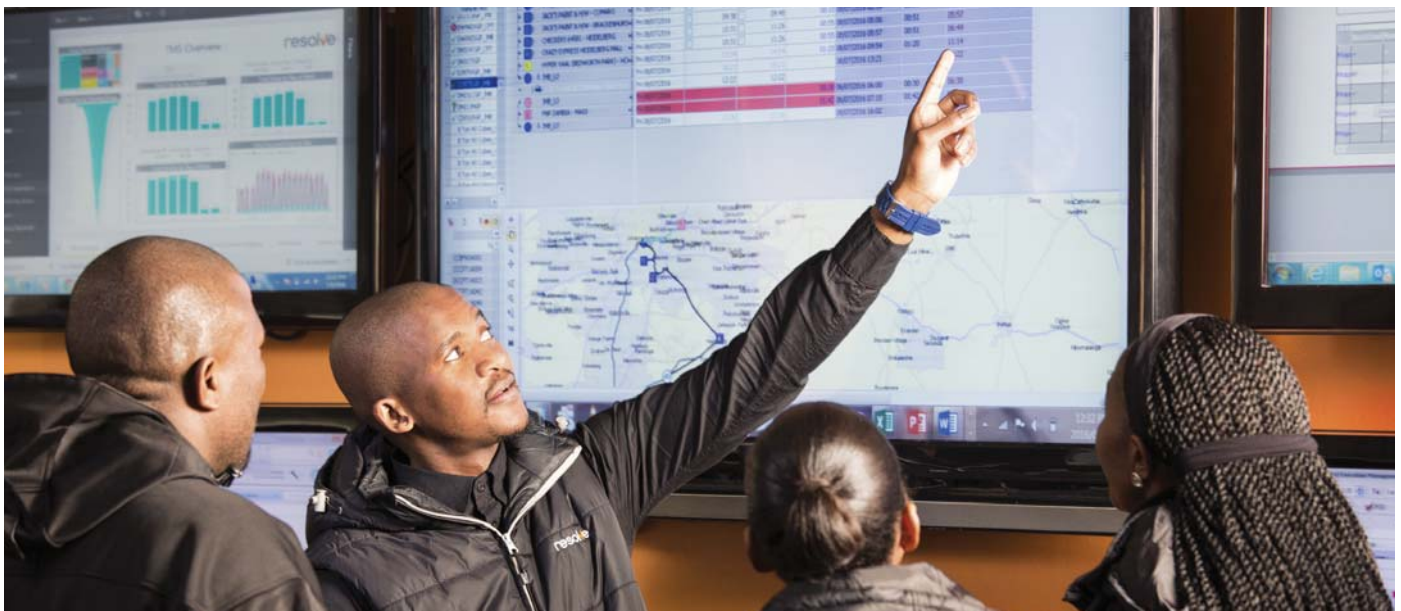
### Organisational renewal

As part of the organisational restructure into two integrated divisions, management positions and functions are being reviewed to identify opportunities for consolidation and align structures to our strategy. Our ability to identify individuals to lead the two consolidated divisions and fill Imperial Holdings-level positions from within the group, well in advance of the new structures taking effect, demonstrates our strong progress in deliberate succession planning.

This process of reviewing how our people fit into the renewed organisational structure provides a number of benefits including a common understanding of Imperial’s strategy, clear roles and responsibilities, the articulation of key performance areas, and aligning leadership with the organisational ways of working. Within the Vehicles division, the alignment of the top three levels of management to the operating business model will be completed by December 2016, with the alignment of the tactical and operational levels expected by December 2017.

### Information technology

People systems are being investigated and implemented in a phased approach across divisions depending on their human capital management needs. Our long-term goal is to develop a single integrated people solution that provides one view of the workforce so that our human resources processes are meaningfully linked to our business strategies at both group and divisional levels. A group head of human resources technology was appointed during the year to oversee the automation of our people practices.



Organisational Effectiveness Framework

EXECUTIVE FORUM	TALENT MANAGEMENT PLAN	HUMAN RESOURCES FRAMEWORK AND CORE DATA
<p>Identifies our strategically significant leaders across the group and the development required to capacitate them to deliver on future requirements. In addition, Executive Forum members are developed to identify future successors for their roles and the upskilling required by these individuals.</p>	<p>A formal process to enable strategic workforce planning through the identification and development of successors across the group in a consistent manner that is flexible enough to meet each division’s customised needs.</p>	<p>The implementation of effective people practices and processes across the group enabling us to anticipate future human capital requirements to support business strategy.</p>



**PROGRESS MADE**  
 Strategic talent reviews assessing the cognitive and behavioural leadership aspects of the Executive Forum members have been completed. These assessments have informed talent discussions between the Executive Forum members and their line managers, as well as their personal development plans. The talent reviews have also informed decisions regarding key appointments.

Future successors have been identified for each leadership role and plans put in place where no clear successor exists.

The compensation structures of the top 40 leadership roles have been benchmarked.

**PROGRESS MADE**  
 The succession status of strategically critical roles has been determined. These positions are critical to the ongoing sustainability and operation of the business.

Human resources practitioners and line managers are being trained on talent management concepts, including how to have effective talent conversations.

**PROGRESS MADE**  
 Reviews covering key human capital elements including strategy, policies and processes; technology and reporting; work structures; performance and competency management; pay and incentives; and organisational culture have been undertaken in each division. Findings and recommendations have been shared with each division’s chief executive officer, and have led to projects around core data and people practices.

Projects to develop robust job profiles based on experience, skill, responsibility and qualification requirements are underway. This will promote fair labour practices by ensuring consistency in pay and conditions of work, and will link performance to reward. To date, 40% of the group has completed generic job profiling.

**OBJECTIVES**

- > Embed an executive succession and self-developmental ethos across the group.
- > Quarterly strategic talent reviews of Executive Forum members to track development.

**OBJECTIVES**

- > A clear view of the group’s internal talent capable of moving into strategically critical positions in the next three to five years, and the related development requirements.
- > An understanding of the external resourcing required to fill potential succession gaps.
- > Identify imminent succession challenges.
- > Drive the upward mobility of black employees into senior positions.
- > Implement the metrics required to assess talent pools.

**OBJECTIVES**

- > Standardised people practices and processes that are flexible enough to cater for each division’s specific human capital needs, and are free of race and gender bias. Policies and processes will be reviewed annually.
- > Better human capital decisions based on accurate and easily accessible data.
- > Empowered employees able to navigate potential career paths.

Looking ahead

*As we formalise talent management structures across the group, we aim to retain the empowering culture that has benefitted Imperial in the past, and is derived from the entrepreneurial origins of the group.*

With the talent management process for the Executive Forum members almost fully embedded, the second phase of the process will shift focus to our next level of leaders, with the aim of accelerating black candidates into senior roles.

The implementation of effective integrated people practices will require upfront expenditure however will achieve staff cost and efficiencies savings over the next three to five years. Once comprehensive job profiling is complete, we will implement a consistent and clearly defined performance management

framework across the group, which will assess the technical and behavioural performance of employees, enable effective goal-setting and identify where learning and development interventions are required. Annual salary benchmarking will also be conducted across the group.


Our people data reporting capability is expected to improve, facilitating strategic workforce planning and talent decisions, as well as the ability to track, manage and report employee-related cost and investment.

Strategic workforce planning will enable us to implement recruitment initiatives such as graduate programmes, school leaver bursaries, and vacation work to target and attract the required skill in a market where demand for skilled labour far exceeds supply. Not only will this help us to build skills within the group, but enhanced brand positioning as a multinational organisation that offers developmental opportunities will also contribute to Imperial’s attractiveness as an employer of choice.

## PROMOTING WORKFORCE DIVERSITY

With 74% of our employees located in South Africa, it is imperative that our workforce increasingly reflects the demographics of the talent pools we select our employees from, as this enables us to understand the diverse needs of our domestic market.

### OUR APPROACH

<p><b>ORGANISATIONAL EFFECTIVENESS FRAMEWORK</b></p> 	<p>As we have grown through the acquisition of generally white-owned businesses, our employment equity performance is impacted by the rate of employee attrition. To sustainably achieve our transformation objectives, our Organisational Effectiveness Framework will focus on promoting talented black employees into management positions when these positions become available. Based on the demographics of a particular skill set in the market, we give preference to black candidates when recruiting externally.</p>
<p><b>EMPLOYMENT EQUITY TARGETS</b></p> 	<p>Employment equity plans for each division set out employment equity targets and the initiatives in place to meet these targets. Performance against annual employment equity targets is monitored by divisional transformation committees and at group level by the social, ethics and sustainability committee.</p>
<p><b>GENDER FOCUS IN GERMANY</b></p> 	<p>A key focus for Logistics International is to voluntarily increase the quota of women representation at senior level.</p>
<p><b>EXECUTIVE AND SENIOR MANAGER PERFORMANCE INCENTIVES</b></p> 	<p>Growth in black representation at senior and middle management level is linked to the performance and remuneration incentives of South African-based executive and senior managers. For Logistics International, gender diversity is linked to performance and remuneration incentives.</p>

### Our performance

Turnover at senior management level is low with senior leaders having deep specialisation in their areas of business. During the year, we completed a review of our employment equity practices in South Africa and are addressing gaps identified in our target setting process and external recruitment. The actions taken in response to the review have informed the broader talent management initiatives discussed on page 4.

At June 2016, black representation at top and senior management levels was 19,4% (2015: 17,5%) and 24,3% (2015: 21,2%) respectively. Women representation in the South African operation was 16,5% (2015: 18,3%) and 20,8% (2015: 21,0%) at top and senior management respectively. In Germany, one executive member out of 22 executives at Logistics International is a woman and female representation at senior level is 10%.

 More information on our transformation progress in South Africa can be found on page 5 of the demonstrating social value section, and at divisional level in the Logistics and Vehicles sections.