



Industry View

LOST LEADERS – LOST POTENTIAL? John Larpent, Stratum International, UK

In a previous article for *World Coal*, my colleague Will Coetzer wrote about the demographic time bomb that is facing the sector.¹ One of the key findings was that only 1% of the respondents to our survey considered the industry was well prepared to close the leadership gap that will occur as baby boomers retire.

That finding led us to commission a short survey into staff turnover in the industry. We focused on leaders and senior mining professionals because those are the levels in which we specialise and because high turnover at the top tends to create a ripple effect throughout the whole organisation. The resulting report is the report: “The Lost Leaders”.²

A total of 459 senior mining professionals responded to the survey and, once again, the responses we received were eye opening and should ring warning bells for the sector. In short, staff turnover at the most senior levels is high and, judging from our respondents’ intentions, shows little sign of slowing down.

We found site-based leaders were most likely to have left their jobs in the previous 12 months. Three quarters of respondents (76%) said one or more people in the top five senior site-based roles had left in the last 12 months; 16% had witnessed five departures.

Organisations that had seen five leaders leave had not necessarily experienced a complete change in their leadership teams. It is possible that the same role has been vacated more than once in the same 12 month period. Equally, it is not unheard of for miners to shed entire leadership teams for reasons of economic necessity or performance.

There is more stability among those in corporate or headquarters-based roles where 61% of respondents had seen one or no leaders exit over the preceding 12 months.

Nevertheless, when a quarter of respondents say they have seen three or more corporate leaders leave in a 12 month period, the trend cannot be ignored.

These figures include people who have left of their own accord and those whose contracts have been dismissed or made redundant. Nevertheless, turnover at this sort of level should cause concern irrespective of the role. When it reaches these levels for the top leadership positions, the implications are significant.

Personal career intentions

More than half of the survey respondents told us they would consider leaving their current employer if the right job landed on their desk today, while a further 13% said they were already actively looking for a new role.

That is two-thirds of our respondents who said they were ready to move on – and remember we are talking about people in senior level roles here. In fact, only 10% of the respondents said they had firm plans to stay with their employer for another 12 months. Those in mining operations and project development roles were more likely than the average to say they wanted to move on (72% and 70% respectively vs 65% across the overall sample).

These figures should unsettle the industry as they suggest depressed levels of loyalty and engagement and potential for a dearth of leadership talent in the future.

Lack of job security in the current role and good old ambition are often the triggers that make a leader want to move on. I am convinced that another reason for the surprisingly high figure is that because many mining executives lost their roles in downturn, they now consider the ‘psychological contract’ with their employer – any employer – to be broken. A mentality of self-preservation and always looking out for the next

opportunity can prevail in those circumstances.

Our report cites research from EY, which criticised the “hire rapidly in the upswing and shed excess resources in a downturn” approach of some miners. Such an approach not only alienates those directly affected by that ‘shedding’, but also has an off-putting effect on emerging talent considering entering the industry. At the same time, experienced leaders who have lost their roles either take early retirement or move into consultancy or a different sector.

This double loss of seasoned and emerging talent, EY argues, will create a more intense – and consequently more expensive – war for talent as the market recovers.

Some firms, facing tremendously difficult financial and operational pressures, genuinely had no choice but to let good people go. One of the key recommendations from our report, however, is that those firms that can afford to do so should retain their top talent throughout a downturn. This requires a long-term perspective that takes in the entire talent management cycle.

These results also emphasise the need for a clear leadership succession strategy. With our previous research report suggesting fewer than one-seventh of mining firms having one in place, I believe the remainder need to start developing such a strategy urgently.

References

1. COETZER, W., “A Demographic Time Bomb”, *World Coal* (February 2015), p. 12.
2. The report is available at: <http://www.stratum-international.com/lost-leaders-staff-turn-over/>

Author

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