THE DEMOGRAPHIC TIME BOMB IN MINING

How prepared is the industry for a seismic shift in the working population?
CONTENTS

Background 3
Headlines 4
The survey participants 5
Preparedness for the demographic time bomb 8
What could help organisations prepare the next generation of leaders? 11
What schemes are already in place? 16
Leaders of the future 18
Why do current leaders not provide coaching or mentoring to more junior staff? 21
Who should be responsible? 23
Lessons for leaders 24
About Stratum International 25
BACKGROUND

The aging population within the mining industry has been a concern for CEOs over the course of the last ten years. To a degree this trend reflects the more general demographic trends affecting the world population, influenced by factors such as increased life expectancy and lower fertility rates in developed countries.

However, there appears to be a greater impact in the mining industry in particular. Population projections from Statistics Canada and the Mining Industry Human Resources Council, for instance, indicate that 40 per cent of Canada’s mining workforce at all levels is aged 50 or older.

This is also reflected in the profile of our database of senior level candidates, which we define as reporting to General Manager or above in mining operations, or to Project Managers or above in project development.

The response of many organisations has involved efforts to retain the older workforce for longer, using pension incentives, flexible working patterns and extra benefits, to keep experience within the business and transfer their knowledge to the next generation of leaders.

This, however, is no solution if younger professionals are not being attracted or retained within the industry, or if older workers are unwilling or unable to pass on their expertise.

But why should that be?

All this points towards a demographic time bomb that will have a major impact on the mining industry.

As part of our work to add to the wider understanding of the industry, we decided to ask a representative sample of mining professionals about how well prepared they believed the mining sector is for the challenges ahead.

The results are shocking and should act as a warning shot for leaders, HR professionals and anyone working in the industry.

The clock is ticking and time is running out.

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Notes
Figures in tables are correct to one decimal digit. Figures quoted in text have been rounded to the nearest whole percentage for simplicity of presentation. Therefore figures may not total one hundred per cent in all cases.
By far the most common reason why organisations appoint external candidates into leadership positions is that they believe this is the only way to bring in innovative new ideas.

79% believe the industry is completely or somewhat unprepared, rising to 87% amongst board executives.

Only 1% of people think the industry is well prepared for the demographic time bomb.

Only 28% of organisations have succession strategies in place.

82% think succession strategies are important to the long-term future of their organisations. This rises to 95% amongst HR professionals.

Only 54% think leadership development schemes for graduates and postgraduates are important.

29% of board executives believe the next generation of leaders will come from a pool of external candidates they have already identified. And only 18% believed they will come from the organisation’s current crop of more junior managers without opening up applications to external applications.

By far the most common reason why organisations appoint external candidates into leadership positions is that they believe this is the only way to bring in innovative new ideas.

Around two thirds of people working in organisations with a succession or leadership development programme in place think the next generation of leaders will come from within the organisation.

40% of respondents think their companies will fill leadership roles through open competition when each vacancy arises.

People in their twenties want clear pathways to leadership roles, and coaching or mentoring support to help them get there. These are considered to be far more important than leadership development schemes for graduates and postgraduates.

HR is not seen as the solution to this challenge. Instead it is considered a collective responsibility with a particular onus on the current leaders.
We surveyed 912 mining professionals about their views on the preparedness of the mining industry, particularly at leadership level. We asked about which initiatives were in place in their organisations and which initiatives they felt should be in place.

As ever, our respondents were informed, opinionated and vocal. We are extremely grateful to everyone who participated.

**Our respondents came from the following professions:**
- Project Development Management (PD, PM, CM, EM, PCM etc)
- Mining Operations site based (GM, Processing, E&M, Mining Manager etc)
- Exploration
- Board Executive
- Corporate support / HQ-based VP/Director/Manager (other than HR/recruitment)
- HR/Recruiting
- Other

**Geographically, we received most responses from people working in organisations based in the following regions:**
- **31%** North America
- **20%** Australia (including New Zealand)
- **16%** Europe
- **9%** Southern Africa
- **8%** South and Central America
This spread is generally reflected by respondents’ country of residence, however when we asked where respondents normally worked there were greater variations:

- **19%** North America
- **18%** Australia (including New Zealand)
- **15%** Europe
- **14%** Southern Africa
- **10%** South and Central America

**Company location**

**Last worked**
91% of our respondents were male, reflecting the ongoing gender imbalance in the industry.

More than half of respondents (56%) were aged 50 or over, and only 3% were under the age of 30 (the same proportion as people aged 70 or more).

The mean age range was consistently 50 – 59 for respondents from all types of organisation, with the exception of Mining Majors, where the mean age was 40 – 49.

This seems to reinforce the original premise of this report; that the population of mining professionals is aging and sufficient numbers of younger talent do not appear to be available to replace them.

Respondents were self-selecting, so it is possible that younger mining professionals are less likely to complete online surveys, or perhaps the issue of a demographic time bomb does not engage or concern them.

It should.

People working for Mining Majors, Mid Tiers and Juniors collectively represented around two thirds (65%) of the sample, accounting for 23%, 21% and 21% of responses respectively. The remaining third (35%) was made up of employees from related services including consultancies, EPCMs and private equity houses.

More than twenty commodities were represented, with gold (35%), copper (21%) and iron ore (14%) making up more than two thirds (70%) of the sample.

Respondents by age

- 20 – 29: 19%
- 30 – 39: 34%
- 40 – 49: 28%
- 50 – 59: 3%
- 60 – 69: 3%
- 70 or older: 13%

Company type

- Mining Major: 23%
- Mining Junior: 21%
- Mining Mid-Tier: 21%
- Consultancy: 16%
- EPCM: 9%
- Service Company: 6%
- Contract Mining Company: 3%
- Private Equity / Investment Banks / Trading Houses: 1%
We asked our respondents how well prepared they thought the mining industry was for the forthcoming demographic time bomb.

The results were extraordinary.

Overall, only 1% said they thought the industry was ‘well prepared’ and four out of five people (79%) said they thought mining companies were ‘completely’ or ‘somewhat’ unprepared.

### Preparedness for the demographic time bomb

<table>
<thead>
<tr>
<th>Role</th>
<th>Completely unprepared</th>
<th>Somewhat unprepared</th>
<th>Reasonably prepared</th>
<th>Well prepared</th>
<th>I don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Development Management (PD, PM, CM, EM, PCM etc)</td>
<td>28%</td>
<td>53%</td>
<td>13%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Mining Operations site based (GM, Processing, E&amp;M, Mining Manager etc)</td>
<td>26%</td>
<td>52%</td>
<td>14%</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Exploration</td>
<td>37%</td>
<td>38%</td>
<td>16%</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td>Board Executive</td>
<td>30%</td>
<td>57%</td>
<td>7%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Corporate support / HQ-based VP/Director/Manager (other than HR/recruitment)</td>
<td>25%</td>
<td>53%</td>
<td>18%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>HR/Recruiting</td>
<td>15%</td>
<td>59%</td>
<td>18%</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>28%</td>
<td>54%</td>
<td>12%</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

Base 902 responses
The results were broadly consistent across all job functions, although Board Executives had the most pessimistic view with 87% considering the industry unprepared compared with 79% of the overall sample. They may be considering how the forthcoming demographic shifts might benefit their long-term value - or perhaps are reflecting on how effectively their employers are developing them to replace the aging workforce.

Not one respondent in a corporate support role (including HR) considered the industry to be ‘well prepared’. Only 6% of women felt the industry was reasonably or well prepared compared with 15% of men.

Those under 30 are slightly more damning of the industry than the overall sample - 85% consider the sector completely or somewhat unprepared vs 79%

### Preparedness for the demographic time bomb by age

**Base 839 responses**

**20 – 29**
- Completely unprepared: 30%
- Somewhat unprepared: 55%
- Reasonably prepared: 15%

**30 – 39**
- Completely unprepared: 21%
- Somewhat unprepared: 53%
- Reasonably prepared: 16%
- Well prepared: 8%

**40 – 49**
- Completely unprepared: 27%
- Somewhat unprepared: 54%
- Reasonably prepared: 13%
- Well prepared: 5%

**50 – 59**
- Completely unprepared: 27%
- Somewhat unprepared: 54%
- Reasonably prepared: 13%
- Well prepared: 5%

**60 – 69**
- Completely unprepared: 32%
- Somewhat unprepared: 50%
- Reasonably prepared: 11%
- Well prepared: 6%

**70 or older**
- Completely unprepared: 48%
- Somewhat unprepared: 47%
- Reasonably prepared: 5%
One interesting correlation emerged when we cross-referenced views of organisational preparedness with the perceived average age of their leadership team.

So perhaps those organisations that are perceived by their staff to be better prepared simply have leadership teams with more time to respond!

Overall then, there is clearly a great deal of pessimism about the mining industry’s readiness to address the forthcoming demographic shifts.

What could it be doing better, particularly at a leadership level?

The average age of the leadership team in the respondent’s own firm, cross referenced against the respondent’s perception of the preparedness of the industry for the forthcoming demographic shifts

<table>
<thead>
<tr>
<th>Preparing Level</th>
<th>Average Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completely unprepared</td>
<td>53 years</td>
</tr>
<tr>
<td>Somewhat unprepared</td>
<td>52 years</td>
</tr>
<tr>
<td>Reasonably prepared</td>
<td>50 years</td>
</tr>
<tr>
<td>Well prepared</td>
<td>43 years</td>
</tr>
<tr>
<td>I don’t know</td>
<td>51 years</td>
</tr>
</tbody>
</table>

Respondents working in the key commodity areas were also generally consistent with the wider population: gold (80%), copper (86%), and iron ore (82%).
WHAT COULD HELP ORGANISATIONS PREPARE THE NEXT GENERATION OF LEADERS?

We asked our sample to consider how important five strategies or programmes were to ensure the long-term future of their organisations.

These were:

- Succession strategies
- Coaching or mentoring
- Career pathways for leadership roles
- Leadership development schemes
- Leadership development schemes for graduates and postgraduates

Few people considered any of them unimportant (0 – 1% in most cases) but combining the very important and extremely important rankings for each reveals an interesting division.

How important do you consider having the following strategies or programmes in place is to the long-term future of an organisation

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Not at all important</th>
<th>Somewhat Unimportant</th>
<th>Neither Important nor Unimportant</th>
<th>Somewhat Important</th>
<th>Extremely or Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>A succession strategy</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
<td>13%</td>
<td>82%</td>
</tr>
<tr>
<td>A coaching or mentoring programme</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
<td>16%</td>
<td>79%</td>
</tr>
<tr>
<td>A leadership development scheme</td>
<td>1%</td>
<td>1%</td>
<td>5%</td>
<td>18%</td>
<td>75%</td>
</tr>
<tr>
<td>Clear career pathways for leadership roles</td>
<td>1%</td>
<td>1%</td>
<td>6%</td>
<td>21%</td>
<td>71%</td>
</tr>
<tr>
<td>A leadership development scheme specifically for graduates and postgraduates</td>
<td>2%</td>
<td>3%</td>
<td>10%</td>
<td>31%</td>
<td>54%</td>
</tr>
</tbody>
</table>
Succession strategies (82%), coaching or mentoring programmes (79%) and leadership development schemes (75%) were all considered important by three quarters of the sample or more. But only half (54%) thought leadership development schemes targeted at graduates and postgraduates were important.

Those working in project development, corporate support, HR and board roles all considered a succession strategy to be more important than any other initiative, by some distance.

Most notably, 95% of HR professionals consider a succession strategy to be important.

Indeed, HR professionals have the most positive view of all initiatives, with the single exception of coaching and mentoring, where they came second to those people working in ‘other’ professions.

People working in exploration were relatively negative about most of the options, although a greater proportion of this group considered coaching and mentoring to be important than the overall sample (84% vs 79%).

Perhaps of more concern to the supporters of these initiatives is the relatively low importance board executives ascribe to coaching and mentoring (56%), clear pathways to leadership (55%) and particularly leadership development schemes for graduates and postgraduates (45%).

Clearly the board still needs some convincing of the need for some of these activities and it seems that HR professionals have the passion to take on the challenge of convincing them.

They should take heart in the fact that 80% of board executives consider having a succession strategy in place to be important, which is in line with the overall sample (82%).

Some of the qualitative evidence suggests boards may have the will; it is just a question of resources. As one executive commented:

“We recognise the importance [of these activities] but [they are] only relevant if the company continues to thrive. And this is the focus right now.”

In defining ‘importance’ below we have counted only those responses that ranked an initiative as extremely or very important. Those only ranking an initiative as ‘somewhat important’ have not been included.

### Importance of leadership development initiatives by profession

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Project Development Management</th>
<th>Mining Operations site based</th>
<th>Exploration</th>
<th>Board Executive</th>
<th>Corporate support / HQ-based VP/Director/Manager</th>
<th>HR/Recruiting</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>A succession strategy</td>
<td>82%</td>
<td>83%</td>
<td>72%</td>
<td>80%</td>
<td>85%</td>
<td>95%</td>
<td>81%</td>
</tr>
<tr>
<td>A coaching or mentoring programme</td>
<td>76%</td>
<td>78%</td>
<td>84%</td>
<td>56%</td>
<td>78%</td>
<td>87%</td>
<td>92%</td>
</tr>
</tbody>
</table>

In defining ‘importance’ below we have counted only those responses that ranked an initiative as extremely or very important. Those only ranking an initiative as ‘somewhat important’ have not been included.
### Importance of leadership development initiatives by profession
(% considering each initiative very or extremely important)

#### Clear career pathways for leadership roles

<table>
<thead>
<tr>
<th>Profession</th>
<th>Project Development Management</th>
<th>Mining Operations site based</th>
<th>Exploration</th>
<th>Board Executive</th>
<th>Corporate support / HQ-based VP/Director/Manager</th>
<th>HR/Recruiting</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>71%</td>
<td>73%</td>
<td>67%</td>
<td>55%</td>
<td>72%</td>
<td>82%</td>
<td>78%</td>
<td></td>
</tr>
</tbody>
</table>

#### A leadership development scheme

<table>
<thead>
<tr>
<th>Profession</th>
<th>Project Development Management</th>
<th>Mining Operations site based</th>
<th>Exploration</th>
<th>Board Executive</th>
<th>Corporate support / HQ-based VP/Director/Manager</th>
<th>HR/Recruiting</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>75%</td>
<td>83%</td>
<td>59%</td>
<td>66%</td>
<td>76%</td>
<td>87%</td>
<td>74%</td>
<td></td>
</tr>
</tbody>
</table>

#### A leadership development scheme specifically for graduates and postgraduates

<table>
<thead>
<tr>
<th>Profession</th>
<th>Project Development Management</th>
<th>Mining Operations site based</th>
<th>Exploration</th>
<th>Board Executive</th>
<th>Corporate support / HQ-based VP/Director/Manager</th>
<th>HR/Recruiting</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>52%</td>
<td>57%</td>
<td>39%</td>
<td>45%</td>
<td>61%</td>
<td>75%</td>
<td>52%</td>
<td></td>
</tr>
</tbody>
</table>
A succession strategy was progressively perceived as more important depending on the age of the respondent, at least until the age of 70. So while two thirds (65%) of respondents in their twenties considered a succession strategy to be important, this rose to six in every seven (86%) of those in their sixties.

It is not possible to judge whether this change in perception comes from older workers wondering who will ever replace them, or considering how their careers might have benefited from such a strategy.

People in their forties were most likely to consider coaching or mentoring and particularly clear pathways to leadership roles to be important. Perhaps as people enter the mid-point of their careers – often the make or break years – they recognise, more than anyone else, the value of being developed into their next major role.

It’s not just the middle-aged who value coaching and mentoring. People in their twenties were far more likely than any other group to describe coaching unequivocally as ‘extremely important’ (55% compared with 34% for the overall sample).

The same is true when it comes to their opinion of clear pathways to leadership roles (45% vs 24%). This clear hunger for coaching and a pathway to leadership near the start of their careers cannot be ignored.

Perhaps less surprisingly those in their twenties are also more than twice as likely as the overall sample (40% vs 18%) and any other individual age group to consider a leadership development scheme for graduates and postgraduates to be essential. Even so, like every other group, they considered it to be the least important of the development schemes listed.

Respondents in their sixties considered graduate schemes more important than any other group. Overall, it was this age range that was most positive about development schemes in general.
Variables such as commodity and type of company worked for seemed to have little influence in this area. Women were generally more positive about the initiatives, and in particular succession strategies and coaching or mentoring, where nine out of ten female respondents considered each very or extremely important.

This result may be skewed by the fact that 23% of the small sample of women worked in HR, a profession that, as has been shown above, had a more positive view of such initiatives than the average. The one exception was leadership development schemes for graduates, where women were pretty much on a par with men (53% vs 55% considering them very or extremely important).
WHAT SCHEMES ARE ALREADY IN PLACE?

When we asked what succession and leadership development schemes were already in place, we found less than a quarter of companies have a formal scheme in place, or in preparation, for any of the initiatives listed, with the exception of succession strategies. Even then less than a third (28%) of companies had a strategy in existence or on its way.

Coaching was the only initiative in place or in preparation in more than half (54%) of organisations, largely thanks to individual leaders who coached team members outside of any formal system.

Does your organisation have any of the following programmes in place? Base 883

A succession strategy

- Yes – There is a formal strategy in place
- A company-wide strategy is in development
- Some individual leaders do this for their teams
- No – There is no formal strategy
- There are no formal or informal examples of this
- I don’t know

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Yes</th>
<th>A company-wide strategy is in development</th>
<th>Some individual leaders do this for their teams</th>
<th>No</th>
<th>There are no formal or informal examples of this</th>
<th>I don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>13%</td>
<td>19%</td>
<td>30%</td>
<td>16%</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

A coaching or mentoring programme

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Yes</th>
<th>A company-wide strategy is in development</th>
<th>Some individual leaders do this for their teams</th>
<th>No</th>
<th>There are no formal or informal examples of this</th>
<th>I don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>11%</td>
<td>31%</td>
<td>27%</td>
<td>16%</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

Clear career pathways for leadership roles

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Yes</th>
<th>A company-wide strategy is in development</th>
<th>Some individual leaders do this for their teams</th>
<th>No</th>
<th>There are no formal or informal examples of this</th>
<th>I don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>7%</td>
<td>11%</td>
<td>22%</td>
<td>38%</td>
<td>18%</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

A leadership development scheme

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Yes</th>
<th>A company-wide strategy is in development</th>
<th>Some individual leaders do this for their teams</th>
<th>No</th>
<th>There are no formal or informal examples of this</th>
<th>I don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>11%</td>
<td>14%</td>
<td>20%</td>
<td>33%</td>
<td>18%</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>

A leadership development scheme for graduates and postgraduates

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Yes</th>
<th>A company-wide strategy is in development</th>
<th>Some individual leaders do this for their teams</th>
<th>No</th>
<th>There are no formal or informal examples of this</th>
<th>I don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>11%</td>
<td>18%</td>
<td>32%</td>
<td>21%</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>
Initiatives seem to be delivered in clusters, and organisations with one formal initiative in place were significantly more likely to have one or more of the others in place or in preparation.

The existence of a formal career pathway for leadership roles was the best predictor of other initiatives being in place, albeit from a small sample size (66).

One respondent made the very relevant comment that just because an organisation had a formal mentoring or coaching programme in place, it did not necessarily mean that it was being delivered on the ground.

We offered respondents the opportunity to explain their answers in more detail and nearly 200 took the opportunity. Some common themes emerged.

Several junior firms felt it was too early in their development to have such strategies in place.

Others felt their firms were too focused on the short-term bottom line to consider such an approach, with EPCMs in particular coming in for heavy criticism:

“It would seem that many EPCM organisations hire for the project... and then lay-off once the project is completed and then wait for another project before repeating the same cycle. This is typical of the larger EPCMs and has been the case for many years now.”

Several respondents said their organisations had formal strategies in place; they simply weren’t applied or prioritised:

“They are HR policy to nurture star performers and give leadership roles to deserving young managers.”

“With low commodity prices, businesses are largely focusing on immediate and short term gains to remain competitive and attractive to shareholders. Focus is only on immediate value adding activities, e.g. maximum turnover at minimum cost with minimal distraction of other sorts.”

“Periodic attempts have been made to create all these programs, but they tend to get flushed every time the CEO calls for a [management consultancy] reorganisation.”

“There is a career development programme but it simply does not function. It is just a box ticking exercise.”

There were, of course, also some positive comments, although it has to be said, fewer of them:

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There were, of course, also some positive comments, although it has to be said, fewer of them:

“It’s HR policy to nurture star performers and give leadership roles to deserving young managers.”
We asked the sample where they thought the leaders of the future would come from in their organisations.

Two fifths (40%) of the sample believed their organisations would simply seek applications from open competition as and when leadership vacancies arose. This opinion rose to nearly half amongst board executives (49%) and HR professionals (46%), which may be a wake up call to some.

Nearly a third of the overall sample (29%) believed future leaders will come from junior managers currently within the organisation.

This proportion rose to around two thirds of people in organisations with one or more of the leadership succession or development programmes in place. Perhaps more tellingly, less than a third of those people working in organisations with a succession or development initiative in place believed their companies would open up leadership roles to external candidates.

Where will your organisation’s next generation of leaders come from?

- Base 873 responses

**ALL**

- The lower levels of management in the organisation - individuals have already been identified and are being developed for leadership.
- The lower levels of management in the organisation - individuals will be selected from the current pool of talent but they’ll have to battle it out between them.
- External candidates currently in leadership roles - the organisation has a target list of industry leaders they’d like to bring in to our leadership team.
- External candidates in less senior roles - the organisation has a target list of external high potential talent considered ready for leadership.
- Open competition - the organisation will seek new leaders as and when a vacancy arises.
- I don’t know.
Establishing such programmes seems to have an important symbolic role for organisations. The majority of employees seem to be convinced that where such a programme is in place it will be useful and successful in identifying and developing the next generation of leaders.

Where will your organisation’s next generation of leaders come from?

- **Companies with a leadership development scheme in place**: 126
  - 21%: The lower levels of management in the organisation - individuals have already been identified and are being developed for leadership.
  - 44%: The lower levels of management in the organisation - individuals will be selected from the current pool of talent but they’ll have to battle it out between them.
  - 9%: External candidates currently in leadership roles - the organisation has a target list of industry leaders they’d like to bring in to our leadership team.
  - 7%: External candidates in less senior roles - the organisation has a target list of external high potential talent considered ready for leadership.
  - 2%: Open competition - the organisation will seek new leaders as and when a vacancy arises.
  - 6%: I don’t know.

- **Companies with a succession strategy in place**: 126
  - 42%: Companies with clear pathways for leadership roles in place
    - 6%: The lower levels of management in the organisation - individuals have already been identified and are being developed for leadership.
    - 48%: The lower levels of management in the organisation - individuals will be selected from the current pool of talent but they’ll have to battle it out between them.
    - 9%: External candidates currently in leadership roles - the organisation has a target list of industry leaders they’d like to bring in to our leadership team.
    - 2%: External candidates in less senior roles - the organisation has a target list of external high potential talent considered ready for leadership.
    - 20%: Open competition - the organisation will seek new leaders as and when a vacancy arises.
    - 5%: I don’t know.

- **Companies with a coaching or mentoring programme in place**: 100
  - 39%: Companies with a leadership development scheme for graduates and postgraduates in place
    - 21%: The lower levels of management in the organisation - individuals have already been identified and are being developed for leadership.
    - 36%: The lower levels of management in the organisation - individuals will be selected from the current pool of talent but they’ll have to battle it out between them.
    - 2%: External candidates currently in leadership roles - the organisation has a target list of industry leaders they’d like to bring in to our leadership team.
    - 9%: External candidates in less senior roles - the organisation has a target list of external high potential talent considered ready for leadership.
    - 11%: Open competition - the organisation will seek new leaders as and when a vacancy arises.
    - 7%: I don’t know.

- **Companies with a leadership development scheme for graduates and postgraduates in place**: 105
  - 42%: The lower levels of management in the organisation - individuals have already been identified and are being developed for leadership.
  - 22%: The lower levels of management in the organisation - individuals will be selected from the current pool of talent but they’ll have to battle it out between them.
  - 22%: External candidates currently in leadership roles - the organisation has a target list of industry leaders they’d like to bring in to our leadership team.
  - 21%: External candidates in less senior roles - the organisation has a target list of external high potential talent considered ready for leadership.
  - 16%: Open competition - the organisation will seek new leaders as and when a vacancy arises.
  - 9%: I don’t know.
Generally speaking the larger their employer, the more likely people thought it would be that future leaders would come from within their organisations, ranging from 19% for Juniors, to 30% for Mid-Tier Miners and 36% of Majors. This likely reflects the wider pool of talent from which the larger firms can choose.

And for all the criticism they received for short-termism, at 44% it is EPCMs that emerged as the organisations most likely to promote from within.

Less than a fifth (18%) of board executives believed the next generation of leaders will come from their organisation’s current crop of more junior managers without opening up applications to external applications.

By comparison nearly a third (29%) thought their organisations would appoint future leaders from a pool of external candidates that has already been identified. Half believed leadership positions would be filled by open competition as they arose.

When we asked respondents why they thought the mining industry tends to look externally for leaders, a third (30%) said it was because current leadership teams wanted to bring in new ideas and believed these could only come from external candidates. This rose to two fifths (41%) of HR professionals.

Nearly twice as many candidates gave this answer as the next most popular response – ‘the leadership team wants to benchmark internal talent against external candidates and appoint the best’ (18%).

These views were generally consistent across differing company types and professions, although those involved in exploration were less sure that leaders wanted to benchmark internal talent (8%). One exploration professional wrote, rather pithily: “You have failed to distinguish mining from exploration. Little exploration companies don’t have enough personnel inventory to promote from within.”

This part of the questionnaire seemed to bring out strong feelings in many people. Given the opportunity to explain why companies would look outside for talent, 172 people responded. Comments covered both sides of the debate and included:

“Why limit your search to only internal people? It’s a ridiculous suggestion.”

“While many companies understand the benefits of promoting from within, occasionally hiring external candidates can help break stagnant company mentalities and bring new ideas or cultures to a company when needed. The downfall is when companies do this too often and discourage internal leadership growth and retention of good talent.”

“A certain level of turnover is important in an organization. I like people who have moved around a fair bit as they have seen many different ways in which the same task has been accomplished and bring new ideas.”

“Inexperienced leadership, although they think they know what they are doing, they are too intimidated by the few experienced talents left to promote them... so they look for the ‘greener grass’ and hire from over the fence! This breaks the continuity of knowledge that makes a company successful.”

“With today’s market the industry has become extremely dollar conscious and we shoot ourselves in the foot cutting cost. The first thing they cut is mentoring and apprentice programs. When it comes time to hire a new leader it is often easier and cheaper to offer an experienced leader from outside the organization more money. Unfortunately this has been going on throughout the industry for years without any new leader development or growth, so eventually we won’t have leaders to do this with.”

One, arguably rather cynical, soul wrote:

“When efforts are made in developing internal talent, they leave the organisation once they feel they have acquired marketable skills.”

This reminds us of the now well-known apocryphal story of the exchange between a Financial Director and an HR Director:

FD “What happens if we train our people and they leave?”

HRD “What happens if we don’t train them and they stay?”
WHY DO CURRENT LEADERS NOT PROVIDE COACHING OR MENTORING TO MORE JUNIOR STAFF?

We wondered why our sample believed leaders did not provide mentoring to more junior staff as a matter of course.

Overall, responses were divided into thirds, with one third (32%) believing leaders did not have time, one third (31%) believing they wanted to remain indispensable and the remainder (37%) citing other reasons.

Board executives (39%) and HR professionals (46%) were more likely than the average (32%) to consider this a time issue, although slightly more executives (41%) considered it likely to be about protecting future earning potential. Around a fifth (17%) of the population believed leaders would provide mentoring if there was a formal buddy system in place, but this sank to just 2% of board executives.

Several respondents commented that in many cases it was a combination of several factors and would have preferred the option to select ‘all of the above’.

Many more suggested the willingness was there but that leaders and managers needed to be trained in how to be an effective mentor.

Employers might wish to consider introducing a Leader as Coach style training programme in their organisations to encourage this form of development.
Why do you think some leaders don’t provide mentoring to more junior staff?

187 people provided helpful comments and observations. The following is a representative sample.

“A mentoring process needs a resource ready to share its knowledge, a resource having the capacity to receive and integrate this knowledge and finally an organization promoting this type of exchange. These three requirements are often difficult to find in an organization.”

“I would say that mentoring is one of my greatest, and most rewarding, challenges. I do not understand any senior manager who would not agree.”

“I think it simply doesn't occur to most managers that this is a good thing.”

“I have tried to share my expertise and knowledge throughout my career but have noticed that a lot of the younger professionals are too interested in learning the latest computer software instead of learning the basics.”

“The market conditions and the economy being what it is, most senior managers prefer to secure their positions by not mentoring the young candidates. They usually come back as consultants at higher salaries and conditions.”
WHO SHOULD BE RESPONSIBLE?

When we asked who should be responsible for ensuring the transfer of skills from senior leaders to less senior staff, exactly half of the overall sample (50%) said it should be a combination of the leadership team, individual leaders, HR and the individual.

A further third (33%) believed the responsibility lay squarely with the current leadership team, rising to nearly six out of ten (59%) amongst board executives.

Should HR professionals be concerned that only 2% of the overall sample (and not one of the board executives) believed the HR department should take responsibility for this transfer of skills?

Given that none of the HR professionals who responded thought they should have this responsibility, perhaps they will be more delighted than disappointed by this result.

But at a time when many HR Directors are striving to establish themselves as a strategic force at the top table, perhaps there is an opportunity here for them to take a challenge of clear strategic importance to the organisation and play a leadership role in addressing it.

Who should be responsible for ensuring the transfer of skills from senior leaders to less senior staff?

Project Development Management
- 34%
- 10%
- 4%
- 2%
- 49%
- 1%

Mining Operations site based (GM, Processing, E&M, Mining Manager etc)
- 30%
- 14%
- 2%
- 2%
- 52%
- 0%

Exploration
- 42%
- 14%
- 2%
- 2%
- 37%
- 3%

Board Executive
- 59%
- 6%
- 2%
- 0%
- 3%
- 2%

Corporate support / HQ-based VP/Director/Manager (other than HR/recruitment)
- 29%
- 12%
- 1%
- 4%
- 53%
- 1%

HR/Recruiting
- 38%
- 19%
- 0%
- 0%
- 43%
- 0%

Other
- 24%
- 10%
- 2%
- 1%
- 63%
- 0%

All
- 33%
- 12%
- 2%
- 2%
- 50%
- 1%
LESSONS FOR LEADERS

1. The demographic time bomb is real and most companies are not well prepared for it. There is competitive advantage to be had by organisations that start preparing as a matter of urgency right now.

2. Get just one succession or leadership strategy into place. It will differentiate your organisation from the majority, and will often lead to the adoption of complementary strategies.

3. Succession strategies and leadership development programmes have an important symbolic role for your staff, creating a belief that leadership roles will be filled by internal candidates. This is positive for engagement.

4. People in their twenties crave development; in particular coaching and clear pathways into leadership roles. This is considered far more important than leadership development schemes targeted directly at graduates and postgraduates.

5. People at the mid-point of their careers are also looking for support, coaching and direction to take them to the next level of their careers. As the likely short to medium term solution to fill the leadership gap, this group deserves close consideration at the make or break point of their careers.

6. Establish a broad based succession strategy that identifies and nurtures talent within and outside of your organisation. Your future leadership team will almost certainly include a combination of in-house talent and new blood. Identifying these people early will improve your chances of securing their services.

7. Consider running a Leader as Coach, or How to be a Mentor programme. If your current crop of leaders are given the skills and some time they will help develop the next generation. But don’t assume this is happening now.

8. Although HR is not seen as the solution to the problem, when everyone is seen as responsible no one takes responsibility. HR professionals have the opportunity to take a leadership role in championing initiatives and programmes that will help address the demographic time bomb. In doing so they may secure a more strategic role at the top table, but they will need to act quickly.

A lot of the qualitative feedback we received suggested the short term pressures of financial performance were taking priority over leadership development. This is understandable, but the urgency of the matter should not be underestimated.

Tick tock...
ABOUT STRATUM INTERNATIONAL

STRATUM specialises in the recruitment and talent management of senior executive professionals in the mining industry. **We work differently from conventional recruitment companies.** By proactively building relationships with top-tier mining professionals, we reduce shortlisting times so our clients can find the people they need, faster.

Because we specialise, we have expertise based on years of experience, both on the ground and in niche recruitment. We recognise this expertise is only sustainable if it is supported by a commitment to learning and research, and it is only useful if we share it with the industry we are privileged to support.

[www.stratum-international.com](http://www.stratum-international.com)

**B1G1: Business for Good**

By participating in this survey respondents have helped support our selected charity B1G1: Business for Good.

Mining companies and their suppliers often operate in some of the poorest parts of the world – often with a positive impact on the lives of the communities in the surrounding areas. Here at Stratum we believe that we all have a responsibility to help build an inclusive society and have a duty towards those less fortunate than ourselves.

That is why we give back through B1G1: Business for Good. We’re able to link our giving to the success we help generate for our clients and ourselves. We support B1G1 because they vet and manage relationships with great projects and initiatives at source, so we (and our clients) can literally see where we’re making a difference together.

With more than 600 vetted projects around the world there’s ample opportunity to give back. Please contact us if you are interested in getting involved, or visit [www.b1g1.com](http://www.b1g1.com)

Stratum International is proud to have contributed, on behalf of our 912 survey participants, **3000 bricks** to build a school in Cambodia, **150 days of training** to help Malawi women grow their businesses, **3750 days of education** for disadvantaged children in India, and **28 days of care** for a resident at the Phyllis Robertson home in South Africa.

On behalf of Stratum and our chosen projects, thank you.
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