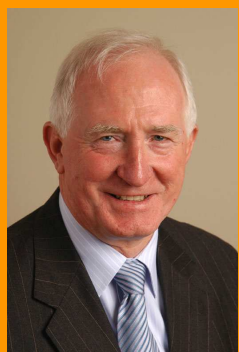


Swann Newsletter

Ideas and Information from the Swann Group

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John Murray,
Managing Director

John Murray, Managing Director.

Welcome to the second issue of our newsletter, which has the theme 'partnering with people'. Article one describes how to get the best from candidates by joining forces with a value-add consultancy. The second article discusses the importance of partnering with a truly global agency for today's executive searches.

The final piece details our vigorous response to the escalating war for talent – a new recruitment partner for stratum 1, 2 and 3 roles. By flagging trends and discussing issues, this newsletter presents useful, interesting and relevant information and ideas for clients and candidates alike. Read on to discover the many ways our extensive industry knowledge and experience can benefit you.

Working Smarter & Harder

Talent searches are taking longer. Higher standards, fewer candidates and increased competition are contributing. Though this newsletter shows how working with an effective search partner can shorten the recruitment process and generate more and better candidates, any downtime due to vacancies creates cost.

We believe search is not a discrete, self-contained process. Search works best as an integrated part of a client's recruitment process, with a deep understanding of their goals, culture, incentives and career management systems. With this knowledge, we use added value services to accelerate recruitment, improve engagement and minimise failure. This in turn maximises the return on investment in new recruits.

Though we naturally replace recruits who leave prematurely, we see this as failure. Recent studies have suggested that up to 40% of recruits don't engage with their new employer's culture. This failure to fulfil expectations means sub-par performance and return on human capital which today's organisations can ill afford.

Engagement is often impaired when long term incentive plans don't deliver expected value. KPIs can be ill defined, long term drivers can have too much 'stretch' and recruits can feel under compensated and misled (sometimes with good reason).

Through detailed reward analysis, we ensure our clients understand (and know how to deliver) a preferred candidate's total compensation and incentive expectation. This comprehensive process helps all parties know where they stand.

We have worked on reward strategies with the world's leading mining companies. Our analysis often extends to helping clients conduct competitive surveys, align both cultural and business goals and redesign global mobility plans to encourage more high performers to relocate internationally.

Cultural fit is the heart of our Talent Assessment Service. A candidate may be the most technically qualified for a role, but without cultural fit, engagement suffers and value is destroyed.

Client-nominated tools like cognitive capability, psychological testing, 360 degree behavioural techniques and performance indicators are used, but in a way that identifies the fit to work and contributes to client goals and culture. Whether these concern a single candidate or an executive team faced with a merger, a new CEO or cultural change, our global team of experienced practitioners knows how to make the most of them.

This expertise, combined with deep knowledge gained from working in the resource sector around the world, sees us demonstrate daily to our clients that we not only secure the most qualified candidates, but also minimise their integration risks and maximise their contribution.

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The Network Myth

Mining and engineering firms often claim they don't need a search partner, believing they can find external talent via the people they know. This phenomenon is peculiar to the industry, and though it may have been a viable search method in the past, it isn't adequate today.

This high level of networking (relative to less mobile industries) arose from the extensive transfer of skilled staff between consultants and owners as projects reached new development stages. Networking is also facilitated by industry gatherings (e.g. Prospectors & Developers Association, Melbourne Mining Club, Money & Mines, Diggers & Dealers) where participants refresh both their PDAs and their mental databases.

In less demanding times, this was sufficient; a *known* professional was considered better than an unknown (though possibly more skilled) one. Employers were under less pressure to fill roles quickly and candidates weren't likely to go anywhere.

Today, however, higher market expectations and a dearth of industry talent make this a sub-par solution. Investors and boards are becoming progressively aware of three things: 'improved hiring' (the value added impact of selecting the right person for the job); 'talent velocity' (the speed at which a person keen to grow wishes to move through an organisation via an active career plan) and the approaching global talent shortage as baby boomers leave the stage for a smaller cast of youngsters.

Increasingly we're being asked to provide decision makers with market intelligence addressing investor concerns about talent management. Shareholders are concerned and want to know how their management teams are responding to this tectonic generational shift.

With salaries rising, search times extending and the price of downtime becoming prohibitive, employers want to reduce search costs and minimise the risk of new hire failure while accelerating their contribution.

Recent studies show that nearly half of recruits don't engage with their new employer. So how do we find the best people and minimise integration risks? Market economics won't permit talent acquisitions to be a part

time activity; it's now highly specialised and here's why:

Benchmarking

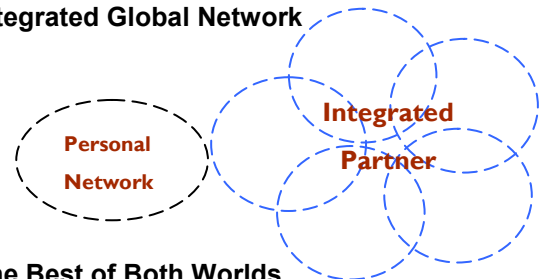
Even the best networkers have a finite circle of contacts they can maintain. While this circle may contain the best candidate in *their* world, it's highly unlikely that candidate is the best in *the* world. Worse, this 'inner circle' candidate becomes the benchmark against which all others are measured; a permanent distortion.

An Integrated Network

The best personal database can't compete with an integrated global network. Search and recruitment firms with such a network have a hierarchy of consultants who daily exchange client and candidate data to pursue the best possible talent pool. These consultants usually enjoy an egalitarian, corporate-wide incentive plan that meshes with this culture to galvanise individual excellence without compromising team performance or spirit.

Yet many so-called global firms neither operate nor are organised in this way. By delegating searches to local offices, they are global in name only.

Integrated Global Network



The Best of Both Worlds

A good external search partner recognises the value of personal networks and combines each client's with their own, thus bringing organisation and discipline to a hitherto part-time activity. This combination often develops 'talent pipelines' (structures for identifying talent before it's needed) which reduce search times.

How Big is Your Rolodex?

Contingency search is often mistaken for a cheaper search process, but it's essentially extended personal networking. Compared to the long term value to a firm of the best candidate (capable of advancing and increasing their knowledge for better decision making) retaining a search partner is a first rate investment.



**Andy
Cunningham**

General Manager,
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Competing in a global market



This phrase has been done to death in almost every magazine and newspaper, but in mining these days, it's more likely to mean a jobs market than a competitive industry.

In less than ten years we've seen the resources sector rise from the doldrums of the 90s to unprecedented growth due to commodity prices at 30-year highs. Just as the doldrums saw reduced investment in human capital, the current boom highlights this lack of foresight.

The big miners are posting massive profits, China and India have become avid consumers of almost every commodity being mined, and this doesn't look like halting any time soon. Could it be a lack of qualified personnel that curbs any company's ability to increase production and therefore profit?

Though technical advances reduce required staff and make formerly uneconomic mines profitable, the expansion of these and the opening of greenfield sites exacerbates the qualified staff shortage.

The tardy proliferation of graduate programs and the encouragement of young people to train as engineers, geologists and other relevant disciplines will alleviate the problem in the long term, but what about the next ten years? We're seeing the answer already: stratum 1, 2 and 3 mining professionals are well aware of the demand for their skills; salaries are rising sharply in Australia, Canada and the US and the workforce is becoming globally mobile.

The University of New South Wales predicts that salaries could rise as much as 15% in the next year. The increasing variety of employment opportunities is letting skilled employees choose where they work.

Remote or dangerous mining operations may have to consider alternative solutions like shorter rosters and easier FIFO arrangements. The obvious upside of, say, a 2:1 roster worked 6 weeks on 3 weeks off is that it gives married staff time with their families and a better quality of life.

It follows that a firm offering better conditions will attract a larger candidate pool, and in a shrinking workforce everything counts. Once a suitable candidate is secured, it's in the employer's interest to offer a salary package with 'golden handcuffs' – incentives that reward the employee to work the full term of their contract and not transfer to the next high-paying offer that will surely come their way.

As a leader in mining professional recruitment, The Swann Group recognised early the need to search worldwide for people with broad expertise. The establishment of Swann Manpower Solutions, a division of The Swann Group that sources stratum 1, 2 and 3 staff, is in response to the global mining sector skills shortage.

Using The Swann Group's expertise in the high-end executive market, Swann Manpower Solutions will support its parent in servicing an established and growing client base in this difficult employment climate.

*At The Swann Group, we take communication very seriously. Therefore, if you have any comments or questions about these articles or our services, feel free to contact me personally at John.Murray@swannglobal.com
I look forward to your feedback.*

John Murray, Managing Director, The Swann Group.