BERSIN & ASSOCIATES

Succession Management

PEMEX Exploration and Production Identifies the Next Generation of Leadership

—**Leighanne Levensaler,** *Principal Analyst* | March 2009

▶ IN THIS CASE STUDY[1]

This case study offers an overview of PEMEX Exploration and Production's (PEP) talent management strategy. The company is a subsidiary of Mexico's state-owned oil company, Petróleos Mexicanos (PEMEX). As with any other oil company in the present, PEP's business challenges include the urgent need to train and effectively develop its highly technical exploration and production professionals.

PEP has created a comprehensive multiyear development program for employees in almost every technical role in the company. This program has been built around an in-depth competency model that enables PEP to design and deliver several forms of education and development in a highly targeted way. It also allows the company to implement multiyear career and succession models for strategic roles deemed critical to business continuity and expansion.

Succession planning is a key piece of PEP's talent management strategy in view of the fact that some of its top-level executives are near to retirement; therefore, the company senses the urgency to consolidate its talent pool from which the next generation of executives would come. Today, PEP has some 10,000 non-unionized employees engaged

in a competencies-based development program, which includes more than 500 executive positions, 60 percent of which already have identified successors.

This case study describes:

- The rationale behind the decision to formalize succession planning practices at PEP;

- How succession planning was culturally influenced and conducted;

- The new approach for talent management in PEP and best practices;

- High-potential personnel validation;

- Succession planning results;

- The migration from internally developed talent management information systems to a vendor-supported platform; and,

- Lessons learned. ☙

(While this case study deals with the topic of succession management as defined by Bersin & Associates, for the purposes of this report we are using the terminology of succession planning as utilized by PEMEX. For more information on the topic of succession management, please see our report, High-Impact Succession Management: Best Practices, Models, and Case Studies in Organizational Talent Mobility, Bersin & Associates / Kim Lamoureux, March 2009. Available to research members at www. bersin.com/library or for purchase at www.bersin.com/hism.)

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1 Details of the PEP project are courtesy of M. Sc. Pablo Arturo Gómez Durán, Project Director; MBA Athenea Coral Cartela García, Project Leader; Lic. Lizette Rodríguez Hernández, Project Senior Analyst; and, PEMEX System Implementation Partner, SistemasCBT.

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Company Overview

Petróleos Mexicanos is the third largest crude oil producer and the eleventh largest integrated oil company worldwide. In Mexico, the company is the sole producer of crude oil, natural gas and refined products – the most important source of government income and the most important company of the country.

PEMEX oversees the exploration and exploitation of deposits, the extraction of crude oil and natural gas, production of oil and petrochemicals, foreign trade of petroleum, and distribution to all commercial gasoline stations in Mexico. The company is responsible for the strategic direction of the state petroleum industry and is comprised of the following four subsidiaries.

- **PEMEX Exploration and Production (PEP)** – Is in charge of the exploration and exploitation of petroleum and natural gas reserves. Its main activities are exploration, extraction, transportation, storage in terminals, and commercialization of petroleum and natural gas.

- **PEMEX Refining** – Produces, distributes and markets fuels (petrol / diesel) and other oil products.

- **PEMEX Gas and Basic Petro** – Processes natural gas and liquefied natural gas; distributes and markets natural gas and gas LP; and, produces and markets basic petrochemical products.

- **PEMEX Petrochemical** – Devises, distributes and markets an extensive range of secondary petrochemical products.

PMI International Trading is the commercial arm of PEMEX in the international energy market. PMI manages PEMEX imports and exports of crude oil and refined products, supplying several markets around the world.

> **KEY POINT**
>
> PEMEX needs to assign the company's most talented people to develop its strategic projects.

Figure 1: PEMEX Corporation at a Glance[2]

- Year Founded: 1938
- Headquartered: Mexico City, Mexico
- Revenue as of September 30, 2008: $96,964 (in millions)
- Total Employees as of September 30, 2008: 141,146

Source: *PEMEX, 2009.*

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2 Source: www.pemex.com.

Figure 2: PEMEX Exploration and Production at a Glance[3]
• Year Founded: 1992
• Headquartered: Mexico City, Mexico
• Revenue as of September 30, 2008: $85,564 (in millions)
• Total Employees as of September 30, 2008: 59,217

Source: *PEMEX, 2009.*

Business Environment

The mission of PEMEX Exploration and Production is to maximize the long-term economic value of the reserves of crude oil and natural gas of Mexico. The company relies on the professional and technical skills of personnel to carry out the exploration and production of hydrocarbons, while optimizing the performance of reserves – and identifying new strategies, and the best opportunities to explore and produce.

Tapping Mexico's potentially vast offshore reserves is one of the most strategic business challenges currently facing PEMEX. In 2006, the Mexican Government announced a new deep-water oil discovery in the Gulf of Mexico that may exceed reserves at Mexico's largest current oil source. Exploration and production at these depths of water, however, have never been done before in Mexico – and new drilling methods and technologies are required. A growing commitment at PEMEX to deep-water exploration and production results in a need for:

1. A workforce with new technical skills or the aptitude to learn new skills; and,

2. The ability to assign the company's most talented people to develop these strategic fields.

At the same time, the company faces a growing shortage of leaders as a result of an aging workforce. PEP estimates that 20 percent of its high-ranking officials would be eligible for retirement in the next three years and around 32 percent in the next six years. The company needs to identify a talent pool from which it can pick high-potential[4] candidates to fill leadership roles in the future. These candidates must possess not only key personality attributes and abilities, but also the potential to grow and learn new skills.

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[3] Source: www.pemex.com.

[4] A "high-potential employee" is an employee who has been identified as having the potential, ability and aspiration for successive leadership positions within the company. Often, these employees are provided with focused development as part of a succession plan and are referred to as "HiPos."

> **KEY POINT**
>
> PEMEX needs to assign the company's most talented people to develop its strategic projects.

> **KEY POINT**
>
> More than half of the senior managers and executives at PEMEX Exploration and Production will be eligible for retirement by 2014.

An Evolution in Organizational Culture

PEP is a very large organization, with approximately 45,500 workers spread out all over the country, sometimes in very remote locations. This made it challenging to effectively reach all employees, and identify capabilities and potential. People practices at PEP, its management philosophy at the top, combined with a powerful rank-and-file union with strict shop rules, made it difficult to gauge, track and sustain employee progress.

There also was no formal information system to help leaders make appropriate decisions about succession planning. Talent decisions were based on knowledge of the people near you or who were known to you.

A New Approach to Talent Management

Since the creation of the human resources sub-direction in the mid-2000s, PEP began to recognize that the company could use its people as resources to solve the company's most pressing business challenges. This led to an increased emphasis on talent management practices to address competition, skills shortages for strategic projects (such as deep-water exploration, production and the shifting demographic realities impacting the company's leadership pipeline).

Over the next four years, PEMEX researched the best "people practices" in the energy industry – and then developed and implemented a comprehensive approach to talent management and employee development that includes the following practices:

- Competency management;

- Sourcing and recruiting;

- Performance management;

- Talent profiles;

- Learning and development;

- Career planning; and,

- Succession planning.

These talent management practices are developed and facilitated by the HR department, which is organized into four groups:

🔑 **KEY POINT**

Not every executive will retire when he / she is eligible and the HR organization makes every attempt to persuade valued leaders to extend their tenure.

- Development and compensation;

- Learning and development;

- Performance management; and,

- Recruiting.

Change Management

The HR organization focused on learning and development first, setting up an online corporate university before it turned to designing talent management practices (such as succession planning).

To design a succession planning process that would fit into the PEP culture and all organizations, the HR group created an oversight committee comprised of leaders from every area of the business. HR defined the process and tools, researched best practices, and frequently presented its findings to the committee. When the committee agreed with the initiative, it was presented to the general director and vice presidents to get their approvals.

An initial version of the succession planning process was implemented in a pilot test for executives in the HR organization; a feedback loop ensured that the resulting information was used to improve the process. Next, HR managers applied the model and tools to executives in the industrial safety organization. Finally, the succession planning process was rolled out to executives across the entire enterprise.

HR officials cite that changing the company culture to accept a more formalized and information-driven approach to succession planning and building credibility in the new process remains one their biggest challenges. They are working to make the succession planning process institutional by changing the culture through a range of tactics.

Specifically, HR supports the implementation of the talent management process to business-unit leaders and managers with local workshops, one-on-one coaching, and online tutorials and e-learning modules. These learning resources help explain the succession planning process, and teach them how to use the available information and tools to make decisions about succession planning.

Governance, Executive Sponsorship and Strategic Alignment

The HR organization manages the overarching talent management strategy design, but every business group has execution ownership of the processes within its unit, including succession planning. The general director and other key senior executives support the talent management

practices because they believe it is strategic for the company to have visibility into talent strengths and weaknesses.

Succession Planning Practices at PEP

Today, PEP has a highly advanced set of succession management practices, which include:

- Using two different assessment tools to measure employee competency and potential; and,

- Then capturing this information in a performance management system that aggregates information from six other sources.

At a very high level, the succession planning process has three phases:

1. Estimate potential (talent assessment);

2. Career planning and development; and,

3. Succession planning (naming successors).

Overview

The overall goal of succession planning at PEP is to find the best person for every executive and critical technical position. Currently, executive positions must have at least three successors in place:

1. Ready now;

2. Short term; and,

3. Long term.

Professional and technical positions do not have a specific mandate, but employees are encouraged to leverage available tools and information systems to develop succession plans for their roles.

Audience

PEP has a total of approximately 55,000 employees roughly divided into three main groups:

- Union – 45,500;

- Professional / technical – 9,000; and,

- Executive – 500.

The target audience for talent management practices, including succession planning, is the 9,500 professional / technical and executive

employees. Up to 670 professionals and executives are being measured against their estimated potential and have a career plan at the time of this report. PEP already implemented the succession planning process with the executive group, but is rapidly extending it to the professional group. At the present time, however, only executives have formal succession plans in place.

At the executive level, employees are divided into three bands for the purposes of succession planning:

- Top (chief executives or operating officers, vice presidents, managing directors);

- Executive (vice presidents, directors, board-level professionals); and,

- Upper Middle (department heads, plant managers, senior professional staff).

Competencies

Competencies are the foundation for all of the talent management practices. PEP compares the results of the competencies of the current position with those that will be needed in the future – and then creates a plan to close the gaps and develop the required competencies.

At PEMEX, the competency model (see Figure 3) is at the core of HR talent management and development strategies. The model is defined down to the job level.

Figure 3: Competency Model
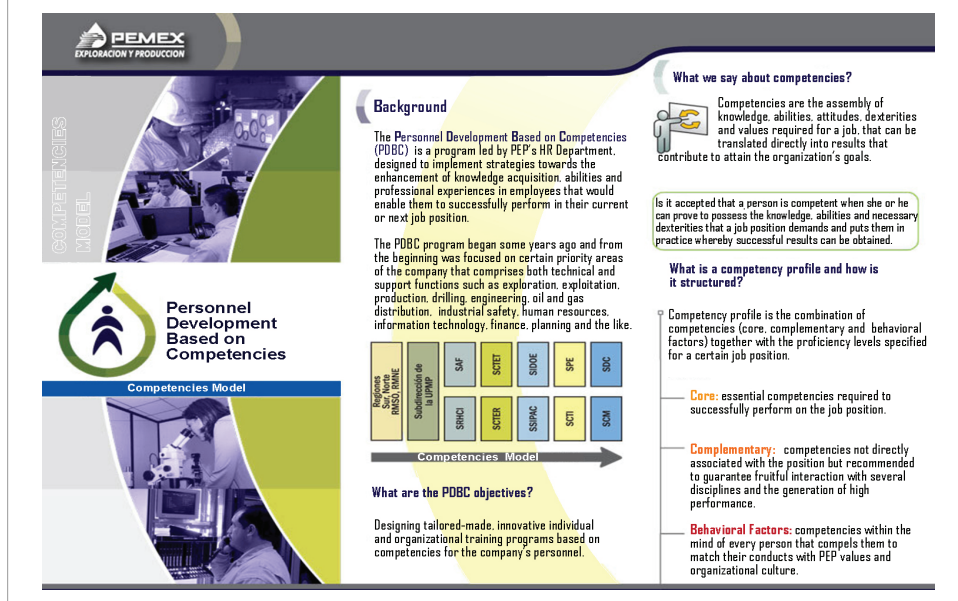
Source: *PEMEX, 2009.*

Figure 3: Competency Model (cont'd)

Personnel Development Based on Competencies

The PDBC is comprised of four phases.

1. Conceptualization.
The critical first step is to identify the right competencies and the required behaviors for each competency profile. This effort includes the analysis of the business environment and the actual organization processes.

2. Assessment.
In this phase the proficiency level that the person is assessed. It includes two steps – self-assessment and the boss's opinion combined – to determine the final result.

5. Especializado
4. Avanzado
3. Intermedio
2. Básico
1. No se observa

3. Training plans.
Individual training plans are designed to close the gaps an individual has to comply with his or her job position specs. Plans include courses, on the job training, self-training, e-learning, coaching and so on.

4. Evaluating.
The program impact on the organizational performance is assessed through performance indicators.

What are the main benefits?

- Focus and align personnel development to job requirements.
- Customize individual training to effectible close the gaps in the organization.
- Align performance and personnel development with the strategic business objectives.

SUBDIRECCIÓN DE RECURSOS HUMANOS COMPETITIVIDAD E INNOVACIÓN

SRHCI

Source: *Bersin & Associates, 2009.*

Talent Profiles

One of the principle tools developed for the succession planning process is the talent profile / summary (see Figure 4), an integrated view of all the information available for employees.

Figure 4: Talent Summary Report	
Description	Contains employee information pulled from multiple sources into a single report.
Output sample	
Data	• General information – SAP • Job position information – SAP • Work history – SAP • Project history – DCI • Education history – DCI • Credentials – DCI • Training plan – LMS • Training history – LMS • Career plan – System • Career plan history – System • Professional expectations – DCI • Competency results – LMS • Competency chart – LMS • English level – LMS • Management abilities – MAP • Psychometric evaluation – Psicowin • Performance evaluation – SIADINet
Application	Helps the decision-making process through a better insight and understanding of employee's expertise and potential.

Source: *PEMEX, 2009.*

The sources for this report are eight different information systems, which are aggregated into a single online document. The information and systems include the following.

- SAP – ERP

    o Job position information (company structure)

    o General information and work history (HR master data)

- DCI (Intellectual capital inventory)

    o Project history

    o Education history

    o Credentials

- SIO (demographic information)

- SIADI (in-house developed performance management system)

    o Performance evaluation

- PSICOWIN (psychometric system)

    o Assessment against job profile for all employees

- MAP (psychometric managers system)

    o Assessment against management ability (more values focused)

- LMS (Learning management system)

    o Competencies results and graphic

    o Training and development / learning plan

    o Training history

    o English level

    o Career plan and career plan history

All of this information was previously dispersed, and HR managers used to cut and paste into Microsoft Excel spreadsheets to get the data into one document. Now HR and line managers can easily generate granular reports using this aggregated data to help with decision-making in talent calibration meetings[5].

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5 "Calibration meetings" bring together managers (who are peers) to finalize ratings of all salaried employees within their groups. During these meetings, employees' individual results are comprehensively calibrated against their peer group – and evaluated on defined criteria that include performance relative to objectives, job-scope delivery, demonstration of leadership competencies, living the company's values and personal development.

Calibration Sessions

Calibration sessions are used to identify high-potential candidates for the talent pool from which executive successors will be selected. PEP has 15 business units, so separate sessions are held for each division. These meetings are facilitated by HR managers, and sponsored by the general director of PEP and the vice president of the business line. Up to 100 people are discussed by job level in each calibration meeting.

The executives use the online talent profiles to lead a conversation about each individual employee's talent assessments, competencies and potential (see Figure 5).

Figure 5: Potential Assessment Results

Description	Shows employee's potential assessment.
Output sample	
Employee Data	• General information • Job position information. • Potential assessment. • Chart grouped by dimensions.
Usage sample	At the potential assessment meeting displays the employee's strengths and weaknesses.

Source: *PEMEX, 2009.*

When individuals are being discussed, executives review performance reports and take them into consideration – but also look for any differences in the person's potential, performance and competency levels. The final result of the calibration meeting is the creation of three distinct plans for each employee.

- **Career Plan** – With 44 levels of management at PEP, career plans (see Figure 6) help map out the path an employee will take to reach his / her career goal. Includes employee's target positions over short, medium and long timeframes.

Figure 6: Career Plan	
Description	Employee's target positions in the short, medium and large time span.
Output sample	
Data	• General information • Job position information • Career plan • Career plan history
Usage sample	Focus decision making when a job position needs to be filled.
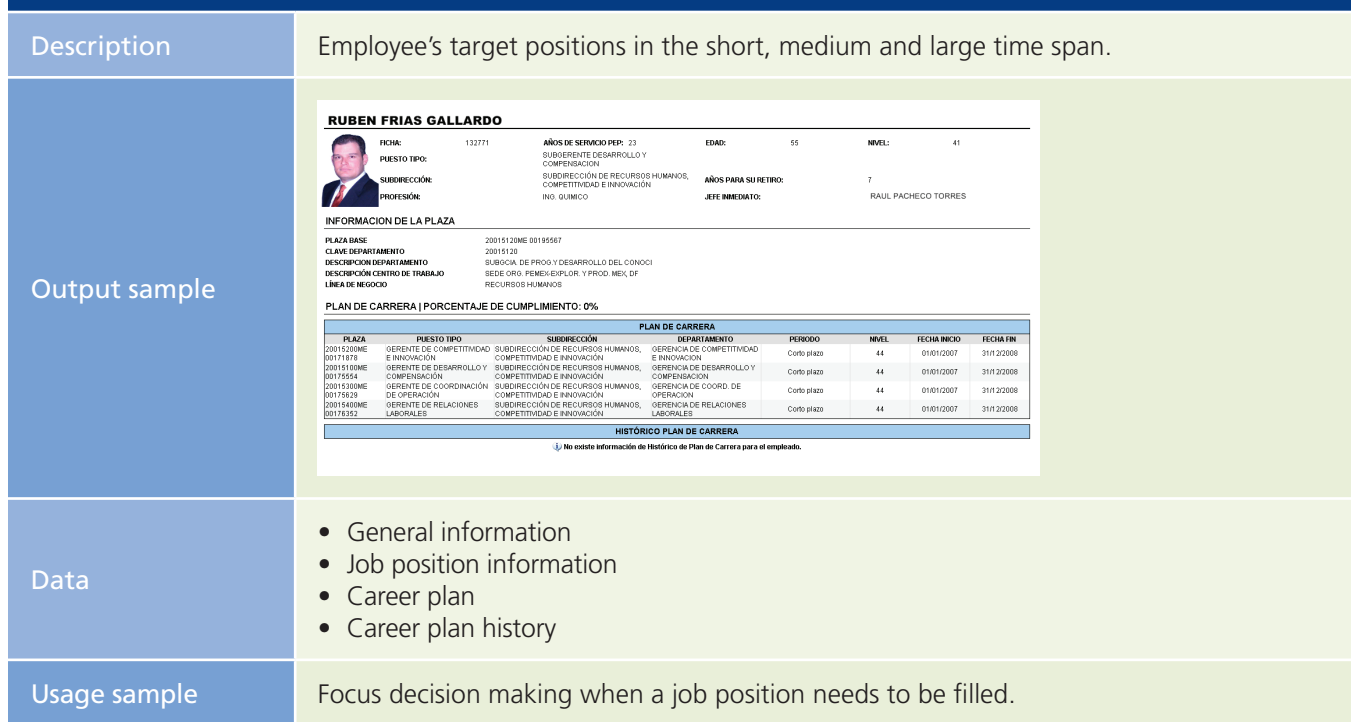
Source: *PEMEX, 2009.*

- **Development Plan** – Learning development plans include activities that help the worker develop skills necessary for his / her next position according to his / her career plan, as well as to improve performance in his / her current position.

- **Succession Plan by Position** – Every executive position should have a plan (see Figure 7) showing possible successors grouped by:

  o   Short timeframe (green, 0 to one year);

  o   Medium timeframe (yellow, one to four years); and,

  o   Long timeframe (red, more than four years).

Figure 7: Succession Plan by Position

Description	Shows possible successors for a specific position ranked by short (0 - 1 year), medium (1 - 4 years) and large time (more than 4 years) to be ready to fill the position.
Output sample	
Data	• Employee in job position. • Job position's information • Possible successors. • Competencies strengths and weaknesses of each successor.
Usage sample	Widens the options to select a successor and signals a warning for job positions lacking enough successors.

Source: *PEMEX, 2009.*

According to PEP HR managers, many business leaders go into these calibration meetings skeptical about the talent management process, but walk out with a clear understanding of the benefits.

One of the most important achievements of the talent management initiative is that PEP leaders invest time in formal meetings to discuss and analyze the executive succession in different areas to ensure that HR decisions align with the business goals and strategy.

★ **BEST PRACTICE**

PEP creates an individual development plan for anyone chosen as an executive successor.

Bersin & Associates Analysis

Two major components of a high-impact succession management process are talent calibration and talent reviews. Many organizations are not clear on what these are and how they are different.

Calibration Sessions

To begin, there are two kinds of calibration sessions – performance calibration and talent calibration. The purpose of performance calibration sessions is to assess and rank employees based on their past performance, typically for the prior year. There are different ways to rank employees. Managers at McDonald's, for example, rank their employees using a recommended distribution approach, while managers at WL Gore use a stacked ranking. The two primary uses of performance data are to differentiate pay by performance and development planning.

The process of talent calibration, on the other hand, is much more future-focused. The discussions can be more sophisticated than a performance calibration discussion and we recommend that an HR representative be present to facilitate the meeting. In addition to performance, managers at United Stationers, for example, also address:

- Specific capability areas that are critical to the business;

- Potential of high performers; and,

- Plans for targeted development.

Talent Reviews

A talent review is a meeting to engage more senior business leaders in sharing and discussing talent information, often part of an overall succession management process. Compared to talent calibration sessions, talent reviews provide an opportunity to discuss talent at a greater level of depth and focus. Data and corresponding conversations are focused on a smaller number of people within a larger span of the workforce. At Mercer, for example, discussion is focused on two groups of people – high performers they want to "engage and develop," and high potentials they want to "retain and grow."

Bersin & Associates Analysis (cont'd)

Summary

It is a common practice to combine talent calibration and talent review discussions into singular sessions, particularly with smaller companies (less than 10,000 employees). When done separately, talent calibration sessions provide an opportunity for managers to agree on who should and should not be included in the talent review. Companies are also able to conduct more in-depth assessments prior to the talent review.

Performance and talent calibration meetings help to create a common language and cultural norm. Managers acquire a whole different view of the workforce and a better understanding of the health of the talent overall. ≈

Integrating Succession Planning with HR Functions

Succession planning is integrated with other HR and talent management functions, such as recruiting, learning, development planning and performance management. Compensation, however, is not linked to performance or talent since management compensation plans and budgets are mandated by the Mexican Government.

Identifying Technical Talent

In addition to filling gaps in the leadership pipeline[6] with succession planning, PEP also needs to identify technical talent for exploration and production requirements. One of the tools implemented to address this issue is Dundas Data Virtualization technology, which produces highly specialized reports accessible to managers through the talent management system reporting module.

> **KEY POINT**
>
> Succession planning is not an isolated practice. It is well-integrated into other talent management practices.

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[6] "Leadership pipeline" refers to an organization's ongoing need to have a pool of talent that is readily available to fill positions at all levels of management (as well as other key positions) as the company grows. At each level, different competencies, knowledge and experiences are required, and (to keep the pipeline filled) the organization must have programs designed to develop appropriate skills sets. (Also known as the "leadership bench.")

The talent map report, for example, allows executives to search and find the employees for a specific job by submitting criteria (like education major, potential level, competencies results and last performance review results) for a particular organization area or from the entire company.

One of the reports, geographical talent composition, displays this information on a map of Mexico on which the points signify where the employees are located. It also displays a grid with the employees' general information. The grid contains a hyperlink, so that the company can have easy access to the employee's talent profile report and a hyperlink to the last competencies assessment results' graph. (See Figure 8.)
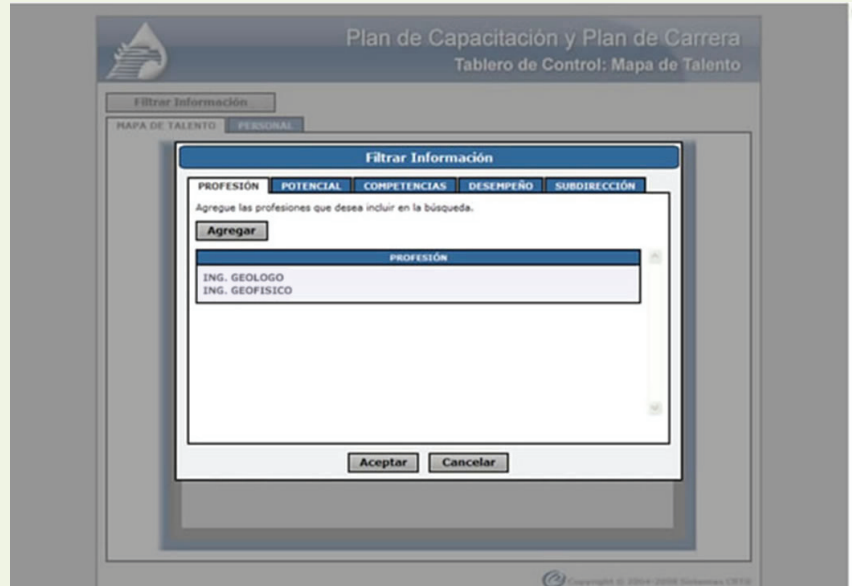
Figure 8: Geographical Talent Composition Report	
Description	The Talent Map is a powerful tool that allows top company executives to search and find options for the right employee to fill a specific job position in a large company. Criteria such as employee's education background, potential, competency profile, performance reviews and the like are weighted and linked in the ranking process.
	The report displays the information starting with a Mexican Republic map where every work center of the company is represented. We can zoom in any area of interest up to the level where each employee is represented by a dot. As we select a single dot a grid displays the employee general information.
	The grid also contains hyperlinks so we can get the employee Talent Profile or his competencies assessment results.
Screenshots	1. Report's General view.

Source: *PEMEX, 2009.*

Figure 8: Geographical Talent Composition Report (cont'd)

Screenshots
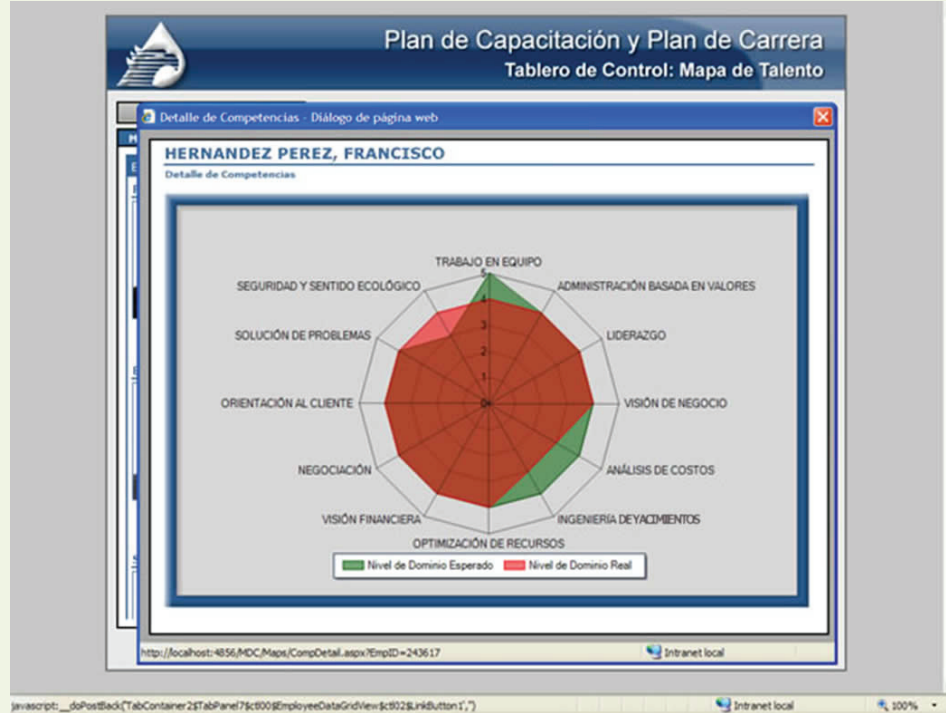
2. Filter section.

3. Employee grid.

Source: *PEMEX, 2009.*

Figure 8: Geographical Talent Composition Report (cont'd)

Screenshots	4. Competencies results.

Report Key Elements	**Information filters**
	• **Employee Major Degree** – One or many categories.
	• **Employee Potential Level**
	   ○ Employee's actual job position pay grade.
	   ○ Employee's job position pay grade in the moment of potential review.
	   ○ Employee's estimated job position pay grade.
	• **Competencies** – One or more competencies.
	• **Performance** – Last performance review score.
	• **Organization Area** – One or more departments.
	
	Information output
	• Employee's workplace.
	• Employee's major degree.
	• Employee's last performance review information.
	• Employee's competencies results.
	• Employee's estimated job position pay grade level at potential review.

Example	A director can find how many petroleum engineers have the competency of deep water drilling and whose last performance is equal or above "average". The search will return the employees who match the search criteria with the necessary contact data. By this means the company executives would be better positioned to promote the creation of high performance teams, assign them to key projects, follow up and in due time check against their results.

Source: *PEMEX, 2009.*

Using the talent search tool, a manager can more easily and quickly find an engineer with specific qualifications and skills. For example, a director can search for all petroleum engineers who have a competency that contains deep-water drilling concepts, and whose last performance review score is equal or above "average." The search will return the employees who matched the search criteria and will tell the director where they can be found. This will give the director the ability to create high-performance teams to assign them to key projects within the organization.

Available information filters include the following.

- **Employee Major Degree** – One or many categories.

- **Employee Potential Level** –

  o   Employee's actual job position pay grade;

  o   Employee's job position pay grade in the moment of potential review; and,

  o   Employee's estimated job position pay grade.

- **Competencies** – One or more competencies.

- **Performance** – Last performance review score.

- **Organization Area** – One or more departments.

Technology

All talent management activities, dashboards and reports are automated by a robust technology infrastructure implemented in 2008. PEP understood it needed to automate the administration and operation of the talent management and employee development processes initiated in 2006.

After thorough research, review and requests for proposals from leading talent management systems vendors, PEP licensed the TotalPerformance 8.0 Learning Management and Performance Management applications from SumTotal Systems. Implementation took approximately five months. The solution automates the following processes that were worked by different PEP HR teams:

- Competencies management;

- Learning and development (corporate virtual university, learning plans);

- Talent management;

ANALYSIS

In our *2008 Corporate Talent Management Factbook®* (a global research study which looks at the practices and systems of more than 1,000 global companies), organizations with integrated talent management suites (fewer than eight percent of all companies) gained more than 270 percent higher returns on investment than those with standalone performance management, learning management or recruiting systems.

- Career planning;

- Succession planning;

- Talent pool management; and,

- Talent profiles.

The system automates all kinds of talent management activities, such as distributing questionnaires to reporting managers and saving the results. PEP also has an internally developed tool for performance goals and appraisal management. For recruitment management, recruiters also rely on TotalPerformance to look at internal talent pools for candidate sourcing.
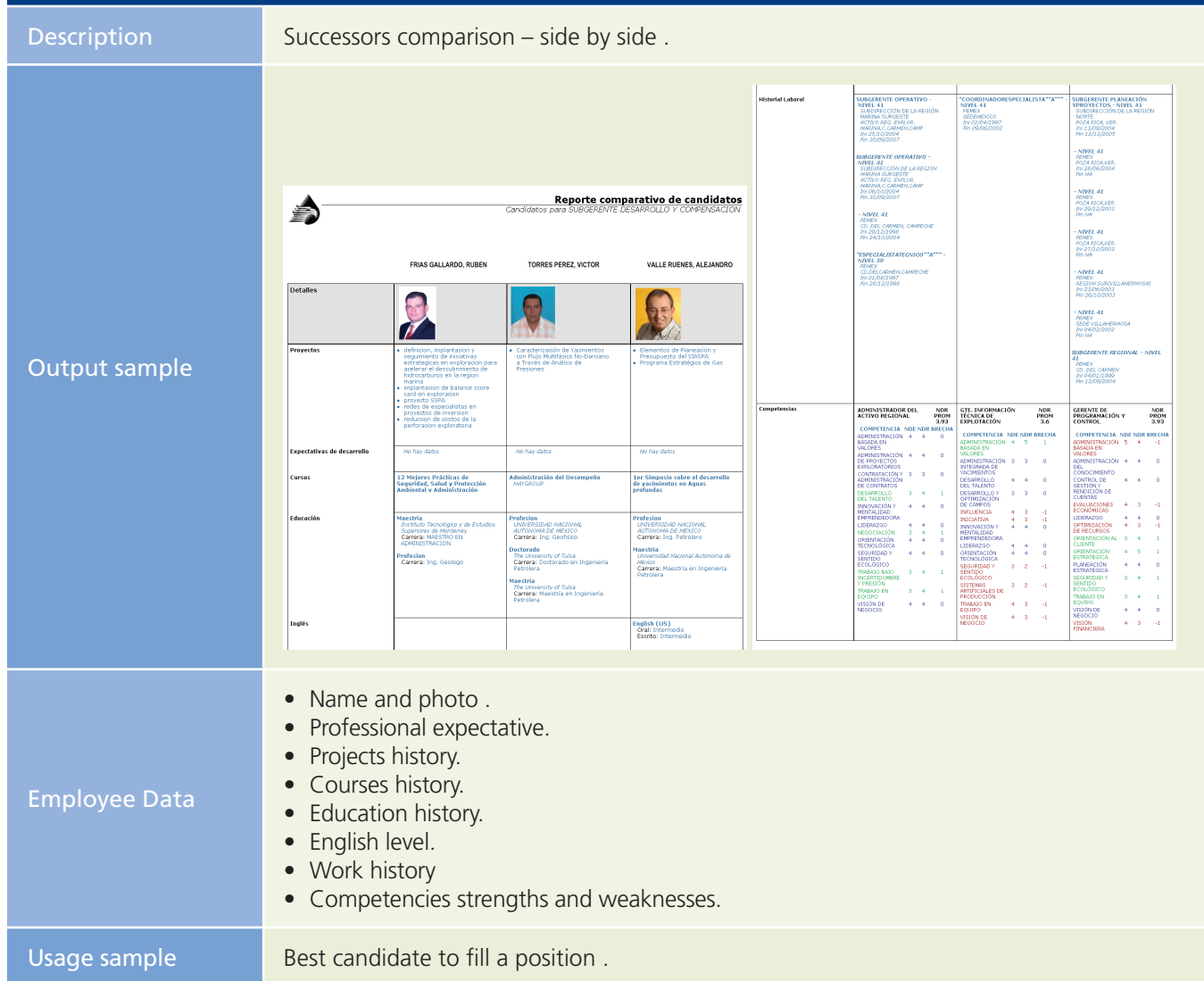
One of the biggest benefits of the talent management system for PEP is the ability to generate sophisticated reports that draw from multiple information sources. For example, the potential versus years to retirement report (see Figure 9) helps in the creation of employee career plans, while the successors comparison report (see Figure 10) shows side-by-side comparisons of three successors, along with their competency strengths and weaknesses, and career histories.

Figure 9: Potential Versus Years to Retirement

Description	Shows the employee's career potential and years for retirement. The results can be exported to Excel format .
Output sample	
Employee Data	• Department information. • ID, name, pay grade. • Potential. • Years for retirement.
Usage sample	Employees' career plans.

Source: *PEMEX, 2009.*

Figure 10: Successors Comparison

Description	Successors comparison – side by side .
Output sample	
Employee Data	• Name and photo . • Professional expectative. • Projects history. • Courses history. • Education history. • English level. • Work history • Competencies strengths and weaknesses.
Usage sample	Best candidate to fill a position .

Source: *PEMEX, 2009.*

The executive report (see Figure 11) combines data for three variables – potential, performance and competencies. The icons represent additional data, such as successor quantity and years until retirement. Clicking on an employee photo opens the talent summary for better analysis. The report also has a powerful filter for searching candidates based on specific results.

Figure 11: Executive Report

Description	Analysis using three variables – Potential, performance and competencies. Click on the employee photo links to the talent summary.
Output sample	
Employee Data	• General information. • Performance. • Competencies. • Potential. • Successors. • Years for retirement.
Usage sample	Tool for decision making.

Source: *PEMEX, 2009.*

Business Impact

At the highest level, there are three broad business benefits that PEMEX accrues from its mature succession planning practices.

The first benefit is greater visibility into the strengths and weaknesses of its workforce, and how it can be strategically developed and directed. For example, when the company recently reorganized two major business areas, HR was able to provide the reorganization teams with talent management information and reports, which helped the teams make strategic personnel decisions in less time.

The second benefit is that hard data can be aggregated into useful reports that support organizational decision-making and choosing the

best candidates to succeed executives. To measure its success in this area, the HR organization looks at the percent of executive positions that are covered with at least three candidate(s) in the succession plan.

The third benefit is related to PEP's cultural change, due to the talent management process that promotes transparency and equity in the executive succession, taking as the primary qualifications an employee's work history and the alignment with institutional values.

Looking Ahead

All PEMEX global HR functions are being integrated into a single organization with centers of expertise in early 2009. PEMEX Exploration and Production will bring over its talent management and succession planning processes and technology to other PEMEX companies. These practices will serve as a blueprint for managing 115,000 employees worldwide for many years into the future.

At a more granular level, the performance goals and appraisal management system (SIADI) is the only in-house development that still remains separate from the talent management system. PEMEX is evaluating whether to move this system to the SumTotal TotalPerformance platform in the coming months.

Lessons Learned

HR managers shared some important lessons learned that can be used by other HR organizations seeking to develop a sophisticated data-driven succession planning process.

- Get sponsorship from the CEO and senior executive team. A culture supportive of succession planning must start at the top.

- Develop methodologies and tools that fit your organization. At PEP, HR managers had to fine-tune the talent assessment tool several times to make sure it was asking the right questions or that questions were worded correctly.

- Executives need to be patient to see big results from investments in talent management. It takes months, years and even decades for talent management practices to have a measureable impact on performance levels and business results.

ANALYSIS

Key learnings from PEP's talent management initiative will be used to guide PEMEX's enterprisewide approach.

Conclusion

As part of the state oil company of Mexico, PEMEX Exploration and Production relies on the talents of its people to fulfill its mission of maximizing the potential of the country's hydrocarbon resources. To address the twin challenges of identifying and developing the next generation of leadership, and assigning its most talented people to the most strategic projects, the company undertook a massive initiative aimed at building and implementing sophisticated talent management processes and information systems.

In just two years, PEP has institutionalized mature succession planning practices that directly address the company's most critical business challenges. Prior to 2006, executives were picking successors without the support of hard data. Today, PEP is working with every executive position to have at least three named successors with career and learning plans that address gaps in competencies. Talent management and employee development activities are automated by a robust enterprise-class information system with sophisticated reporting that supports talent management decision-making.

KEY POINT

In just two years, PEP has institutionalized succession planning practices that directly address the company's most critical business challenges.

Appendix I: Table of Figures

About Us

Bersin & Associates is the only research and advisory consulting firm focused solely on *WhatWorks®* research in enterprise learning and talent management. With more than 25 years of experience in enterprise learning, technology and HR business processes, Bersin & Associates provides actionable, research-based services to help learning and HR managers and executives improve operational effectiveness and business impact.

Bersin & Associates research members gain access to a comprehensive library of best practices, case studies, benchmarks and in-depth market analyses designed to help executives and practitioners make fast, effective decisions. Member benefits include: in-depth advisory services, access to proprietary webcasts and industry user groups, strategic workshops, and strategic consulting to improve operational effectiveness and business alignment. More than 3,500 organizations in a wide range of industries benefit from Bersin & Associates research and services.

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