

Succession Planning at BMO Financial Group

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Our Journey

The change agenda at BMO has been sharpened since the appointment of our new CEO, Bill Downe in 2007. Early on he set out three primary strategic priorities;

1) Customer 2) Performance 3) Talent

Customer Brand

Defined and launched our new brand based on significant input from customers.

Learning Renewal

Refreshed all of our training to align to customer focus and support development of most critical capabilities.

Talent and Performance Renewal

Overhauled talent and performance systems to ensure accountability, transparency and rigor.

Employee Brand

Defined and launched new employee brand to ensure we are able to attract and retain a diverse workforce capable of delivering our customer promise.

Assessing and Developing Leaders

We are reinforcing the links between talent and performance assessment, creating a stronger focus on what our leaders need to be doing: thoughtful assessments, clear feedback, meaningful coaching.

Organization level

Overall talent pool review

Group Leader to CEO

Succession Planning

Leadership teams with support from HR

Quality of information flows up

Individual level

Performance Planning & Assessment

Manager to individual

Talent Assessment and Action Plan

Manager with leadership team

Development Plan

Individual with oversight of manager (plus other advisors)

BMO's Leadership Capabilities

Our Values define what we stand for as a company and "Our Way" captures the expectations for all employees. The Leadership Capabilities define what matters most in being a leader at BMO. These capabilities are reinforced in all leader selection, performance, promotion and development decisions.

LEAD	Strong Customer Focus	Transformational Change	Exceptional Talent Practices
MANAGE	Superior Results	Disciplined Performance Management	Sound Decision Making
INSPIRE	Personal Effectiveness	Energize Team To Win	Effective Communication

Talent Review Process

Our approach involves a collective and more collaborative process across groups that is divided into (5) five distinct steps; see diagram below. A feature of our design is that each step includes, skilled facilitation, unique tools and templates that are aimed at supporting and guiding leaders throughout the process.

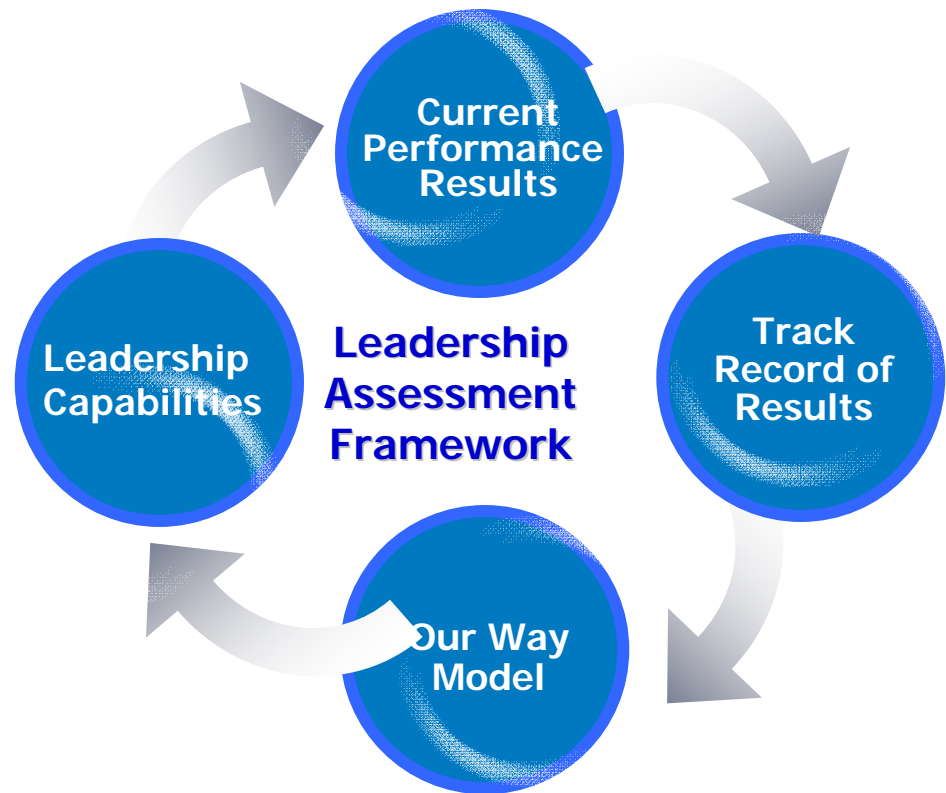


Leadership Assessment Framework

Individuals are assessed along the following 4 dimensions: (1) Current Performance (2) Track Record of Results (3) "Our Way" Behaviours (4) Demonstration of BMO's Leadership Capabilities.

Evidence of progress: 90% of our executive appointments are from our internal "top talent" candidate pool.

Current Performance Results	Evaluate performance and results achieved in current their role. (Assess "What" they have done?)
Track Record of Results	What has this individuals' performance looked like over their career? Consider key accomplishments and notable trends.
Our Way Model	"Our Way" captures the behaviours identified as exemplary. (Assess "How" they have done it?)
Leadership Capabilities	The Leadership Capabilities define what matters most in being a <u>leader</u> at BMO. Assess how this individual Leads, Manages and Inspires others.



Performance and Potential Snapshot

Objective: Through a disciplined, objective assessment in Talent Roundtables, we have ranked executives relative to performance and future potential resulting in multiple inputs and perspectives, improving the quality and insightfulness of the assessment and building collective knowledge and ownership of the leadership pool. This practice allows us to quickly identify development priorities and follow-through on action plans.

Development - Differentiating between the A's, B's and C's:

A* = Accelerate and Develop

A = Reward and Retain

B* = Watch and Grow

B = Coach to Improve

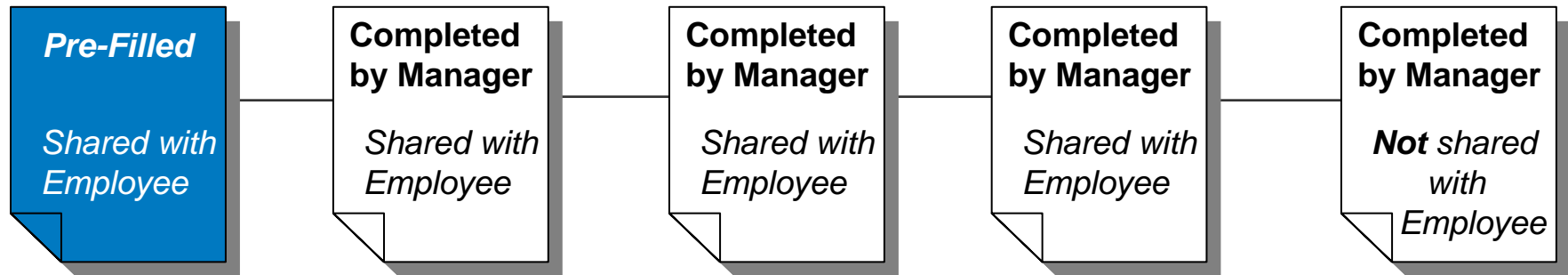
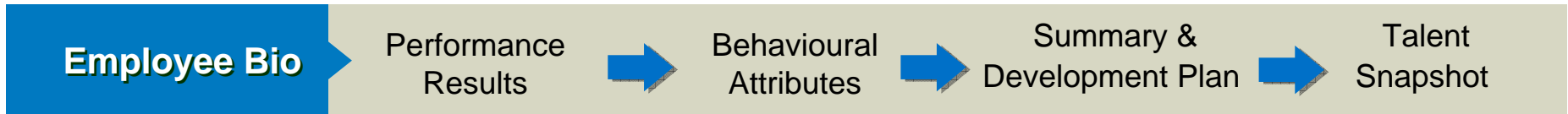
C = Act Decisively

Performance & Potential Matrix

The diagram is a 3x3 matrix with 'Potential' on the vertical axis and 'Performance' on the horizontal axis. The vertical axis is labeled 'Potential' and has three levels: 'Realized' at the bottom, '1 Level Up' in the middle, and '2 Levels up' at the top. The horizontal axis is labeled 'Performance' and has three levels: 'Low' on the left, 'Mid' in the middle, and 'High' on the right. The cells contain the following ratings: (Realized, Low) is 'C' (red); (Realized, Mid) is 'B' (yellow); (Realized, High) is 'A' (green); (1 Level Up, Low) is 'C' (red); (1 Level Up, Mid) is 'B*' (yellow); (1 Level Up, High) is 'A*' (green); (2 Levels up, Low) is 'C' (red); (2 Levels up, Mid) is 'B*' (yellow); (2 Levels up, High) is 'A*' (green).

2 Levels up	C	B*	A*
1 Level Up	C	B*	A*
Realized	C	B	A
	Low	Mid	High

The Talent Profile



Includes:

- Internal/External Work History
- Education
- Major Training
- Mobility
- Languages
- Group Size & # of direct reports

Includes:

- Key Highlights of most current performance results
- Other accomplishments, community involvement etc.
- Individually rated on a 5-point scale

Includes:

- Assessment against all 8 Leadership Capabilities
- Assessment against the Our Way Model
- Individually rated on a 5-point scale

Includes:

- Strengths & Weaknesses
- Development Plan

Includes:

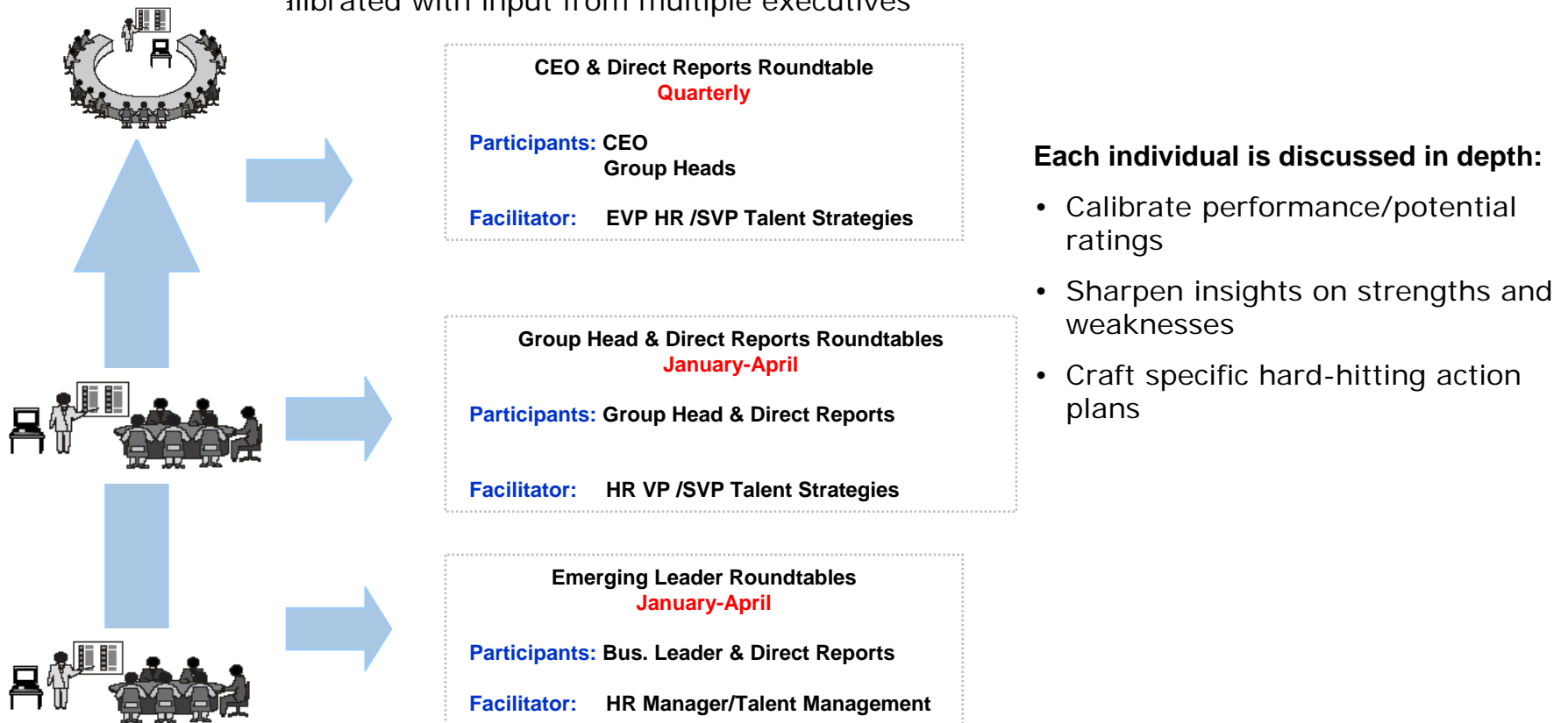
- Individual 9-box placement
- Summary of Performance & Potential
- Performance Trends
- Experience Gaps
- Retention Risk
- Aspirations
- Action Plan

Talent Roundtables

Discussion with leadership team:

- Improves quality and insightfulness of the assessment, reduce bias and subjectivity, builds collective knowledge and ownership of the leadership pool
- It is about listening, discussing and challenging so that we deepen our understanding of the capability and quality of the of the pool
- Ensure dialogue is candid, insightful and leads to concrete next steps – end with an action plan for each individual

Calibrated with input from multiple executives



How We Deliver on Our Employee Promise

BMO  Financial Group



“At our company, we have been helping our customers and communities for over 190 years. Working with us means being part of a team of talented, passionate individuals with a shared focus on working together to deliver great customer experiences. We stand behind your success with the support you need to turn your potential into performance.”

Here’s what a career at BMO or Harris has to offer you:

Customer Impact

Opportunities to create great customer experiences.

Support for Success

Managers and coworkers committed to coaching, guidance and collaboration.

Career Possibilities

Encouragement to explore your potential and contribute to your fullest.

Work-Life Effectiveness

Innovative approaches to provide you with flexibility.

Learning and Development

Access to a variety of growth opportunities.

Diversity and Inclusion

An open and supportive workplace for all individuals.

Performance Culture

Rewards and recognition that drive differentiated performance.

Respect and Integrity

A culture of personal accountability and high ethical standards.

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