



**CANADIAN  
PACIFIC**

## Canadian Pacific Railway Implements a Succession Management System to Create an Engine of Change Now and Down the Line

### The Challenge

Sometimes called Canada's "national treasure," Canadian Pacific Railway is one of Canada's longest-standing corporations and was the first North American railway to complete a coast-to-coast transcontinental line. Today, the organization, headquartered in Calgary, employs nearly 16,000 people and owns railways in both the United States and Canada.

For decades, the organization has been one of the most coveted workplaces in the nation, and in fact, second and third generation workers are commonplace. And while the long-tenured employee base is advantageous in many respects, in 2004, the company faced an aging workforce and a retiring chief executive officer. To address primary business growth, profit, and risk mitigation business needs, the organization needed to focus on succession management processes and building bench strength from the CEO level down through mid-level leaders. Canadian Pacific turned to PDI Ninth House a leading global HR and leadership consulting firm to assist them in strengthening their succession management system.

"Canadian Pacific has an older workforce and is facing the retirement of roughly five percent or 600 to 800 people per year for the next five years," said David Beck, PDI Ninth House's client manager for Canadian Pacific. "In addition, it had a very traditional cradle-to-grave type of workforce. People needed experience to move up and longevity translated to promotion. Succession was seen as only vertical and not horizontal within the organization."

"There was a need to change perspective on what it takes to succeed in leadership roles. Executives knew they had a large pool of bright people and very good leaders—but the question was how to identify key talent and how to develop them for succession," Beck said.

"In the past, tenure was a critical consideration to who was promoted," said Mary Ellen Selby, Canadian Pacific's Director of Human Resources. "By working with PDI Ninth House, we understood that we needed to shift that mind set and look at core competencies when deciding our succession management plan."

## The Result

“PDI Ninth House has given us a new paradigm in how to build careers and talent. We’ve been able to strengthen our retention and increase our bench strength. Our senior executives have rapidly advanced up the talent management maturity curve with a focus on building skills in areas critical to strategy success—such as financial acumen, how to do leadership development and use it as a retention carrot, and communicating vision and strategy,” said Bob MacIntyre, Canadian Pacific’s assistant vice president of human resources.

Canadian Pacific has also been able to maintain a low turnover rate in key leadership roles while improving the quality of its bench with affordable programs for mid-level leaders.

“PDI Ninth House brought a lot of clarity on how the next level of leaders need development and guidance on how to develop them. They’ve helped us think about what’s the best way to prepare people for positions—who the candidates should be, what leadership qualities do they need, etc.—and how to optimize our talent,” MacIntyre said.

“As for business results, Canadian Pacific has been able to improve how they operate in their market by having more efficient systems and the right people in the right roles,” Beck said. “Identifying talent is paying off.”

“The intended outcomes of our new talent management strategy is that we make really good choices in leaders and successors—good people leaders. PDI Ninth House has helped us tremendously with this. Working with PDI Ninth House has felt like a real partnership. They know our organization well and are hugely beneficial to us,” MacIntyre said.

## The Solution

Canadian Pacific’s initial engagement with PDI Ninth House had begun when the company’s board and executive committee engaged PDI Ninth House to assess CEO candidates to replace the retiring CEO and to offer insight on which candidate could best fit the role. The company chose PDI Ninth House’s recommended candidate. Impressed with the process and concerned about internal succession processes, Canadian Pacific’s board and executive committee asked PDI Ninth House to continue its assessment with the senior executive team.

As the process evolved, PDI Ninth House assessed 48 leaders that the company believed were high-potential talent. “There were definitely surprises in the performance of some of the participants,” said Selby. “Some people who we thought would do exceedingly well didn’t, and we also found some ‘diamonds in the rough’—people who may have been overlooked, but who were proven to have high potential to succeed at higher levels within the organization.”

Core to making sure the program fit in with Canadian Pacific’s business objectives was determining which competencies were mission critical, and building models for both competencies and selection. “We have a lot of employees up and down the line instead of one central location,” said Selby. That’s why process was critical to ensuring consistency.

“PDI Ninth House introduced us to their well-researched competency models which were adapted to reflect our business goals. The behavioral-based, concrete terms gave us a new language to talk about succession—competencies such as influencing, leading courageously, driving results—it made us think about what impact leaders have on results,” said Bob MacIntyre, Canadian Pacific’s assistant vice president of human resources.

“We began to look at people in a non-vertical way—and at how we could develop leaders by moving them across the organization. As a result, about 40 people were moved,” MacIntyre said.

Following PDI Ninth House’s assessment of 80 top executives, Canadian Pacific expanded the succession and development assessment program to 400 mid-level managers. The company is also using assessments now for first-level leaders and selection.

To assist in development, PDI Ninth House consultants provided individual coaching and development planning. Canadian Pacific also chose PDI Ninth House’s Time2Change® performance management software and used PDI Ninth House-developed content in SuccessFactors™, a talent management software program.

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*Bob MacIntyre,  
Assistant Vice President of Human Resources  
Canadian Pacific*