

Have Graduate programmes had their day?

Looking at the resurgence of highflyer programmes and the ‘marzipan layer of talent’

When considering talent acquisition and strategy, there is no question that candidates are well looked after at the polar levels of the hiring chain. At one end, apprenticeships, and recent graduates from Universities draw considerable attention from the talent acquisition market. Efforts are channelled into career fairs, job boards, early careers postings on LinkedIn, graduate recruitment services, and more. Further down the line, given the critical importance for organisations to craft and secure the right senior leadership teams, they invest heavily to bring in the appropriate talent at the top level - particularly as the promising graduates they once onboarded and developed no longer see themselves staying within the same organisation.

Amidst this, the unanswered question is what happens at the in-between layer of the hiring chain, and who is looking after mid-career talent? With energies being focused on the development and retention at the extreme ends, organisations might be overlooking an important and promising layer of professionals who can make a true impact, fill skill gaps, and grow into the leaders of tomorrow - at much lower recruitment and salary costs.

This article will explore the trends and benefits of the mid-career market, showcasing successful programmes that hire and develop this cohort of professionals.

Evolving trends in the graduate market and their impact on companies:

Has the graduate market had its day?

Despite a turbulent backdrop of recession and a cost-of-living crisis, the graduate market continues to supply a steady stream of talent in an increasingly challenging job market. To meet the demands of this demographic, organisations have long adopted graduate schemes or talent programmes that specifically target individuals entering the job market immediately post-University. Graduates bring high rates of curiosity and enthusiasm, fresh out of University and eager to make a difference in the world.



Traditionally viewed as a high-potential talent pool, graduates have been instrumental in filling middle management roles that organisations need as they grow. Many leading graduate schemes, dating back to the 1950s as illustrated by research from the Bright Network, have not only fed a cohort of middle management but also developed high potentials from graduates into

senior leaders. For example, Sir Stuart Rose, former CEO of M&S, started as a management trainee and progressed internally and externally to become CEO in 2004. Larger companies such as Procter & Gamble and General Electric also heavily invested in development, earning reputations as 'academy companies' which Professor Peter Capelli explains were 'breeding grounds for talent by simply maintaining some of the practices that nearly all corporations had followed in the past'. Internal development has always been key in attracting top graduates, but as markets become increasingly unsteady, retention has become the most noticeable challenge.

Some companies navigated the restructurings of the 1980s, only to face pressures from cost-cutting later on. The alternative to traditional internal development or talent programmes was external hiring, which gained momentum in the early 1990s. Large organisations targeted the large pool of laid-off talent, eventually leading to retention issues as the economy stabilised. Professor Peter Capelli recalls a CEO's response to a proposed management development programme from the Head of HR, questioning the need for internal development when competitors are willing to do so. However, external hiring at this level peaked by the late 1990s, shifting focus to attracting and retaining star candidates, a trend that continues today.

Despite their potential, data shows declining retention rates among graduates across sectors. The Institute of Student Employers (ISE) has analysed retention trends among graduates, noting factors pushing graduates to leave their first roles over time. Historically, this cohort frequently changed jobs, primarily seeking better career prospects elsewhere within an average of three years. However, recent trends influenced by the pandemic, rising inflation, and heightened awareness of mental health issues, show dissatisfaction with salary, benefits, and culture as prominent reasons for poor graduate retention. Many graduates now move on within one or two years for better pay and improved work-life balance.

To address rising job turnover, graduate schemes have broadened role responsibilities, introduced exciting placements, offered travel opportunities, and incentivised learning and development. Yet, as Capelli points out, talent development is a perishable commodity, making it crucial to balance employee interests with organisational needs. Therefore, re-evaluating how high-potentials can be retained becomes increasingly important, questioning whether companies are identifying high-potentials at the right level.

How can the development of mid-career talent be the answer to retention issues?



Matthew Bidwell, Professor of Management at Wharton, explains that graduates often lack clarity about their career aspirations and preferred workplaces. Even top-performing graduates may take three to four years to find their footing in the job market due to their lack of professional experience. Sharing his insights, Bidwell notes that the average person in their mid-20s spends approximately two years with the same company, a figure that significantly increases with age. By the time individuals reach their 40s, the average tenure at a company extends to eight years. Considering this, if companies prioritise ROI and retention, they should consider hiring professionals

with three to four years of professional experience—a period when individuals typically "stick," allowing organisations to maximise their hire's contribution while encouraging high potentials to advance internally. This approach reduces dependence on a business model based on external hiring by fostering leadership internally. Tailoring a talent programme to this cohort presents an opportunity for organisations to demonstrate their commitment to nurturing future leaders and cultivating talent rather than relying on external recruitment. Talent programmes do not necessarily need to follow or invest in the "academy" business model, but it is essential to align these programmes with the social and economic landscape to increase their effectiveness. In this context, mid-career talent is more attractive to an organisation's recruitment and development efforts. They are less likely to change jobs and have more experience being resilient in a professional environment, as well as knowledge gained from previous years in professional development.

Mid-career talent, in this context, becomes much more appealing for an organisation to bring in and develop. They are not only less likely to job-hop but also have more experience being resilient in a professional environment, contributing knowledge gained from their former professional years to grow and develop within an organisation. If we recalibrate the target audience for these programmes, shifting focus from promising graduates to mid-career talent who boast both potential and a professional track record showing high performance, companies would be able to embed learning and development into their organisational identity. This approach could serve as a significant incentive for high-flyers to join their organisation. It would not only attract talent but also provide substantial learning and development opportunities, offering employees job security by establishing a dynamic professional trajectory as the unique selling proposition of these programmes.

Mid-career talent programmes and organisational success

In our conversation with Professor Bidwell, he mentioned that many organisations he has engaged with are concerned about how to develop people and retain them after development. Bidwell identifies the main issue for roles above entry-level as being external hiring. He discusses the costs of search fees and senior executives' time, highlighting that the real expense lies in getting new hires 'up to speed' professionally and culturally. After scrutinising a company's data and evaluating internal and external hiring trends, Bidwell compares the performance evaluations of internal versus external hires. He finds that external hires typically receive worse evaluations in their first two years but eventually perform at the same level as internal hires. While he has not seen a thorough account of why this occurs, he suggests two reasons. Firstly, a company's culture takes time to assimilate, including its processes, style, and values. Secondly, external hires often face higher expectations due to their higher cost, which can be unrealistic given their experience, leading to early turnover.

The question then arises: how can a high-flyer programme be created that enhances the leadership pool throughout the organisation, instils loyalty, and defines the organisational culture positively? Bidwell cautions against exclusively bringing in external high potentials to these programmes. Instead, he advocates identifying high potentials already within the organisation to avoid starting from scratch. Integrating Bidwell's insights with current market trends builds a

compelling, financially quantifiable business case for these programmes, specifically targeting retention issues.

Case Studies – Moloney Search

Some of our work at Moloney Search demonstrates the importance of attracting and developing mid-career talent to groom them into future leaders. These case studies highlight accelerated progress among individuals in this demographic.



Murray Hennessey, a senior leader at PepsiCo, utilised Moloney Search across the Yum brands (Pizza Hut and KFC) to recruit high-flyers with 2-4 years of experience. He identified the supply chain and smart sourcing function as crucial hiring points, entrusting significant responsibilities to these individuals early in their careers.

Many of them went on to become industry leaders:

- Simon Palethorpe became CEO at Haven Holidays
- Frank Hayes became CEO at Honest Burgers
- Justin Ash became CEO at Spire Healthcare Group



Archie Norman, current Chair at M&S, strongly believed in nurturing early career talent and took a personal interest in recruiting exceptional university graduates, recent business school graduates, and 'Bright Young Things' into Asda, transforming the organisation from a struggling retailer into a market leader. He was one of Moloney Search's earliest clients and continues to show interest in early talent today.

Some notable hires include:

- Andy Bond became CEO of ASDA
- Andy Hornby became CEO of Alliance Boots and is now CEO of The Restaurant Group
- Justin King became CEO of Sainsbury's



Andrew Bailey, Governor of the Bank of England, has consistently pioneered innovative talent solutions. In addition to recruiting exceptional graduate talent, the Bank has sought external talent from beyond the central banking sector, focusing on diversity of experiences. They also encourage talent to gain external experience before returning to the Bank or through interesting secondments.

External mid-career hires we have made include:

- Sam Woods – brought in at mid-career level after roles at Diageo, McKinsey, and HM Treasury. Currently CEO at the PRA and a Deputy Governor.
- Matthew Hunt – brought in from UBS, later becoming deputy CEO at Pay.UK

- Simon Politzer – brought in from Accenture and then becoming COO at Credit Suisse and EFG



John Lewis traditionally nurtured their own talent, but training programmes often saw their people being poached. Ian Alexander initiated a programme to bring in exceptional early career talent with experience from other organisations, integrating them into the Partnership culture.

Some standout hires include:

- Mike Jackson became CEO - Consumer Services at HomeServe EMA
- Richard Mayfield became CFO at Asda and then EVP - Global Sourcing at Walmart
- Ben Stimson became COO at the Bank of England
- Tom Athron became CEO at Fortnum & Mason

Conclusion

- Graduate schemes play a role but should not overshadow the recruitment of early career executives.
- Bringing in a cohort trained elsewhere is cost-effective and offers a higher ROI than graduate hires.
- Early to mid-career programmes, often with a specific Diversity and Inclusion lens, can bring together highly developable, high-potential individuals, equipping them to excel within the organisation with the potential to become future leaders.
- These programmes must remain responsive to market trends, avoiding stagnation and aligning with current social and economic needs.

Moloney Search

As our 30th Anniversary approaches we have tracked and spent time with talent cohorts at various levels in the history of the firm. As the talent market is having to change, having access to an extensive network is an unparalleled asset for bringing in the right people throughout an organisation who are flexible, innovative and keen to embrace and drive change.

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