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## Directors look at boards with brutal honesty



"I would not be surprised if numerous CEOs would probably answer that they have received little insight outside of rubber stamping from the board." **Louie Douvis**



by [Tony Boyd](#)

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Readers of a [new report that compiles the thoughts](#) of leading chairmen and non-executive directors on how to meet the challenge of growth for Australian companies will be gobsmacked by the brutal honesty on display.

The verbatim quotes in the report by search firm Blenheim Partners and MGSM cut through the spin doctoring that has become so much a part of official statements to the ASX.

Thanks to the cloak of anonymity this is corporate Australia unplugged.

It took a year to complete the study, called *The Challenges for Attaining Growth*, which is being released on Wednesday.

# The challenges of attaining growth

INTERACTIVE

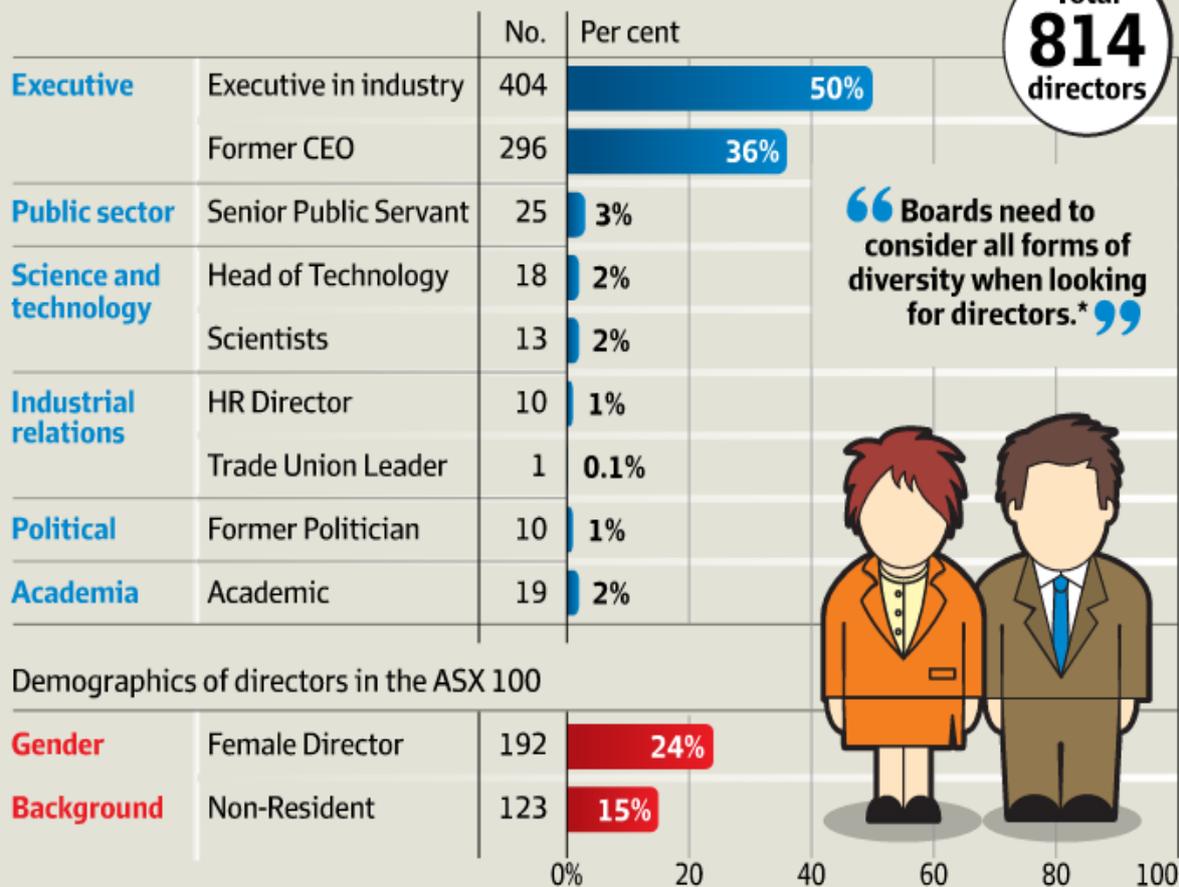
Board diversity

Risk appetite

Skills for success

## Boards need to be more diverse

Experience of directors in the ASX 100



\* SOURCE: THE CHALLENGES OF ATTAINING GROWTH: THE BLENHEIM & MGSM INSIGHT SERIES  
DATA JOURNALIST: EDMUND TADROS | GRAPHIC: LES HEWITT

Blenheim CEO Greg Robinson recorded hours of interviews with leading chairmen, directors and CEOs and in the process managed to touch just about every hot button issue going around.

Here are a selection of quotes which reveal what is really on the minds of the men and women at the top of the corporate tree defending the interests of shareholders.

## STRAIGHT TALK

"I don't agree with the need for a lawyer on the board or a former auditor. We can outsource these skills."

"I think diversity has nothing to do with limiting ourselves by counting the number of females and males around the board table. I know of some chairmen simply trying to facilitate equilibrium, which is a tick the box process."

"Some people have argued there are not enough young people on boards. My thoughts are, if at 30 they are so good in their field, why would they want to be on the board?"

"If you have a low capability chair, you have a low capability board."

"I would not be surprised if numerous CEOs would probably answer that they have received little insight outside of rubber stamping from the board."

"I am surprised by the lack of C-level depth in Australian board rooms."

"Certain members of the board have relied upon board fees and are risk averse – it drives the wrong behaviour."

"For directors there is very little incentive to stick your neck out."

"Australian boards are fearful of lobby groups and special interest groups, which is outrageous compared with globally."

## **BAD ATTITUDE**

"There is a bad attitude in Australia to business success."

"We don't accept failure as a journey to success."

"Yes, I've got a start-up guy, who is just off the dial in terms of the amount of risk he'll take – in a good way."

"The business media in this country personalises news far more than probably other countries."

"They would have a board meeting and half way through the board meeting somebody would go to the toilet and then send a message to a journalist about what's just happened in the board meeting."

"Why would I risk my reputation and put my house on the line for 90 or 150 grand a year – the kind of mudslinging that goes on in the media – everybody wants to have a shot at a particular CEO, chair or board member."

"In Australia one mistake and the heavens descend upon you in many cases because the press is so oppressive to business – intrusive."

"Compliance is driving risk aversion and is killing the entrepreneurial spirit."

"We are pushing boards to a governance focus and are losing track of strategy."

## WAITING LIKE SCHOOLBOYS

"We got called in by a government minister that the [regulatory body] reported to, to haul me over the coals. We were kept waiting in the office like a little schoolboy going to get a hiding from the headmaster."

"The media punish the regulators if they don't get a scalp and as such there is a relentless push for more and more regulation."

"The governments say nothing about IR and productivity."

"Shareholder short termism is a fact of life – it is detrimental to and stopping growth."

"Corporate Australia is not very good at talking the long term."

"There are very few long-term investors in this market place, and they are all looking for return. I still think the average time on the register was 8.6 months."

"The most common question [from analysts] in Australia is: 'what are other investors asking you that I haven't asked you?' They're too bone lazy to do their homework."

## SUFFOCATING

It is clear from the study that board rooms are becoming suffocating places to work.

Directors are being crushed by the weight of compliance, the fear of failure, the institutional shareholder pressure to avoid risk and the escalating scrutiny by the media and regulators.

These revelations suggest that some of the big picture trends in Australia over the past decade, such as the growth of superannuation assets, the rise in business red tape and the push for reform of board composition, have not made it any easier for boards to find growth strategies.

That is worrying at a time when business needs to embrace innovation, move to more rapid decision making, foster a diversity of robust views and be willing to take more risks.

The word "risk" arose all the time in the conversations with directors and CEOs.

Blenheim said companies experiencing good growth were less likely to be convinced about taking a high risk strategy, whereas a company experiencing low growth would find this more palatable.

Growth was seen to come from cutting costs, increasing share in existing markets, entering new offshore markets and expanding the industry portfolio.

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