

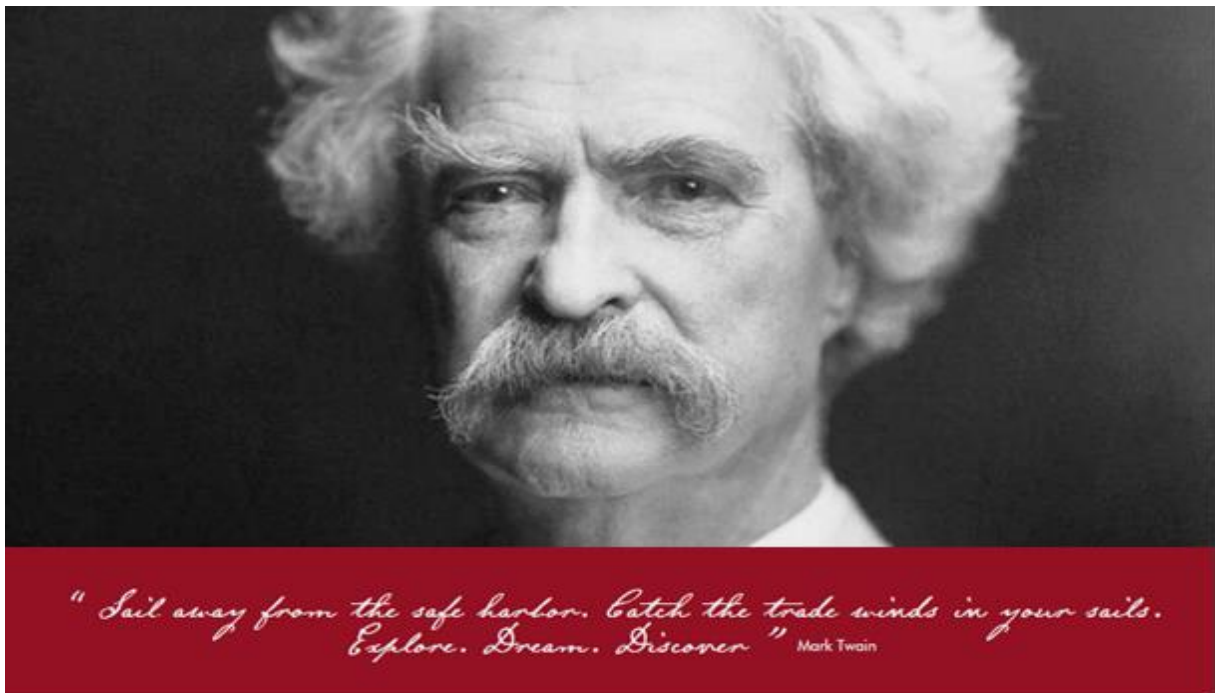


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Executive Search & Board Advisory

“DO OUR FUTURE CEOs COME FROM AUSTRALIA – IS THERE A LACK OF DIVERSITY IN GLOBAL EXPERIENCE & THINKING?”



In a recently published Blenheim Partners Paper, the question was raised that in an increasingly global market, are Australian based and developed Executives competent to be our CEOs of the future?

Whether Australian based and developed Executives had the right knowledge, experience and competency set to lead Australian companies in the ever increasing global nature of markets was certainly one of the more controversial ideas put forward. The idea was based on the fact that an increasing proportion of future growth will come from offshore where Australian companies will have to compete in huge markets with many more competitors than they are accustomed to.

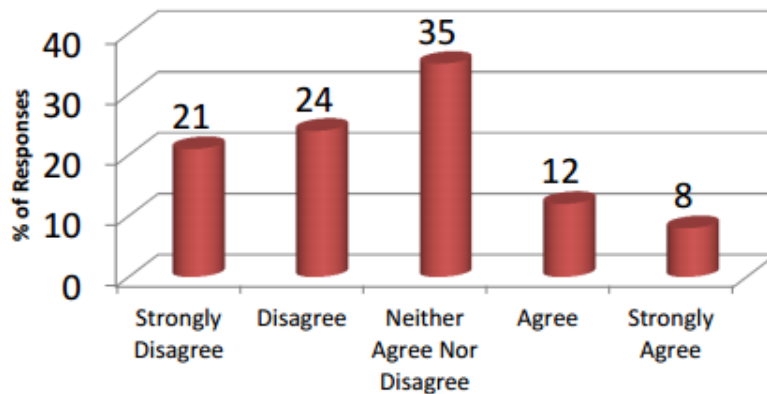
An example given was in one particular industry, where bidding for a Project in Australia might attract 3-4 bidders while in the Middle East the job may attract 16-20 bidders. This fact together with the percentage of revenue and profit derived from within Australia diminishing over time, led to the question being asked – should our future CEOs come with experience in larger and hence overseas markets? That is, if an Australian based Executive

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had not lived and worked overseas or had experience in dealing with far larger and more diverse customer bases than one would be accustomed to within Australia, how could they effectively lead an Australian company within this context? Also could such an Australian company afford to experiment, learn and make mistakes on the journey with this Australian Executive when they could hire an Executive from the US or Europe who had the learnings and experience that could be immediately applied while avoiding many of the pitfalls on the journey? This experience would be essential for Australian companies to compete and succeed and would be attractive to both Boards and shareholders.

As seen from the Figure 1 below, opinions were split on this question, leaning more towards Australian managers being up for the 'job.' Whether this was more the consequence of the bulk of participants coming from an Australian background is unknown.

Figure 1: Participants Responses as a Percentage to the Question “Do you agree Australian-based leaders from offshore (e.g. the US and UK) are better equipped to drive growth than Australian-developed leaders?”



The comments from a number of participants below highlight that regardless as to the answer of the question above, the underlying issue is a real one.

“We still need to consider the potential lack of diversity in the experience of the Chief Executive and the Executive team. This may include a lack of international background, subject matter excellence and experience over Board engagement capability. My thoughts are we need to step back and look at our initial hiring and encouragement and development of our employees. If I look at the banking sector, traditionally a graduate was placed on a development path that gave them all round banking exposure. These days we seem to have people leading divisions with real depth of knowledge in that space but not overall banking exposure. So are we promoting all round capability with leadership or as I fear promoting subject matter expertise? Does the silo subject matter endanger real diversity of experience and thought?”

“We quickly run out of talent in Australia, whereas in Europe and the US there are multiple markets. We are constrained by the Australian market. Unfortunately, Australians don’t have the DNA to stay ahead. We have a small town mentality.”

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“Australian management is good at servicing markets overseas but not good at facing up to a lot of international competition. The issue is business management 101. There is a lot of work to be done at the lower level where there is a lack of real commercial and operational skills. There is not the right mindset. Management doesn’t know what good looks like and aren’t mentally wired with the model to continually improve. This is a major inhabitant to growth.”

“As a Chairman, I follow the CEO appointments and am concerned about their experience in tough and brutal global competitive markets. Some will be eaten alive. Australia cannot hide behind the fact that we are at the bottom of the world, and as such, supposedly protected by our geography. Technology has changed, global companies are entering the market rapidly. I am also not saying we need to fill all roles with offshore candidates, but we do need to think about our global market – can we really compete in a market which has many competitors? America, according to President Trump didn’t know how to compete on the world stage and jobs were lost across many industries. We are 25 million people in population, if we don’t smarten up how can we compete? The USA has 300 million people and were losing in significant markets. There is a lesson to be learned, but are we listening?”

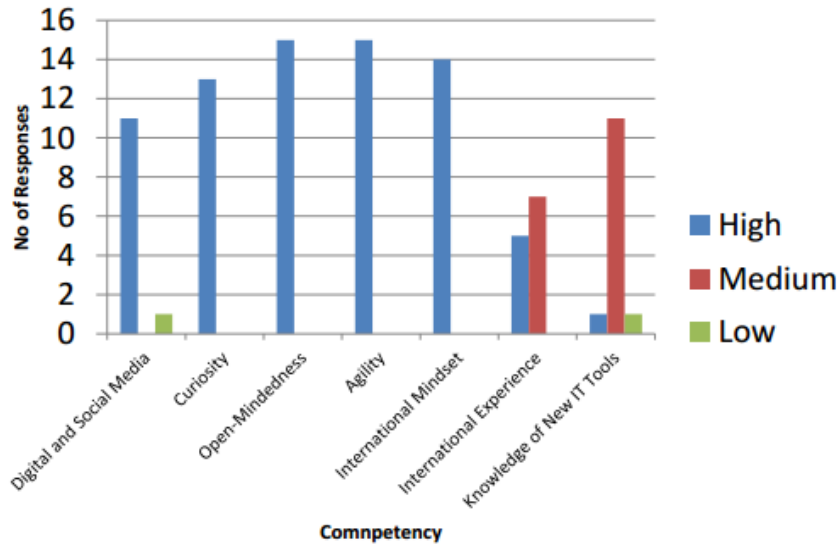
“I have lived and worked overseas, my thoughts are that without doubt Australia is a wonderful country to live in. It is safe, people have access to education and opportunity. I am concerned with the softened edge that I see coming through the ranks. Australians have had it good, thank goodness. But in some regards it has dulled the appetite to aspire, to innovate and to challenge. Australian management appears to be solid, very solid in execution. They are short in risk taking and backing themselves. I compare that with other Executives we have employed who have faced more competition, hardship and adversity. Their innovative thinking, agility and preparedness to take risk is noticeable. Obviously I am conscious of not generalising but I have shareholders to appease and I need growth. We look for offshore candidates or returning Australians to encourage a shift in thinking. International exposure in many cases brings greater technology and digital experience. Australia is a long way behind in digital, so we are looking at diversity of experience and exposure to technology as part of our future leader competencies.”

“Our competitors aren’t across the street and aren’t across the city or country, they are on the other side of the world. We need Executives who are global. The international junket trip is not enough, we need global insight that breaks the over conservative Australian mind set. For all our talk as a country we are very, very conservative. I am acutely aware we need to compete on the world stage.”

“These comments highlight the need for Australian Boards and CEOs to recognise and accept this gap and to implement succession planning strategies now to begin to bridge it” said Gregory Robinson, Managing Partner at Blenheim Partners. Potentially Figure 2 provides an insight into where to begin, showing the emerging competencies that need to be developed in Australia’s future leaders in the eyes of participants.

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Figure 2: Participant Responses to the Question “What are the emerging competencies our future leaders will require to meet this fast pace of change and to take advantage of it to succeed?” (Listed and rated in terms of importance).



Note: Response numbers vary as participants may not respond or may respond to multiple competencies.

Comments included:

“There will always be the need for top Executives to exhibit curiosity, open-mindedness and be agile in their decision making. However, more and more emphasis is placed on the ability to comprehend and deliver a strategy that encompasses digital and social media. We have been slow to react to digital whilst our global competitors have seized the initiative. We are more and more mindful of our sometimes insular beliefs and have to acknowledge that our competitors can steal our customers from almost anywhere in the world. If we get it right, why can't we steal their customers?”

“I am watching very closely how the Chief Executive is structuring the Executive team and who is leading the disruption and technology discussions. My concern for the broader market is that we are hiring in the same manner and structuring the teams in the same manner as we have for years. We will pay the price as a country.”

“In a very competitive industry, I have the opportunity to travel and witness the advancement in technology, including artificial intelligence which is moving at high speed. We need CEO's who understand global market threats, who are thinking five years ahead, rather than following the global competitors as is our tradition. I look at my industry and we are followers, the willingness to invest is not there, the focus is on short term cost cutting and limited investment. The barbarians are at the gate.”

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Blenheim Partners is an elite international Executive Search and Board Advisory firm. We specialise in top-level Executive Search, Non-Executive Director Search, and Board Performance Consulting.

Founded in 2012, our team have acted as specialist adviser to many of the world's leading corporations on Board and Executive performance, capability and succession planning.

Our clients come from all sectors and a broad range of geographies. They include over 80 of the ASX 100, 10% of the FTSE 100, Private Equity, Multinational, Private Family and Mutually Owned Companies.

Our work is highly international with over 90% of our assignments global in scope.

Our team consists of senior Search Consultants, Human Resource Directors, Psychologists, Coaches and exceptionally experienced Researchers.

Our philosophy is to develop deep and committed relationships with a small number of clients and help them deliver a superior performance by optimising the composition of their Board and Executive team.

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