

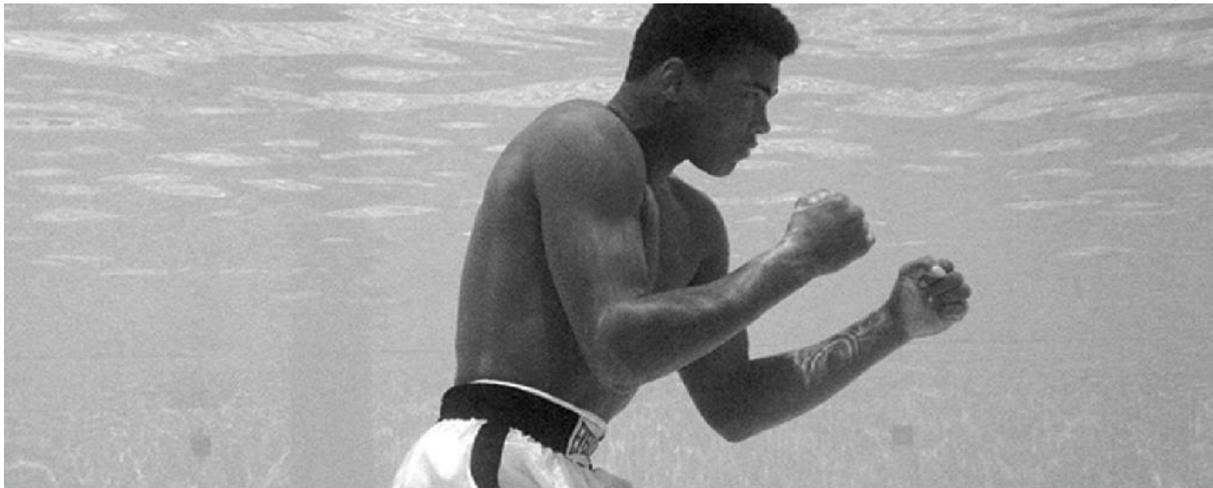


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no limitations

Executive Search & Board Advisory

BUSINESS – BECOMING A DIRTY WORD



"The man who has no imagination has no wings" Muhammad Ali

At a recent meeting with an international Chief Executive Officer (CEO), we discussed the Australian economy, political landscape and ability to do business.

The client has travelled the world extensively, and has been back and forward to Australia for many years.

The CEO made some interesting comments which I have since counselled with local top ASX100 CEO's. They included:

"Australia is rapidly becoming more socialist and business is becoming a dirty word."

"I don't see many Chairmen or Chief Executives standing up for business and prosecuting the case that business creates jobs, that jobs is what both sides of the political divide so desperately want, and that jobs promote the economy. I am becoming more and more concerned that businesses have lost sight of what they are in business to do, that is, business, and with that, create opportunities for Australians."

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“At times, I hear business is on the politically correct agenda, but what about country debt, growth opportunities, expansion, and the need for business to play a role to take Australia forward?”

“What I do hear, is more about inequality, and class war dialogue which is not positive for the long term sustainability of the economy. For the last decade, government on both sides has been severely lacking, and business and the economy has run despite this. Business and Australia has had no choice with the amount of governments and leaders, and the lack of clear planning.”

“Business should have seized the opportunity and stood up to present their case loudly, as opposed to always being behind backroom doors. The voice of business has gone missing.”

“It is refreshing to see some leaders take on the strong and militant unions in the name of productivity. It is good to see some take on certain elements of the welfare payment and help those in need.”

“I struggle to hear business argue their case. They seem to have a strong opinion after the event. Why aren't they fighting harder in regards to corporate tax? It is obvious to everyone that if given the opportunity, any CEO worth their title will consider alternative domiciles such as Hong Kong, Singapore and others. If the United States and the United Kingdom drop their corporate tax rates, Australia will be severely penalised. The Northern Hemisphere countries still want to move into new markets in South East Asia and would consider Australia as a base, but not with the current tax structure. How can Australian companies compete? Doesn't the government want their citizens to have jobs to earn an income, pay tax and arrest the national debt?”

“I can recognise that business has to be careful because they will be vilified by the Australian press or by the political parties, but their voice, and I would argue respect has diminished terribly. The citizens in Australia are losing respect for business, parliaments have lost respect of business. The narrative of the tale of business is almost non-existent. When I read the papers, I read about the politically correct. I don't read about companies taking charge into new markets offshore, or hiring large numbers of new employees.”

“I then look to the representation of business in Australia, if businesses won't go alone. I understand the need for a collective voice and a mechanism to present the case. Again, I am so sorry to say I am concerned. I cannot understand if the Business Council of Australia is that voice how it has structured itself. My first thought is the President has recently finished a lengthy career as a Chief Executive Officer. Should there be some time before finishing your executive career to being appointed in the role? It also seems a little perplexing that in this case, Mr. King who is the President of the country's business representative stood down from the BHP Billiton Board in very short time. Again I am merely a visitor, but I am here regularly and am aware of other business leaders being somewhat concerned. The other area of point about the Business Council of Australia which I am sure has been raised, is that the Chief Executive is on a Board. It may be that this is the Charter, but my question – Is it appropriate and independent? How can you represent all business fairly and independently

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or perceived to do so, and be on any Board, particularly when you are engaging government and the media?”

“The trust factor between business and Australian citizens has slipped. The respect for Boards has eroded noticeably over the last five years. Banks have it good in Australia, and yes, whilst they are outstanding in many regards, they are not on the world stage, nor are they facing the competition that many others do. They are a domestic player, and yet I see remuneration at levels matching the international organisations, which as a businessman I question. If you take away their guarantee and protection, I am sure they would perform, but they would face headwinds that they do not now. Unfortunately, I feel that they have let themselves down in the eye of the public.”

“Australia is a conservative business jurisdiction in the Western world. Business has to have its voice heard, it needs to win back the public who paint business as greedy individuals who care only about themselves – typical class warfare, but successful class warfare dialogue. American business has raised its voice, and with Brexit, UK business has stood their ground. Australia is slipping. Companies have lost faith with government, and are struggling to achieve growth. There is only so far companies can cost cut themselves to growth. I do feel business has a tremendous opportunity, but some need to stand up.”

Many local ASX100 CEO’s felt that many of the comments were indeed a fair reflection and shared many concerns that our international client had.

Gregory Robinson, Managing Partner, “It is always worthwhile to stand back to take views that can be direct and insightful in order to stimulate thought and discussion. As highlighted, the key sentiments from our client were not alone, but shared by many executives that we spoke to following the discussion.”

BOARDS WITH NO EXTERNAL CONTINGENCY PLAN – LOSS OF COMPANY VALUE



In recent discussions with analysts and key investors, a number aired their concern of what they argue is Boards “full of compliance and not enough relevance.”

Many were frustrated by the limited questioning around the competency of individuals being appointed to the Boardrooms. They felt that there was a lack of breadth of candidate pool and too much of the shuffling of the pack between companies.

The analysts and investors described how Chairs and Board Directors “who have had oversight of poor behaviour or performance in their capacity as Directors, have not taken decisive action on a number of Chief Executives.” They went on to say, “it is only when the issue is raised by markets, press, or poor results in the reporting season, is the CEO then encouraged to depart.” Their concern is, why aren’t the Board Directors dealing with an underperforming CEO? “Rather than face the music, a number of the Board Directors discretely step down and pop up elsewhere.”

“Our concern is that there are too many appointments of inexperienced executives to tick the boxes, who lack the all-round experience to fulfil their role and obligations. We accept that Board Directors are part timers, and that their role is to ensure a safety review. The problem is they aren’t doing that,” said one. A sacking of a CEO is so rare, compared to disappointing results by a CEO. Why are they allowed to continue? In the recent few years, there have been some very disappointing results and public scandals. Why were CEO’s allowed to remain, when the news broke on either the poor results or the scandal?

“Public trust in business leadership is being eroded. We would encourage Boards to appoint Directors who have the appropriate skills, who have actually led an organisation, or had a major influence.”

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“There are CEOs in roles who the market is aware of, who will not reach the numbers and who will disappoint. Unfortunately, we also know the Board has no contingency plan, but instead, is hoping for a miracle.” “It defies belief that Boards do not have succession plans for CEOs in place, that they have limited engagement with potential CEOs and high performers. It is not appropriate in this day and age to have Boards without serious succession plans in place, and not just internal succession plans. If there is a significant event where the organisation is tarnished, the internal candidates will struggle to be accepted. There must be a strategy in place for external candidates. Unfortunately, a number of major Australian companies obviously have not had in place any external contingency plan, and have allowed the CEO to remain whilst a search begins and the company value declines. It is poor form.”

The discussions were engaging and brought forth serious concerns about Board performance and responsibility to stakeholders and shareholders.

As Headhunters, we cannot create people, our belief at Blenheim Partners is there is an outstanding opportunity to adopt a far more effective succession planning strategy than is currently being considered by many of the Australian ASX Boards. We believe there are key critical hires that have associated risk if they depart, and believe that a succession planning strategy needs to take into consideration more than just the CEO role.

“The numbers speak for themselves, the loss of company value, high quality staff and morale when inadequate or no succession planning processes are put in place is significant. It is not good enough to rely on the CEO reaching their end date to allow for a smooth transition. It is also not good enough to rely on internal executives to be the natural successors. It is not recommended to have a time lag between the announcement of the current CEO departing, and the announcement of the new CEO arriving.”

WHY GUTS COUNTS



"If everyone is thinking alike, then somebody isn't thinking" George S. Patton, Jr.

Leadership is not an easy task. It requires some tough calls. Churchill said, "courage is rightly esteemed the first of human qualities because it has been said, it is the quality which guarantees all others." He is correct.

We don't hear the word much in business vocabulary, but it captures the essence of what sometimes needs to be said, to be done, to be changed, and to be delivered.

Leaders are paid the big dollars to make change, and to deliver results. If they do not deliver, they have to pay the price. One could also argue if the CEO fails, has the Board also failed?

As a leader, you need to do exactly that, lead. You will need vision, empathy, collaboration, balance, resilience, and courage to lead in an ethical and value focused way. You need to have the courage to show the way, not just ensure the revenue, profits and return on investments, but the purpose for the company. Why is the company staff giving up many hours of their life to work here? Have the courage to present a purpose.

They need to have the guts to clear out the non-performers, who bring everyone down with them, and who force the A+ people to depart.

They need to have the courage to stand up and inspire those around them, and they need to have the courage to break traditional mindsets. They need to show to those who have been in the company for 25 years and for those just starting, why they should be here. They also need to express that their role counts, that what they contribute means something to them as a leader, to the company, and for the purpose of why we come to work.

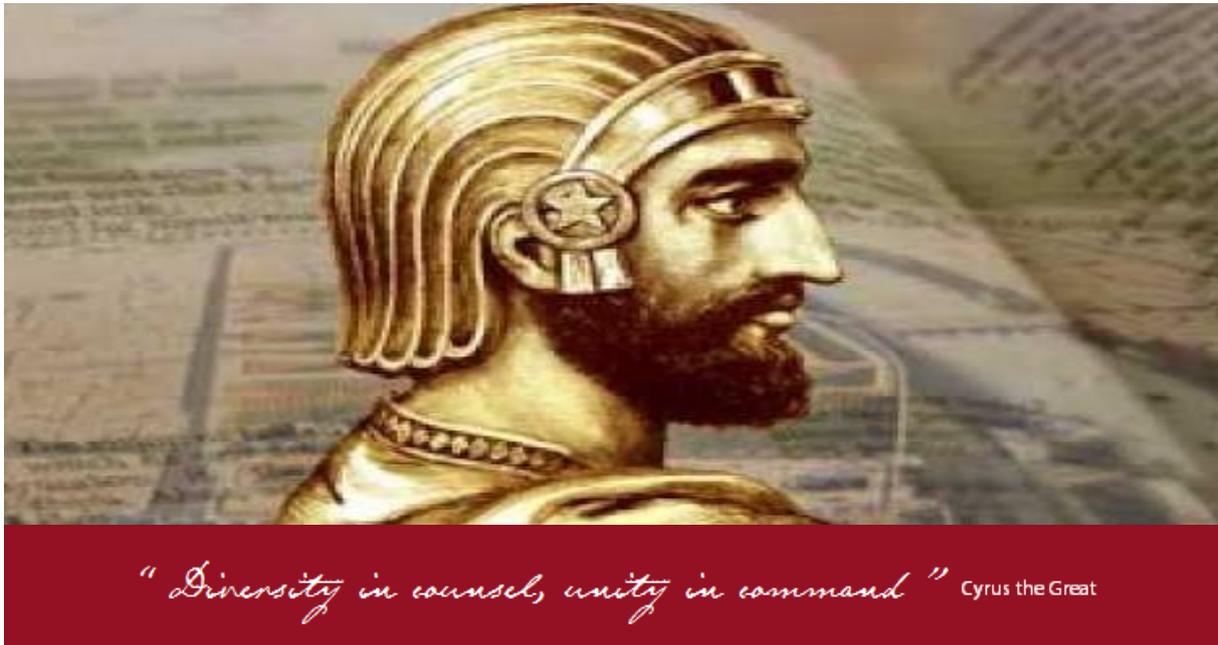
To do this, you need drive, energy, integrity, a vision, a passion, a clear purpose and courage.

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Courage doesn't descend upon leaders during their sleep, it comes throughout life. Everyone will face fear, courageous people face fear but have the ability to act in spite of it. The courageous person has been building their bank of courage, it has come over time, it has to be developed and exercised, not left to remain dormant. We are regularly called upon to make decisions, some less fearful than others, but as we begin to make more, we build our bank of courage. Courage is the enforcer to our value system. It ensures integrity, honesty, determination, resilience, compassion and humility are able to exist in the face of fear and difficult circumstances.

At times, guts is needed to do what as a leader, you know is right. You know you may receive criticism, you know there will be potential discord, you know there will be tension, you know there may be difficult times ahead, but, that's why a leader is there – to show the way, to have the guts to deliver on your values, and to give everything you have, as others are relying on you to deliver what they are unable to do.

11 LEADERSHIP LESSONS FROM THE FIRST HISTORICAL GREAT – CYRUS THE GREAT, KING OF KINGS



What we know about Cyrus the great comes to us through an ancient book, the education of Cyrus, by the Greek Philosopher, historian, soldier, mercenary and pupil of Socrates, Xenophon of Athens. The book was supposedly a favourite of Machiavelli, Rousseau, Thomas Jefferson and Montesquieu.

Cyrus was born to nobility in the small tribe, the Achaemenes in central Persia 590 BC and during his lifetime founded the Persian Empire which extended from the Mediterranean Sea and Hellespont in the west to the Indus River in the east. During his lifetime he created the largest empire the world had yet seen. He was given numerous titles, King of Persia, King of Anshan, King of Media, King of Babylon, King of Sumer and Akkad, King of the four corners and King of Kings. His reign lasted approximately 30 years.

He stands out from all previous leaders and many since as he respected customs and religions of the lands he claimed. Due to his policies in Babylonia, he is regarded by the Hebrew bible as Messiah 'anointed one' and is the only gentile to have been called so. He is acknowledged for the achievements in human's rights, politics, military strategy, and influence on both western and eastern civilisations.

In the 1970's, the Shah of Iran supported 'Cyrus's proclamation inscribed on the Cyrus cylinder as the oldest known declaration of humans rights. Some historians have argued in scope and extent Cyrus' achievements ranked above that of Alexander the Great. Iranians have regarded Cyrus as 'The Father', the title used during the time of his reign.

On December 10, 2003, in her acceptance of the Nobel Peace Prize, Shirin Ebadi said, "I am an Iranian, a descendant of Cyrus the Great. This Emperor proclaimed 2500 years ago that he would not reign over the people if they did not wish it. He promised not to force any

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person to change his or her religion and faith and guaranteed freedom for all. The Charter of Cyrus the Great should be studied in the history of human rights.”

In the annals of history, his reign is seen as exemplary leadership. We have summarised some of the many leadership lessons from Cyrus the Great.

1. Learn from those who came before you

It is a common sense approach. Examine what your predecessors have done, what has worked, failed and why. The aim is to limit potential errors of judgement and why sully, your reputation by misguided decisions when there is the opportunity to learn from history.

2. Lead from the front

Cyrus led from the front. He believed his soldiers, or team would gain confidence from watching their leader lead. Cyrus felt he was able to inspire his army by “stepping disdainfully over the spent arrows and javelins and stones.” He called to his men, “Forward now, bravest of the brave! Show me how quickly you can close with the enemy!”

When circumstances are challenging and outcomes unknown, leadership teams rise to the occasion when they witness their leader in front and in battle with them. Being at the front also provided Cyrus clear sight and perspective of the enemy, terrain and as such, allowed them to position their forces to manoeuvre effectively and defeat the competition. It can be difficult to see from behind the pack.

3. Understand that the motivation of your followers is self-interest

“The loyalty of followers comes from self-interest. When they determine that their leader is no longer acting in their self-interest, their sense of loyalty collapses”. Good leaders make time to understand their team, they find out what their goals and aspirations are and ensure the leaders goals and the teams are aligned.

4. Don't overpromise and under deliver

Cyrus' father explained to Cyrus “you must never arouse hopes that you cannot fulfil.” Leaders who over promise lose credibility. People follow those they can believe in and trust. Integrity is essential for the leader to succeed. Your team have to believe in you and your judgement.

5. Question the level of hierarchy

Cyrus was unique in that he questioned “distinctions of rank” to exist between leaders and followers. “Living together on equal terms helps people develop deeper bonds and creates a common conscience. Those who live together are far less likely to desert one another in a crisis, those who live apart are more likely to pursue their narrow self-interest.”

Leaders have the common touch, they know without a team they will achieve nothing. They

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spend time with their executives and create a level of engagement that a tight/rigid structure based on rank may not necessarily achieve.

6. Take care of your team

“Success always calls for greater generosity, though most people, lost in the darkness of their own egos, treat it as an occasion for greater greed” and “we can gain a fortune in that precious stuff called loyalty by being generous to our allies... it will bring us far greater rewards tomorrow.”

Leaders acknowledge and share the credit of success with their team which can be in terms of accolades, visibility, financial payments and career advancement. Cyrus was concentrating on the far greater rewards of tomorrow, that is, the culture and loyalty created to achieve consistent, sustainable and long term success.

7. Create a reason to compete

Cyrus defeated enemies which outnumbered his forces because he motivated his forces, he was passionate about his vision and he instilled confidence in his followers. The chapters of history are littered with stories similar to David and Goliath, where the self-assured outnumbered forces defeated the larger opposition.

A leader in business inspires their followers to dream with them. Entrepreneurs have disrupted markets because they believed in their people, product and outmanoeuvred the larger less agile organisations to steal market share.

8. Don't get emotional

Cyrus didn't make decisions in an act of rage or frustration. He was able to remove his personal feelings and make decisions based on information he had in front of him through rationale and objectivity.

9. Don't stop

Cyrus didn't pause for long before liberating more countries. He knew that once you achieve momentum, it is essential to keep moving as he was very much aware of the hazard that boredom or complacency brings.

As a leader, one of your greatest concerns is complacency. Complacency has been the disease that has ended many iconic brands market dominance. Leaders keep their teams moving forward, they continue to challenge and inspire others to reach new levels.

10. Real innovation

Cyrus broke with all leaders before his time and many since. He ended slavery, paid for work and allowed his followers the freedom to practice their own religion. This was unheard of in antiquity. “Among his many achievements, this great leader of wisdom and virtue founded

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and extended the Persian Empire; conquered Babylon; freed 40,000 Jews from captivity; wrote mankind's first human rights charter; and ruled over those he had conquered with respect and benevolence." As a leader, he was not afraid to break traditional thinking and the status quo.

Innovation is an overused word and true innovation and thought is rare. As a leader you have to encourage a culture that supports your team being courageous enough to truly innovate and take acceptable risks. If you stand still, the competition will destroy you.

11. Believe in people

Cyrus is known as the Father of Iran for good reason. Unlike rulers before and since who have subdued their subjects, he believed in the good of people, something to this day that stands him out as one of the greatest leaders in world history and why he is worthy of the title, "The Great".

He believed that people on the whole are good, "there is a deep and usually frustrated desire in the heart of everyone to act with benevolence rather than selfishness, and one fine instance of generosity can inspire dozens more."

Gregory Robinson, Managing Partner, Blenheim Partners said, "Cyrus lived over 2500 years ago, his lessons captured in Cryopaedia by Xenophon is full of many great thoughts on leadership and original thinking and one can see why the likes of Machiavelli were so impressed. His ideas are as applicable and important to the leaders in his era as they are for us in ours."

TOP KEY BOARD AND EXECUTIVE MOVEMENTS IN AUSTRALIA 23RD – 27TH OCTOBER 2017



"Never interrupt someone doing what you said couldn't be done" Amelia Earhart

- Aurizon Holdings Ltd: Marcelo Bastos will join the Aurizon Board as a Non-Executive Director with effect from 15 November 2017.
- Ausdrill Ltd: Terrence O'Connor has announced that he will step down as Chairman with effect from 6 December 2017. Deputy Chairman, Ian Cochrane, will be appointed as the new Chairman.
- Ausnet Financial Services Ltd: Ross Cotton has tendered his resignation from the Board, effective 24 October 2017.
- Central Petroleum Ltd: Martin Kriewaldt has been appointed as a Non-Executive Director.
- Central Petroleum Ltd: Sarah Ryan has been appointed as a Non-Executive Director.
- Elders Ltd: James Jackson has announced he will not seek re-election as a Director and leaves the Company at the Annual General Meeting on 14 December 2017.
- LogiCamms Ltd: Peter Wall will retire as a Non-Executive Director, effective 25 October 2017.
- Macquarie Group Ltd: Glenn Stevens has been appointed as a Non-Executive Director for both Macquarie Group and Macquarie Bank, effective 1 November 2017.
- MMA Offshore Ltd: Andrew Edwards has been appointed as Chairman of the Board replacing Tony Howarth who steps down as Chairman on 27 October 2017.
- Oil Search Ltd: Keith Spence has resigned as a Non-Executive Director, effective 20 October 2017.
- oOh!Media Ltd: Peter McClelland will be stepping down as Chief Financial Officer and Chief Operating Officer.
- Oz Minerals Ltd: Warrick Ranson has been appointed to the role of Chief Financial Officer, effective 8 December 2017.

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- Reverse Corp Ltd: Stephen Jermyn has announced he intends to retire as a Non-Executive Director and will officially retire at the company's Annual General Meeting on 26 October 2017.
- Santos Ltd: Keith Spence will succeed Peter Coates as Chairman in February 2018.
- Select Harvests Ltd: Brad Crump has been appointed as Chief Financial Officer replacing outgoing Chief Financial Officer Paul Chambers who has resigned effective 8 November 2017.

TOP TECHNOLOGY EXECUTIVE MOVEMENTS 23RD – 27TH OCTOBER 2017

- Fletcher Building Ltd: Alan Hesketh has been appointed as General Manager, Information Technology, Residential and Corporate.
- La Trobe University: Peter Powell has been appointed as Chief Information Officer and Executive Director.
- Nufarm Ltd: Geoff Aldred has resigned as Global Information Technology Manager.

*Information provided by Blenheim Partners Executive Search and Board Advisory Firm,
www.blenheimpartners.com.*

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- Executive Search;
- Non-Executive Director Search;
- Board Strategy and Structure Consulting;
- External Succession Planning; and
- Executive Re-Engagement / Transition.

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.

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