

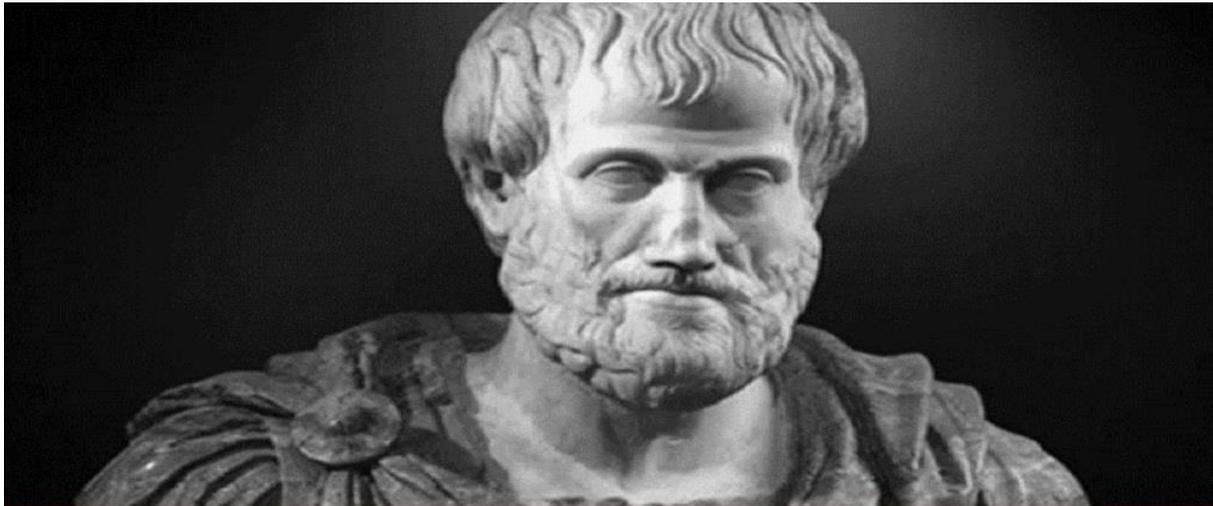


blenheim partners

no limitations

Executive Search & Board Advisory

11 LESSONS FROM ARISTOTLE



"A friend to all is a friend to none" Aristotle

Aristotle lived from 384 to 322 BC. He was a Greek philosopher, a student of Plato and teacher of Alexander the Great. His writings covered many topics, including biology, zoology, physics, metaphysics, theatre, music, poetry, politics, ethics, logic, rhetoric, linguistics, and government.

Aristotle is one of the most important figures in Western philosophy. His writings were the first to create a comprehensive basis for Western philosophy and in particular, ethics, logic, politics and science.

Whilst little of his writings have survived the centuries, they provide great insights of leadership which are relevant today. Some of Aristotle's thoughts include:

1. "He who cannot be a good follower cannot be a good leader." Aristotle felt to become a leader, we must first be a follower, and even after we have become a leader, we still need to follow those we serve.
2. "We are what we repeatedly do. Excellence then, is not an act, but a habit." Set the standard, once you commit to excellence in everything you do, it becomes a habit.

blenheim partners

3. “To avoid criticism say nothing, do nothing, be nothing.” Avoiding criticism by avoiding action is not the answer. It is more important to do the right thing than to please everyone. You can never please everyone, criticism will always be given, and it is how you choose to respond that matters.
4. “Patience is bitter, but its fruit is sweet.” Leaders need patience, they need to bring people on the journey, they don’t give up easily, it reflects their inner strength and conviction.
5. “Liars when they speak the truth are not believed.” A leader’s reputation is their number one asset. Don’t deal in lies. Integrity is everything.
6. “Tolerance and apathy are the last virtues of a dying society.” Leaders cannot afford to be tolerant to laziness. Leaders need the courage and resolve to oppose and eliminate poor behaviour. Apathy is like complacency, it is the beginning of the end.
7. “To run away from trouble is a form of cowardice and, while it is true that the suicide braves death, he does it not for some noble object but to escape some ill.” Many people avoid conflict, they run away from it. Leaders do not run away, they face their problems head on to prevent it from growing. They act swiftly and decisively.
8. “Happiness belongs to the self-sufficient.” Self-Sufficiency creates confidence and esteem. Leaders teach and encourage others to be self-sufficient. They believe in accountability and delivery and surround themselves with people who are competent in their own abilities to deliver.
9. “There is no great genius without a mixture of madness.” Leaders need to take risks, by doing the same as everyone else they achieve the same. To think differently, to break with convention and to act could be perceived as genius or madness.
10. “Those that know, do. Those that understand, teach.” As a leader you develop confidence by teaching others, it forces you to fully indenture your subject matter, to build knowledge and develop expertise.
11. “You will never do anything in this world without courage. It is the greatest quality of the mind next to honour.” Courage is the greatest of all qualities, it is the quality that ensures all others.

WHY AREN'T CEOs FALLING ON THEIR SWORD – WHAT HAPPENED TO HONOUR?



"Ability without honour is useless" – Marcus Tullius Cicero

The CEO not only leads the company, he or she leads the values mantra. With that comes responsibility and accountability. As they say, the buck stops with the CEO.

Why is it that CEOs who are failing to continually hit the numbers or have had a company scandal, or who are losing good staff are not stepping down? 'The Captain goes down with the ship' is an idiom and maritime tradition that a sea captain holds ultimate responsibility for both their ship and everyone embarked on it, and that in an emergency, the Captain will either save them or die trying. For the Captain, shirking responsibility in a crisis would go against their ethics and moral code.

To fall on one's sword is to take blame for a situation and accept responsibility. It is to accept defeat, and comes from the ancient practice of a military commander committing suicide this way rather than being captured.

You may wish to describe the act as one of chivalry, however, as a leader particularly as CEOs in the public eye, it has been questioned why over the last five years, a number of CEOs have not done the honourable thing and departed swiftly.

We recognise it is never as simple as that, however, if a CEO is to command the substantial remuneration that they do, with that comes responsibility and integrity.

There have been numerous occasions where CEOs have remained on after poor results or particular events that many would say has made their position untenable. Yet they have remained. They have then overseen a fall in company value, an exodus of good executives

blenheim partners

and a decline in company morale. For many they are dead people walking whose respect held by others unfortunately, has also declined.

In some cases, it is a weak Board and Chairman who have not acted decisively and are more focused about managing their reputation. For others it is simply blind faith that they can turn the situation around, and for others if they could, they would depart but are unable to do so. This is where the CEO and Board have failed to have an internal and external succession plan in place so that the CEO can depart with some respect and facilitate a smooth transition.

We are not advocating that with one or two unexpected results a CEO should depart, but more than that, consistently falling short where it is not going to be solved, and where the CEO unfortunately lacks the ability.

Questions have to be asked around why Boards are allowing non-performing CEOs to remain. Whilst it is a reflection of the Board's judgment in approving the appointment initially, that does not justify the ongoing support of low performance or company scandal.

Not every CEO appointment is successful, and for Boards to fail to have a contingency plan is both unfair on the CEO and investor community.

As Headhunters we cannot create people, succession planning is a comprehensive and ongoing process. We feel at Blenheim Partners there is an opportunity for Boards and CEOs to adopt a far more effective succession planning strategy than is currently being considered by many ASX Boards.

It is never an easy decision when a CEO should depart. However, if circumstances are that they have put the company and its brand in a compromising position, if performance under their leadership has waned, why are CEO's not falling on the sword and exiting with as much respect and as little public reputation damage as can be achieved?

WHAT MAKES A SUCCESSFUL BOARD? AN ADVISORY PERSPECTIVE



Introduction

There are countless numbers of Board surveys drafted and ongoing commentary on what it takes to create an effective Board. It is not as easy as examining businesses that have improved shareholder value and reviewing the respective Boards and the lessons learned. It isn't as simple as that, as successful organisations function under a variety of Boardroom structures, Independent and Executive Directors, Chair and Executive Chair roles, and listed or privately owned, with strong or little corporate governance emphasis. Many companies have the appropriate ticks in the right 'governance' boxes and perform disastrously, while others have minimal ticks and excel year on year.

Over the last five years, the game has changed quite significantly. A seat on the Board has gone from being a smooth transition into the echelons of the great and good, to being a visible and pressured position, exposed to the commentary of everybody and now with greater fear of litigation. Historically, the trials and tribulations, the politics and theatre were acted out behind closed doors, but today the activities are more visible and in some cases, are blending in with the outside world with a focus on politically correct outcomes.

Some observations for a successful Board:

- **The behaviour of the Board is critical**

Information, processes and governance principles are important however, what makes the difference between the Boards is behaviour. The Board members must have the courage and judgement to call out and address the issues in a timely and direct manner if they are to fulfil their duty and add value.

blenheim partners

- **It begins and ends with the Chairman**

A major factor of a Board's success is its Chairman. He or she has an essential role in determining its focus, setting the tone for discussions and leading its structure and composition. The role is challenging and difficult, and requires a set of skills from those that underpin a successful executive career, with high levels of emotional intelligence being necessary.

- **The CEO must engage with the Board**

With an able Chairman, it is essential the business is led by a CEO who views the Board as a valuable resource to be leveraged and who ensures effective engagement between the Directors and Executive team. If the CEO's attitude is poor, either it needs to be changed or the CEO needs to be moved on.

- **Balance on the Board is fundamental**

The most critical relationship is between the Chairman and CEO. A good balance between the CEO and his or her team, and also amongst the Non-Executive Directors is needed. This means understanding of roles, respect for each other and effective communication. It is important that the Board is seen as a team and there is clarity and engagement between the Executive and Directors.

- **The NED's character is as important as their competence**

The better Directors have not just the experience and capability required by the Board, but most importantly, the appropriate character. Boards look for commitment, a challenging and independent mindset, collaborative and constructive style, and the right motivation in their Non-Executive Director. Directors also must have the necessary courage to remain focussed on what is right for the business and not concentrate on or worry about personal reputation.

- **The Board's composition and management should be a high performing team**

The Board is a team and the Chairman needs to create the conditions for a high performing team. This includes building common purpose, maximising the Board size, ensuring mutual respect and commitment, focusing on team building, addressing weak links and building diversity – especially of thought.

- **Good Boards recognise the need for review, maintenance and value:**

The Board like all high performing teams, need to review themselves and require necessary support. We find the more successful Boards have:

- a) Formal Board Reviews; and,
- b) The support of the Company Secretary.

blenheim partners

- **Identifying and managing red flag issues is the key test**

The best Chair and Directors are always alert to potential dangers that can derail even the most successful Boards, e.g. the corrosive influence of power and success, complacency and the potential problems of succession events. They have the courage and skills to identify and intervene effectively before these issues become critical.

Summary

Behavioural dynamics make the difference between a good and great Board.

We believe these suggestions should help provide the base for ensuring a Board develops the right behaviours and improves its effectiveness. We trust this is helpful to Chairmen, Chief Executive Officers and Non-Executive Directors.

TOP KEY BOARD AND EXECUTIVE MOVEMENTS IN AUSTRALIA 2nd – 6th OCTOBER 2017



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

- Ardent Leisure Group: Nicole Noye has resigned as Chief Executive Officer of the Bowling and Entertainment division in Australia, effective 27 December 2017.
- Brisbane Broncos Ltd: Chairman, Dennis Watt, has announced that he will stand down from the Board by the end of 2017.
- Commonwealth Bank of Australia Ltd: The Board of ASB Bank Ltd has announced that Chief Executive and Managing Director, Barbara Chapman, intends to retire in April 2018.
- Danakali Ltd: Andre Liebenberg has been appointed as a Non-Executive Director, effective 2 October 2017.
- Elders Ltd: Diana Eilert has been appointed as a Non-Executive Director and commences on 14 November 2017.
- Hastings Technology Metals Ltd: Aris Stamoulis has been appointed as an Executive Director.
- IRESS Ltd: Julie Fahey has been appointed as a Non-Executive Director.
- Isentia Ltd: Doug Flynn has advised of his intention to retire as Chairman of the Company at the end of the Annual General Meeting in 2017.
- Mayur Resources Ltd: Shawn Thompson has been appointed as Project Director, responsible for managing the Company's development projects in Papua New Guinea.
- Minbos Resources Ltd: Nick Day has been appointed as Chief Financial Officer and Company Secretary effective 4 October 2017 replacing David Sadgrove who was acting on a contract basis.
- nib Holdings Ltd: Harold Bentley has retired as a Director, effective 30 September 2017.

blenheim partners

- Praemium Ltd: Mat Walker has been appointed as Head of Product and Marketing, effective 6 November 2017.
- Saracen Mineral Holdings Ltd: Simon Jessop has been appointed as Chief Operating Officer, effective 3 January 2018.
- Servcorp Ltd: Wallis Graham has been appointed as a Non-Executive Director.
- Simonds Group Ltd: Matthew Chun has stepped down as Chief Executive Officer and Managing Director, effective 6 October 2017.
- Vocus Group Ltd: Vaughan Bowen has been appointed as the next Non-Executive Chairman, effective 3 October 2017. David Spence will not stand for re-election at the 2017 Annual General Meeting. In addition, Robert Mansfield has been appointed as Deputy Chairman and Lead Independent Director, succeeding outgoing Craig Farrow as Deputy Chairman, also 3 October 2017

TOP TECHNOLOGY EXECUTIVE MOVEMENTS 2nd – 6th OCTOBER 2017

- Dimension Data Australia: Craig Lennard has been appointed as the Chief Executive, Oakton division. Neil Wilson has been replaced.
- Hills Ltd: Jourdan Garde has been appointed as General Manager for Growth Markets, Security, Surveillance and IT. Also, Horst Kubsch has been appointed as Pre-Sales Support Engineer.
- OKI Data Corporation: Alex Kawamura appointed as its new Managing Director for Australia and New Zealand.
- Public Transport Victoria: Sendur Kathir has resigned as Chief Information Officer.
- Veeam Software: Shaun McLagan has been appointed as Senior Vice President for Asia-Pacific and Japan, a new role that consolidates Australia and New Zealand back into the vendors Asia-Pacific region under one leader, effectively replacing Don Williams.

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

BACKGROUND

Blenheim Partners specialise in:

- 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.

Our consultants have worked with clients 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 includes assignments that are both local and international in scope.

Our team consists of senior Search

Consultants, Human Resource Directors,

Psychologists, Coaches and exceptionally experienced Researchers.

Blenheim Partners is continually investing in knowledge and understanding as exemplified by our Thought Leadership "The Challenges of Attaining Growth", Industry Papers and monthly Market Intelligence reports.

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

Our culture is built on pride, professionalism, esprit de corps and client service.

Confidentiality

This report and the information contained in it are confidential and proprietary information belonging to Blenheim Partners. The report contains confidential and proprietary information based on data from public and private sources, including Blenheim Partners' proprietary database of information. The recipient will not use or disclose, or permit the use or disclosure of, this Report by any other person or for any other purpose. The information contained in this report is preliminary in nature and subject to verification by Blenheim Partners. Blenheim Partners does not guarantee its accuracy or completeness.



blenheim partners

no limitations

Executive Search & Board Advisory

Contact us

Sydney p +61 2 9253 0950

Melbourne p +61 3 9653 9510

w www.blenheimpartners.com