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*no limitations*

Executive Search & Board Advisory

## **“YOU BROUGHT THE MAP, DIDN’T YOU?” A TALE OF THE QUEST FOR NEW REVENUE FRONTIERS**

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If anyone hasn’t already noticed, we currently live in a zero growth economy. The tide is not rising and the ships are not lifting. We all need new avenues of growth – new markets, new revenue streams and new approaches to business. Continuing to do the same things, the same way, with the same tool kit, will most certainly lead to the same outcome, which in turn will likely result in a continued reversal of fortune.

Take for example the professional services industry. In pursuit of new revenues, many of the large professional service firms have begun to focus on client marketing budgets as fertile new territory. Companies with large marketing spends seem to be responding to the promise of greater accountability and effectiveness. This is completely understandable. When Artificial Intelligence (AI) really kicks in, large audit practices along with their revenues will disappear faster than the finger sandwiches at a CPA event.

However, this will need to be very well thought through and carefully executed. There are significant risks associated with all expansion, with the potential to walk into a jungle without the right map, and end up with a significantly sub-optimal result. After all, reputation and the maintenance of a ruthlessly focussed culture is important to all business.

Even a five percent damage bill to the reputation and brand equity of the Big Five would be roughly equivalent to the total value of the global advertising industry, particularly at

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government levels. Rumour or not, the speculation that some embarrassment may have been caused by the recent Meat and Livestock Australia ad campaign, created by Accenture owned agency The Monkeys, by complaints from the Australian and Indian governments, may be the first example of two worlds colliding. A terrific piece of creative brand communication, but maybe thought a little less of by the leadership of the mothership. Unless everyone treads very carefully, this may end up as a major clash between the traditional bastions of left-brain and right-brain thinking. A battle that is unlikely to be won by anyone, and with the potential to make the desired one plus one outcome struggle to even get to two.

There is no question that greater levels of accountability are essential to the ongoing survival of the advertising industry. Eight and even nine figure cost lines stand out like the proverbial on any company's budget, and management have an obligation to question and test them. Unfortunately, the media and advertising industries have been too slow to respond in addressing these concerns, which has opened the door to pretty severe but justified scrutiny. Even online advertising is beginning to face the same questions, with significant studies around the world suggesting that the great marketing hope of the past decade may not be as effective as previously advertised.

Big data collection and analysis is beginning to take centre stage in the pursuit of more accurate and accountable marketing communications, but its application to strategy and tactics at the coal face has been largely disappointing. Undoubtedly, this will improve but big data is only a small part of the answer. Actuaries have a role to play, but they will not be responsible for building big brands or make top line revenues zing.

So, everyone finds themselves in a bit of a muddle. The advertising industry is going backwards largely due to a lack of accountability. Professional services firms desperately need new sources of revenue in new sectors, and the use of big data only begins with an undoubtedly intriguing spreadsheet. Truth is, all of these elements are absolutely critical to the development and more importantly, implementation of a robust and effective business plan. There is a role for all of them but be very careful which role that is. Identifying at what point you can add value, not subtract it, will be the difference between inspired expansion and folly.

The big question is – how will this puzzle be put together and by whom? The left-brain extremist or the right-brain zealots? The clear answer is neither. It will be solved by individuals in all these sectors, including clients, who have the rare ability to naturally switch between left-brain and right-brain thinking, and have a full appreciation of what both have to offer in the pursuit of commercial growth. They are a rare breed but they do exist. You may already have one or two in your organisation, but if you don't you need to get out and find some. Accountability in spend and success at the till cannot be mutually exclusive. In any business, only the right combination of leadership and human capital will take home the chocolates. With a few of the right 'laterals' around you, the prize could be yours.

Ian Smith, Partner, Blenheim Partners.

## DIVERSITY – WHAT ARE WE SEEING FROM ABROAD?

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*" Nothing pains some people more than having to think "* Martin Luther King, Jr.

The Hampton Alexander review in the UK published its findings in November 2016 and recommended that FTSE100 companies have at least a third of their Board Directors and Executive pipeline positions filled by women by 2020, up from the existing 25%.

If such targets are achieved through increasing the number of female functional heads (e.g. HR, Marketing, General Counsel and Company Secretary) and their teams, will the true objective above be met, or be manipulated? In the UK, approximately 60% of FTSE100 HR Directors are women, increasing this area will be incremental. Currently of the FTSE350, 17 females are CEOs and 31 are CFOs.

In Australia the ASX100 has:

### **Diversity and Tenure of Current ASX100 Chair**

- 8% of Chair are female.
- 2% of Chair are non-Caucasian.
- 38% of Chair have over five years in their current role.

### **Diversity and Tenure of Current ASX100 Chief Executive Officers**

- 5% of Chief Executive Officers are female.
  - No change since second quarter calendar year 2017.
- 3% of Chief Executive Officers are non-Caucasian.
  - Decreased by 1% since second quarter calendar year 2017.
- 37% of Chief Executive Officers have more than five years in their current role.
  - No change since second quarter calendar year 2017.

## Diversity and Tenure of Current ASX100 Chief Financial Officers

- 10% of Chief Financial Officers are female.
  - Increased by 1% since second quarter calendar year 2017.
- 2% of Chief Financial Officers are non-Caucasian.
  - Decreased by 2% since second quarter calendar year 2017.
- 37% of Chief Financial Officers have more than five years in their current role.
  - Decreased by 1% since second quarter calendar year 2017.

## Diversity and Tenure of Current ASX100 Chief Information Officers

- 13% of Chief Information Officers are female.
  - No change since second quarter calendar year 2017.
- 2% of Chief Information Officers are non-Caucasian.
  - Decreased by 4% since second quarter calendar year 2017.
- 20% of Chief Information Officers have more than five years in their current role.
  - Decreased by 1% since second quarter calendar year 2017.

## Diversity and Tenure of Current ASX100 Chief Human Resources Officers

- 70% of Chief Human Resources Officers are female.
  - Decreased by 3% since second quarter calendar year 2017.
- 2% of Chief Human Resources Officers are non-Caucasian.
  - Decreased by 2% since second quarter calendar year 2017.
- 20% of Chief Human Resources Officers have more than five years in their current role.
  - No change since second quarter calendar year 2017.

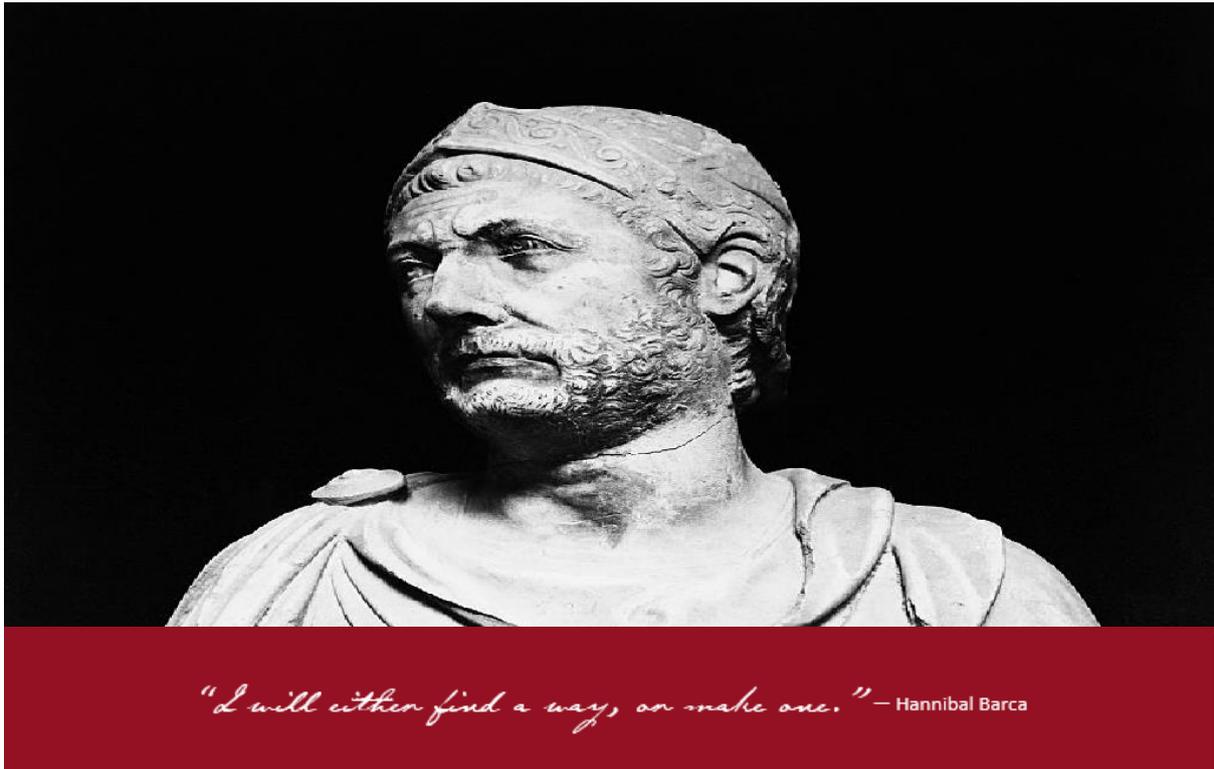
The Parker Review published in the UK in November 2016 proposes that each FTSE100 Board shall have at least one Director of colour by 2021 and each FTSE250 by 2024.

Importantly, it also proposes that existing Board Directors should mentor and/or sponsor people of colour to ensure their readiness to assume senior managerial or Executive positions over time.

Ultimately, the challenge in regards to Diversity in the Boardroom reflects the lack of diversity in the senior Executive ranks. Whilst greater diversity at Board level can support role modelling, the more important efforts are in the improvement at the Executive level.

## LEADERSHIP – THE SPECIAL FORCES FOR BUSINESS

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When leading a company, entering a new market or executing an acquisition, the success of your career and your organisation will come down to the quality of the people you have surrounded yourself with. It is obvious, but so many organisations lose sight of this point, get too caught up in their own political agenda, or simply become complacent.

Whilst technology, innovation and culture are critical, they all rely on the right people. Put simply, without the right people you will not succeed.

Examining Special Forces (SF) methods to business is worthwhile in today's very competitive market.

### 1. Selection

The selection process is designed to see what the individual is made of, it is intended to unearth their character. All those going through selection will at some stage come undone, they will lose their veneer and their character will be on display for all. Character is critical in all leaders. The process determines whether there is a suitable character fit.

What is the fit? SF have been around for thousands of years, they go back to the early empires when the elite were chosen to gather intelligence, disrupt the enemy and spearhead military campaigns. The modern version came about during WW2 when David Stirling, a British officer went against military wisdom and used innovation, new techniques and alternate tactics, rather than relying on brute force and large numbers. In an effort to break from traditional thinking, he eradicated military discipline with self-discipline and

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focused on leadership without the hierarchy. He stopped all saluting and encouraged his men to acquire from the regular army, what stores, tools etc. was needed to be successful. In effect, he introduced whole scale disruptive thinking. They broke with routine and encouraged ingenuity, a shift in responsibility, placing it on the soldier to think, adapt, and be accountable.

The size of the teams reduced dramatically with a focus on speed, aggression and surprise. When you read about where companies are at now in history, we are reminded of words such as disruption, agility, lean, empowerment, diversity, speed and accountability. The creation of the British SAS by David Stirling and the other SF units around the world reflect exactly the business language of today.

## 2. Courage and long term thinking

Winston Churchill said “courage is rightly esteemed the firm of human qualities because it is the quality which guarantees all others.”

It takes courage to recruit on the basis of talent and to structure the group/company in an empowering way. It is a major shift for many. It is also about understanding the need to develop the recruits, to invest and to reap the rewards over a longer period of time. Standards in SF are based on empowering the soldier. A new culture has been created and in the SF you can't let your team or colleagues down. Those who do not reach the standards are let go rapidly. The expectation is that the recruit wants to be the very best they can be, and wants to be surrounded by those with that same level of motivation. SF soldiers want to maximise their talent and be in an environment where their self-motivation, drive, ingenuity, risk taking and decision making is encouraged and recognised. Is this not what companies wish to have today?

## 3. Resilience and tenacity

Selection and service in the SF requires resilience and tenacity, to see the job through and to complete the task against difficult obstacles, quite often when plans have failed and fatigue has set in. Is this any different to a CEO opening up new markets, or an entrepreneur raising capital and building a company? It is a mindset requiring mental toughness, agility, determination and personal discipline.

## 4. Humility

Humility comes with the SF territory. The soldiers have their own self-confidence, but more importantly confidence in their team. They are focused on achieving the strategy and agreed outcomes. Egos exist, but in the SF it is put away. It is about the team, the focus on being the very best you can and helping your mate. The environment does not cater for egos. Straight forward and direct communications is the culture, so too is supporting your colleague and going beyond expectations. SF have to partner with global parties or win the hearts and minds of the locals they are mixing with. They need to communicate at all levels, but be humble in their approach. It's all about working as a team.

## 5. Break the normal approach

SF teams are prepared to break traditional tactics, they work in small groups, behind enemy lines. They have to be agile in their thinking and they also have to play the game of patience. More than not, they are involved in assignments which require tremendous and detailed preparation.

They use different and unexpected methodologies to seize the initiative to achieve outstanding results. SF teams also have setbacks, they make mistakes, but are rigorous in reviewing their mistakes on their return. They debrief thoroughly, they exchange information, then go and practice or rehearse to perform better next time. They accept mistakes are a part of moving forward, they don't waste time on excuses.

Encouraging risk taking and thinking in unconventional ways is critical to a company culture if it is going to seriously grow. Acknowledgement of failure and its learnings also has to be a part of that culture.

## 6. Ongoing training and development

SF teams are committed to ongoing training and development. They are also dedicated to learning new technologies, experiencing different terrain, and performing under varied pressured circumstances to deal with the ever changing environment they work in.

Top companies don't become complacent with their people. Like SF teams, they have high levels of engagement where members are expected to contribute regardless of rank. In the SF you are expected and encouraged to exercise your expertise and initiative.

Businesses need to engage their Executives, implement a long term game plan with them and, develop their potential. This may include rotation into different areas of the business to develop all round expertise. An example of this could be having future Chief Executives spend time in human resources to gain a fuller insight of company core competency, and an understanding of the development plans for the Executives.

## 7. Practice and more practice

Passing selection in the SF is an achievement, but staying in the unit is much harder because in many regards selection never ends. They are focused on continuous improvement. Top performing companies share the same philosophy of continuous improvement. The SF believes in practice, practice, and more practice. Preparation is vital to success.

## 8. Values

SF units have a set of core values that they expect their members to uphold and include relentless pursuit of excellence, shared responsibility, humility and humour in adversity. These values set the culture, they are the SF DNA. As they say, “culture eats strategy for breakfast.” The company core values need to be designed to support the realities of your business and be upheld during both the good and challenging times.

## TOP KEY BOARD AND EXECUTIVE MOVEMENTS IN AUSTRALIA 16<sup>th</sup> – 20<sup>th</sup> OCTOBER 2017



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

- ANZ Bank New Zealand Ltd: John Judge will be retiring from the Board of Directors, effective January 2018. Former New Zealand Prime Minister, the Hon Sir John Key has been appointed to the Board, and will become the new Chair in January 2018.
- APN Outdoor Group Ltd: James Warburton has been appointed as Chief Executive Officer, effective 22 January 2018.
- Boart Longyear Ltd: Fabrizio Rasetti, the company's Senior Vice President, General Counsel and Company Secretary, as well as Brad Baker, Senior Vice President, Human Resources will both be leaving the company on 31 December 2017.
- Charter Hall Retail REIT: Fund Manager, Scott Dundas will be stepping down. Greg Chubb will take over the management of the CQR Fund, in the newly formed role of Retail – Chief Executive Officer, effective 1 November 2017.
- ImpediMed Ltd: Non-Executive Director Scott Ward will be appointed to the role of Chairman, replacing Cherrell Hirst who is retiring from the Board. Robert Graham has been appointed as a Non-Executive Director.
- Investa Listed Funds Management Ltd: Gai McGrath has been appointed as a Non-Executive Director.
- Macquarie Atlas Roads Ltd: Peter Trent will step down as Chief Executive Officer and his role will be taken over by James Hooke, effective 1 February 2018.
- Monash IVF Group Ltd: David Morris has been appointed as the Chief Executive Officer and Managing Director, effective from 13 November 2017.
- Myer Holdings Ltd: Julie Ann Morrison has been appointed as a Non-Executive Director.
- Primary Health Care Ltd: Tim Haggett has been appointed as Chief Executive, Medical Centres effective 23 October 2017.
- Syrah Resources Ltd: Stefano Giorgini has been appointed as a Non-Executive Director.

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- Trilogy International Ltd: Lindsay Render has resigned from her role as Chief Financial Officer, effective 17 October 2017.
- Z Energy Ltd: Paul Fowler has confirmed that he will retire from the Z Energy Board, effective 31 October 2017.

### TOP TECHNOLOGY EXECUTIVE MOVEMENTS 16<sup>th</sup> – 20<sup>th</sup> OCTOBER 2017

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- Adobe Systems Pty Ltd: Chris Skelton has resigned as Managing Director, ANZ. Chris Skelton will be replaced by Suzanne Steele.
- Aristocrat Leisure Ltd: James Alvaraz has been appointed as Chief Information Officer. David Fryda has resigned as Chief Information Officer.
- Estia Health Ltd: Fiona Caldwell has been appointed as Chief Information Officer.
- People's Choice Credit Union: Geoff Wenborn has been appointed as the first Chief Information Officer at Australia's second-largest credit union company.
- Qantas Ltd: Andrew Plunkett has been appointed as Head of Office of Group CIO.
- Regis Healthcare Ltd: Michael Nystazos has been appointed as Chief Information Officer. David Thompson has resigned as Chief Information Officer.
- Samsung Electronics: Chief Executive and Vice Chairman Kwon Oh-hyun plans to step down from management.
- Suncorp Group Ltd: Darren Abbruzzese has been appointed as the new Executive General Manager of Digital.
- Tech Data: Wendy O'Keeffe has been appointed as General Manager, Australia and New Zealand. Pia Broadley has been appointed as its new Director of Sales and Operations for Australia and New Zealand.
- Vocus Group Ltd: Chief Transformation Officer, Justin Haddrick has been replaced by a team of external consultants after Vocus made the decision to broaden its transformation efforts beyond the technology environment.

*Information provided by Blenheim Partners Executive Search and Board Advisory Firm, [www.blenheimpartners.com](http://www.blenheimpartners.com).*

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## BACKGROUND

# Blenheim Partners specialise in:

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

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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.

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