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Executive Search & Board Advisory

## LEADERSHIP LESSONS FROM SIR DOUGLAS MAWSON



*" In no department can a leader spend time more than in the selection of the men who are to accomplish the work "* Sir Douglas Mawson

Sir Douglas Mawson was one of the most courageous and adventurous men Australia has produced. Through his determination and efforts he added to the Commonwealth an area in Antarctica almost as large as Australia itself.

He was born in Yorkshire, England May 1882 and at the age of four his parents migrated to Sydney. He was educated at the University of Sydney and played a leading role in founding the Science Society. His great interest was geology and in 1902 he joined expeditions to survey the land around Mittagong and later the New Hebrides Islands. In 1905 he was appointed Lecturer in Mineralogy and Petrology at the University of Adelaide which he served in various capacities until his death.

In 1907 a tour of the Snowy Mountains became his first experience of a glacial environment with an ascent of Mount Kosciusko and the beginning of his interest in Antarctica.

At this time Britain, Germany and Sweden were involved in Antarctica, Ernest Shackleton was determined to reach the South Pole and in 1907 lead a party with Mawson joining as physicist and surveyor of the expedition.

They reached the continent in February 1908 and Shackleton decided that Mawson, Professor Edgeworth David and Dr Forbes MacKay should travel 1800km to the Magnetic

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Pole. During the expedition they met very bad surfaces and some blizzards and they had underestimated the distance to the Magnetic Pole. While they reached their destination all were in poor condition with only seal meat to eat. They struggled back over hundreds of kilometres of ice caps and at last saw their ship, the Nimrod, less than a kilometre away when suddenly Mawson fell six metres down a crevasse. David and MacKay were too weak to pull him out and they had to get a ship party to rescue Mawson.

However Mawson was now enchanted with Antarctica and in 1911 led an expedition sailing in the Aurora from Hobart to Macquarie Island where he established a radio station. His intention was to survey the ice plateau to the west of the Magnetic Pole which he had mapped a few years earlier. They established two huts and in November when the weather conditions permitted distant journeys to be undertaken, Mawson chose Lieutenant Belgrave Ninnis and Xavier Mertz as his companions. He also decided to use dogs as it was anticipated that the trek would be arduous. On 29 November crossing the Ninnis Glacier, Mawson was leading the dogs and two sledges when he saw the back sledge vanish and the other being dragged back into a crevasse. Eventually after great effort they managed to haul it to the surface, but it was an ominous start to what was to become one of the most terrible journeys from which anyone has returned alive.

On December 13 again Ninnis and his dog team disappeared. Mawson wrote, "I hastened back...and I came to a gaping hole in the surface about 11ft wide. The lid of the crevasse had broken in...I leaned over and shouted into the dark depths below. No sound came back but the moaning of a dog caught on a ledge just visible 150 feet below." Ninnis had perished and most of the food went with him.

Mawson and Mertz found that they had only ten days' supply of provisions left and nothing at all for the dogs. The outlook was grim as the following day they turned back 500km from their base. Their only adequate supply was of kerosene so they killed the dogs one by one and boiled the meat until the gristle and paws were soft enough to eat. On Christmas Day they still had 250km to go and three days later they ate their last dog.

Mertz became ill and despite Mawson's insistence that he take the larger share of meat his condition worsened and he died January 7. Mawson was alone, on foot, 160km from safety, without food and beset by blizzards. He pushed slowly on, but then stumbled into a crevasse and found himself swinging on a rope from his sledge which was jammed above him. Unbelievably with tremendous effort he somehow managed to climb to the surface. He had no crampons for the slippery slopes, the soles of his feet became detached; he struggled within 8km of the hut but a fierce gale below, forcing him to take shelter in a cave for more than a week. On 8 February 1912 it became a little calmer and he made a last dash and finally reached safety. The five men in the hut gave him a great welcome, however the ship had left only that morning and they were forced to remain in Antarctica for another year.

In 1929 he undertook a further expedition and made important discoveries in oceanography and explored the area which today forms the base Mawson, named in his honour. Largely as a result of Mawson's work, Britain made over to Australia her claims in Antarctica and in

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1936 the present Australian sector was annexed. He was knighted in 1914 and died at age seventy-six honoured with a state funeral.

Gregory Robinson, Managing Partner, “Mawson was known to be fair-minded, courteous and encouraging to everyone he dealt with, Against horrific odds his spirit and character remains as an inspiration and example to all adventurers, entrepreneurs and businesspeople who are up against it. In the face of a frozen wilderness and death as his companion he endured and came through, a great lesson for us all.”

## ARTIFICIAL INTELLIGENCE: WILL IT HELP DRIVE THE NEXT WAVE OF GROWTH?



In many of our discussions with Chair, Chief Executives and Chief Information Officers the topic of the current and potential impact of Artificial Intelligence (AI) to business growth arises.

It is clear to us there is a real desire to acquire more knowledge around the opportunity and influence AI will have on the corporate results, engagement of staff, clients and way of operating business along with the skills of your future workforce.

As thought leaders in executive search Blenheim Partners decided to investigate this in further depth with leading individuals in Business, Technology and AI.

What is clear is that AI is not the future; it is the here and now!

The impact on industries is already being felt. Some examples include:

- Uber - The largest transportation provider in the United States does not own a single car, bus or train;
- AIRBNB - The largest short-term accommodation company in the world does not own any accommodation;
- An Australian freight logistics company – That implemented world first expert docking systems to fully automate port terminals, strategically differentiating itself from competitors to become a global takeover target with hefty premium; and,

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- An Australian developer of residential communities and retirement living villages – That may become a direct competitor to the retail appliance providers such as The Good Guys, Bing Lee, Harvey Norman and the like.

Whilst it is still early days, the general view of those close to AI is that over the next five years it will have a profound impact on work, workers, businesses, competition and the broader economy. Some industry commentaries submit:

- On average across the OECD 57% of jobs are at risk - University of Oxford;
- AI may increase productivity by 30% in many industries, while reducing labour costs by 18% to 33% - Bank of America; and,
- Achievements in AI will help society develop 10 times faster - McKinsey Global Institute.

Further, research suggests that as many as 45% of the activities individuals perform today can be automated by adapting currently proven technologies.

In Australia, we still seem to underestimate the wave of disruption about to hit. Generally, we are thinking too much about somewhat minor operational efficiencies that technology is bringing, but changes just over the horizon will be fundamentally more profound.

Joseph Marsella, Technology Markets Practice Partner at Blenheim Partners, “How we respond and whether we do so proactively will determine whether competitive advantage is sharpened or lost. Becoming a leader or early-adopter in this domain will improve an organisation’s competitive edge, enhance their brand and help attract the best talent. While technology creates the opportunities for future commercial growth, as always it is the application of human talent and culture that will separate those companies that win from those that will be relegated – this is no different with AI.”

## AS A LEADER CAN YOU MAKE THE TOUGH DECISIONS?

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*"No crime is so great as daring to excel"* Sir Winston Churchill

Sir Winston Churchill, in World War Two, was forced to make many difficult decisions.

British Intelligence, had secretly cracked the Nazi Enigma code, a programme the British called "Ultra", which allowed them to listen in on much of the secret Nazi communication.

On November 12, 1940, British Intelligence interrupted Nazi messages outlining Operation Moonlight Sonata, a heavy air bombing raid for the night of November 14/15, 1940 on the city of Coventry, England.

The information is passed to Sir Winston Churchill. Imagine if it was you. You are given the information with only days to act. You know anything you do will alert the Nazis that you had been forewarned of the impending raid and resulting death and destruction, through breaking their Enigma code. The Nazis will then most probably change the code system that will eliminate any future information being retrieved.

It was a very difficult set of circumstances. As a leader, what would you do?

Some possible options for you:

- Increase air defence around Coventry or over the Channel, and evacuate as much of the city as possible even though it will most likely alert the Nazis;
- Allow the air raid to take place, thereby protecting the secret that you have broken the Nazi code. Thousands of people will be killed in the bombing; or,
- Evacuate key people for the war effort and hope that Nazi agents do not detect the evacuation and report it to the Nazi high command.

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So what would you do as the leader?

Sir Winston Churchill made the difficult decision not to warn the city of Coventry about the impending air raid. He believed that the panic that might ensue could cause more casualties than the actual bombing. Churchill felt “Ultra” had to be protected at all costs. The ability to read the Nazi codes had largely saved England during the Battle of Britain over the summer of 1940 and was crucial to the British and Allies.

On the night November 14/15 the air raid happened just as the “Ultra” messages had indicated. The city’s gas mains and railroad connections were destroyed. Twelve aircraft industry factories were badly damaged. Five hundred and fifty four people were killed and four thousand eight hundred and sixty-five people were wounded. However, “Ultra” had been protected and the allies continued to benefit throughout the rest of the war by being able to decode Nazi communications.

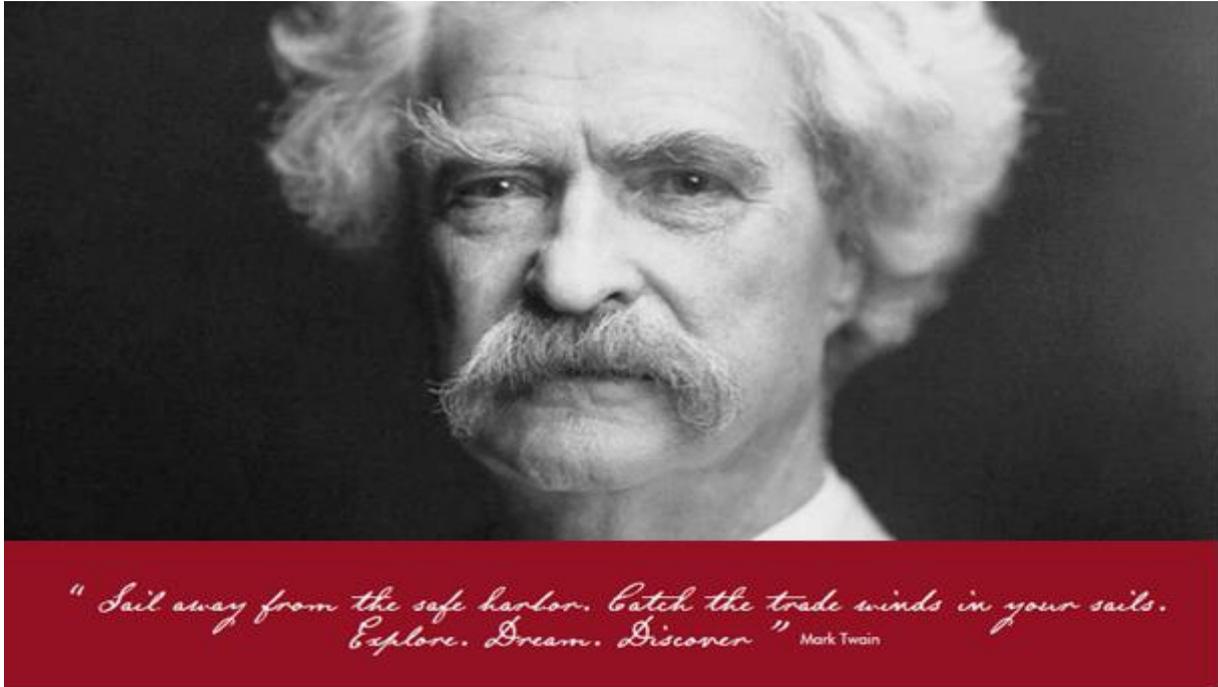
Gregory Robinson, Managing Partner, “The disastrous actions of Dunkirk had been only six months earlier, the Battle of Britain was almost lost and that night over Coventry, four-hundred-and-forty-nine Nazi bombers descended and returned to base, safely leaving a tangled mass of humanity. Britain was in its darkest hours. There are arguments that Churchill may have not known about this and actually thought the target was London and stayed there deliberately, so as not to run away from danger. However, there is a belief that he was informed and his decision was to sacrifice the few to save the many. No matter whether it is fact or fiction, the theory puts forward a set of circumstances that would require a very difficult decision and great leadership.

What would you do as the leader?”

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

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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.

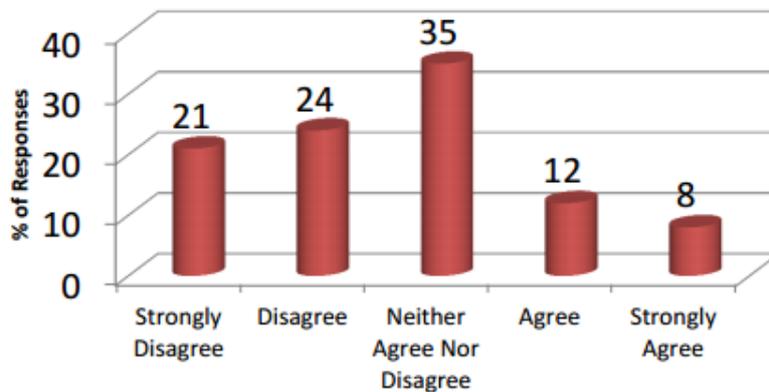
An example given was in one particular industry, where bidding for a Project in Australia might attract 3-4 bidders while in the Middle East the job may attract 16-20 bidders. This fact together with the percentage of revenue and profit derived from within Australia diminishing over time, led to the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

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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.”

“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.”

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“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?”

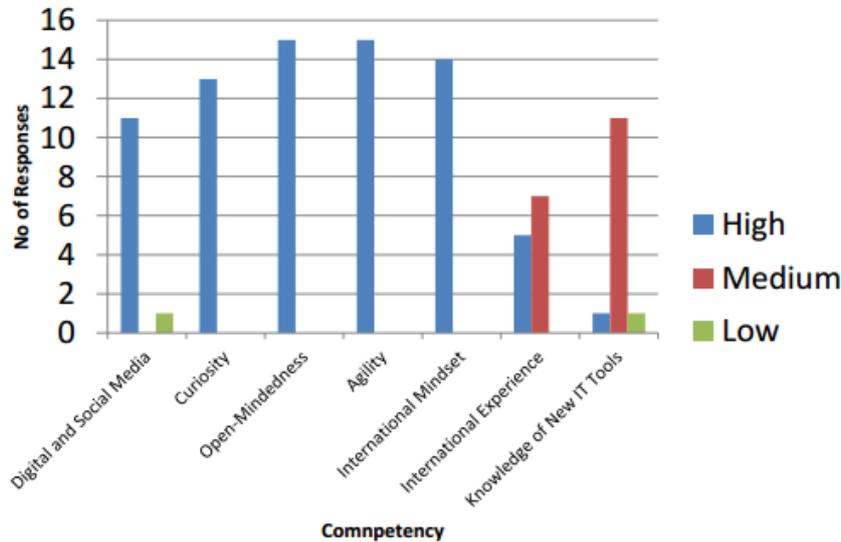
“I have lived and worked overseas, my thoughts are that without doubt Australia is a wonderful country to live in. It is safe, people have access to education and opportunity. I am concerned with the softened edge that I see coming through the ranks. Australians have had it good, thank goodness. But 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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TOP KEY BOARD AND EXECUTIVE MOVEMENTS IN AUSTRALIA 14<sup>th</sup> – 21<sup>st</sup> AUGUST 2017



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

- Amcor Ltd: John Thorn has resigned as a Non-Executive Director with effect on 1 November 2017.
- Ardent Leisure Group: Randy Garfield has been appointed as Non-Executive Director.
- Austin Engineering Ltd: Chief Executive Officer, Peter Forsyth, has been appointed as Managing Director.
- Blackmores Ltd: Richard Henfrey has been appointed as Chief Executive Officer, Richard has served as Chief Operating Officer of Blackmores for the past three years. Richards appointment is effective from 17 August 2017.
- Bluescope Steel Ltd: Mark Vassella has been appointed as Managing Director and Chief Executive Officer from 1 January 2018 following the retirement of current Chief Executive Officer Paul O'Malley who retires on 31 December 2017.
- Brainchip Holdings Ltd: Ryan A. Benton appointed as Senior Vice President and Chief Financial Officer.
- Brambles Ltd: Christine Cross will retire from the Company's Board with effect from 31 August 2017.
- Cedar Woods Properties: Jane Muirsmith has been appointed as a Non-Executive Director, effective 2 October 2017.
- Commonwealth Bank of Australia Ltd: Managing Director and Chief Executive Officer, Ian Narev, will retire at the end of the 2018 financial year.
  
- EQT Holding Ltd: Jeffrey G. Kennett has been appointed as Chairman. Tony Killen will retire as Chairman.
- Fleetwood Corporation Ltd: Adrienne Parker has been appointed as a Non-Executive Director and commences on 23 August 2017.
- Nearmap Ltd: Sue Klose has been appointed as Non-executive Director.
- Nib Holdings Ltd: Jordan French has been appointed as Assistant Company Secretary.
- Spark New Zealand Ltd: Chairman, Mark Verbiest, will be standing down and will be succeeded by Justine Smyth.

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- Strike Energy Ltd: Stuart Nicholls and Andrew Seaton has been appointed as Managing Director and Non-Executive Director respectively and Simon Ashton and Brendan Ostwald have resigned as Non-Executive Directors, effective 18 August 2017.
- Vocus Group Ltd: Christine Holman has been appointed as a Non-Executive Director.
- Yellow Brick Road Holdings Ltd: Frank Ganis has been appointed as Non-executive Director.

### TOP TECHNOLOGY EXECUTIVE MOVEMENTS 14<sup>th</sup> – 21<sup>st</sup> AUGUST 2017

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- Edith Cowan University: Vito Forte has been appointed as Chief Information Officer. Elizabeth Wilson has resigned as Chief Information Officer.
- MYOB: Simon Raik-Allen has resigned as Chief Technical Advisor.

*Information provided by Blenheim Partners Executive Search and Board Advisory Firm,  
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## 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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