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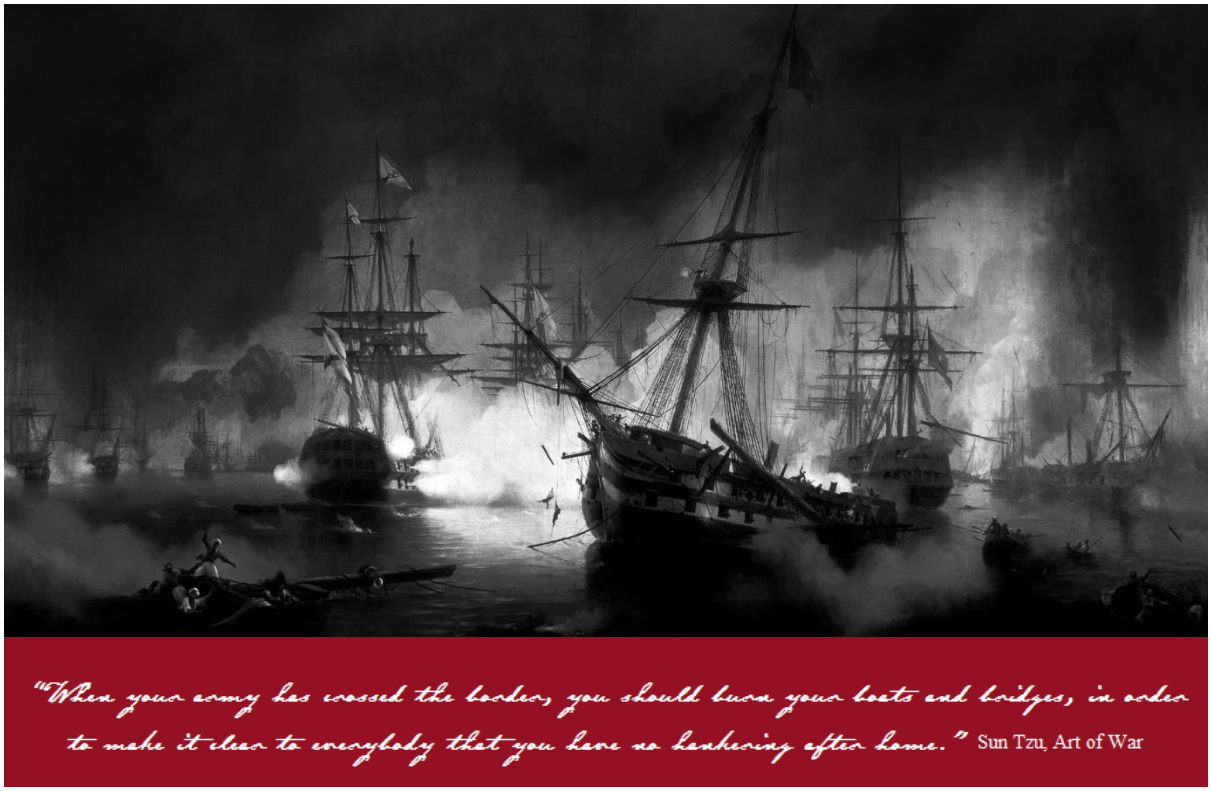
Executive Search & Board Advisory

## BURN THE BOATS




Sun Tzu in his book "Art of War" taught armies to burn their boats and destroy the bridges behind them as they advanced into new territory. He argued that soldiers without the option of taking flight are more likely to prevail over their objective.

It illustrates to everyone the leader is not retreating, that they will be with the team and will not be seeking a fall-back position or an escape route.

When you ignite the boats you ignite the desire of everyone not just to survive but to succeed. Providing no option other than victory or death, win or perish focuses everyone with one common goal, often against great odds. It extracts every ounce of effort needed for victory.

The ancient Greek soldiers understood the idea. They possessed an unwavering attitude to victory and commitment when Grecian armies landed on their enemy's shore, the first order the generals gave was to "burn to boats". They knew the power of motivation and necessity. They didn't give themselves the opportunity to hesitate, to reflect, to procrastinate, and they didn't know if they would be victorious. However, they were highly motivated because there was no other course, no other option.

Alexander the Great burned his boats upon arrival on the shores of Persia. By burning his boats, Alexander committed his men to victory over the Persians who greatly outnumbered the Macedonians. Considering what Alexander was feeling, the decision to destroy their only hope of retreat was extraordinary and proved to be a master decision.

In 1519, Spanish Captain, Hernán Cortés landed on the shores of the new world, Mexico, and gave the order to “burn the boats”.

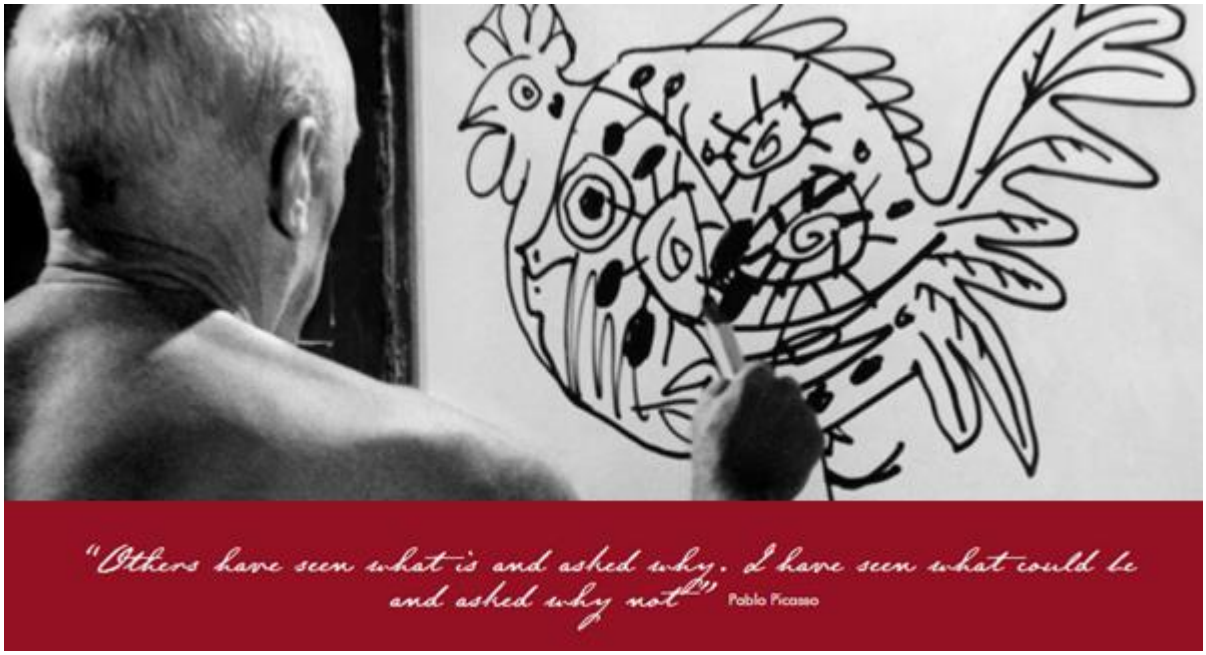
We may not agree with the invaders but the act of burning the ships/boats is as relevant today as it was in ancient times. If ships are left in the harbour, your team will see that you are not fully committed to the battle, project or transformation. If you are the leader not fully committed why should they be? By removing any available path back to the status quo your team will become as fully committed as you are.

Business guru and writer Tom Peters believes in the strategy “burn the boats” and goes so far to suggest that companies should appoint a CDO, Chief Destructive Officer to follow through on executing the change or transformation strategy. Others have argued that strategy is all about commitment. If what you are doing is not irrevocable, then you don’t have a strategy, because anyone can do it. That is why burning the boats is so important.

Burning the boats, in effect, is forcing businesses to innovate. Yet how many businesses use the word “innovation” actually cut off the return to the old? With technology creating seismic shifts on a global scale at an alarming pace, business must be prepared to adopt or be left behind. Change requires commitment. Leaders need to inspire the teams to follow and, as taught by Sun Tzu, will need to burn the bridges and boats to move their organisation forward to remain competitive. Leaders will achieve when they show their commitment to the task at hand. They have to make themselves accountable declaring that failure is not a choice. Great athletes, writers and adventurers have in their own way burnt their boats, they have cut off an escape route. They don’t return to the past. Business leaders have to display the same character to advance their companies.

Gregory Robinson, Managing Partner, “Business leaders have incredibly dynamic challenges facing them daily. To move their team, direction or organisation to a new position they may have to display the necessary character to burn their boats and advance their companies before they become burned themselves by competition.”

# THE EMERGENCE OF THE YOUNGER PROFESSIONAL DIRECTOR – IS IT IMPAIRING COMPANY GROWTH?




A recently published Blenheim Partners Paper identified the emergence of a "Young Professional Director" in Australian Boardrooms and the potential issues this presented in terms of growth of Australian companies.

Participants in the study highlighted the trend in this new "professional class" of Directors being appointed to Boards. Characteristics of these Directors tended to be:

1. Lacking C-suite experience;
2. Lacking experience generally;
3. Appointed based on narrow, "demographic" notions of Board diversity; and,
4. Generally younger and less experienced than Board members have traditionally been.

The emergence of the "younger professional Director" was raised on enough occasions by participants to signal that it is a potential concern regarding the conscious or unconscious constraints that it places on decision-making processes in the Boardroom. These constraints will tend to be around willingness to embrace risk. If this is the case then risk aversion and conservatism may become a growing force on Boards as the "Young Professional Director" numbers grow. The concern will be that inherently growth and risk are business partners in themselves and if the risk appetite of a Board is significantly impaired, so too will be the growth prospects considered and approved.

This can very well result in investments in new ventures, M&A and R&D being reduced, pared back, deferred or not approved at all, leading to reduced competitiveness and retardation in the growth of Australian companies. The end result may very well be a question as to the ongoing viability of some of these Australian companies.

Why is this so? Some participants theorised that since many of these new professional Directors may need the money and must sit on multiple Boards to make ends meet, perhaps they can't afford to do anything controversial that might lead to an incident where they might put in jeopardy their Board role or, worse still, future roles. This results in over-concern with personal reputation and risk aversion when it comes to pursuing growth opportunities.

In essence this new breed of "Young Professional Director" were changing the nature of the role of Directors to one of a career, and as one participant in the study put it, "The day we went to career politicians, it became a problem, and the same applies to Directors."

Some Directors even went so far to as suggest that the personal wealth of potential Directors might be used as a "litmus test" for determining their motivations for joining a Board. From this perspective, only potential Directors with considerable personal wealth gained from their experiences as company executives, investors and the like would qualify as having the right incentives, the courage to take risks, and the capacity to handle the consequences of failure.

"One Chairman said to me just the other day, 'One of the things I look for when I look at Directors, is do they need the money, because if they really need the money, it's not the right job for them."

But there were some dissenting views on whether all Board Directors should have Executive experience, and whether this new breed of younger, professional Directors in necessarily a bad thing. For example it would be likely that the younger Director would be more knowledgeable of digital and social media than would be the older more traditional Director, an emerging requirement for company growth and success.

This does not mean that new or emerging Directors should be excluded from Board. Far from it because how else do they become a Director to start their career. There is room for "learners" on Boards and Boards should have the capacity to bring on such a person, young or otherwise. "What is essential is that the appropriate due diligence in the recruitment and selection process is performed on the potential new Board members to ascertain drivers and motivations of the individual to join the Board. Such a process will reduce many of the risks and concerns highlighted above" said Gregory Robinson, Managing Partner of Blenheim Partners.

## LESSONS FROM SIR REGINALD ANSETT

Reg Ansett became one of the wealthiest and most influential businessmen in Australia, with interests over a vast range of industries from television stations and air transport to credit card organisations. However, he would describe himself as an aviator.

He was born in February 1909 in Inglewood, Victoria. His father owned a bicycle repair shop. When war broke out in 1914 his father enlisted and his mother and young Reg moved to Melbourne, settling in Camberwell. He left school at fourteen to find a job to help the family finances. He commenced work at a knitting factory becoming a highly-skilled sewing machine mechanic, until he was twenty-one. By then his dreams had been full of daring flight, particularly of his hero, Charles Kingsford Smith.

He cashed in on an insurance policy to raise the funds for flying lessons and became the 419th Australian to be granted a licence. Unfortunately, at the time, the Depression was beginning to hurt the economy and opportunities for young pilots were limited.

Showing his entrepreneurial spirit he decided that there was income to be made from growing peanuts in the Northern Territory, so he took a ship to Darwin. He soon realised it was not a well thought through plan and instead worked as an axeman clearing trees for surveyors.

However, the experience in the vast distances of the Northern Territory confirmed to him that there was a great future in the transport business. He returned to Melbourne, purchased a second-hand Sudebaker car and decided to establish himself in the West of Victoria and began and taxi service from Hamilton to Ballarat. He converted the car so that it would run on kerosene rather than the more expensive petrol, and his business took off and rapidly grew. He created new service routes, purchased additional cars and soon his name was becoming well known in the country areas. Initially he had been the entire company – driver, mechanic, business manager and office manager.

By 1933 he had become so successful that the State Government legislated against him. His road services were so competitive with the State-run railways that they brought in an Act of Parliament preventing him from selling tickets on the Hamilton-Ballarat run. Ansett with his typical ingenuity circumvented the new regulations by taking out a fruit vendor's licence, selling his passengers a bag of fruit for the price of the ticket, and then giving them a "free" ride to their destination. Ultimately, the Government backed down.

By 1935 he had built his taxi service to twelve cars with a substantial annual turnover. He felt the time had arrived to fulfil his aviation dream and bought an old Fokker 1 Universal, an unattractive, but reliable aircraft. Soon after he bought a second airplane and Ansett was up and running.

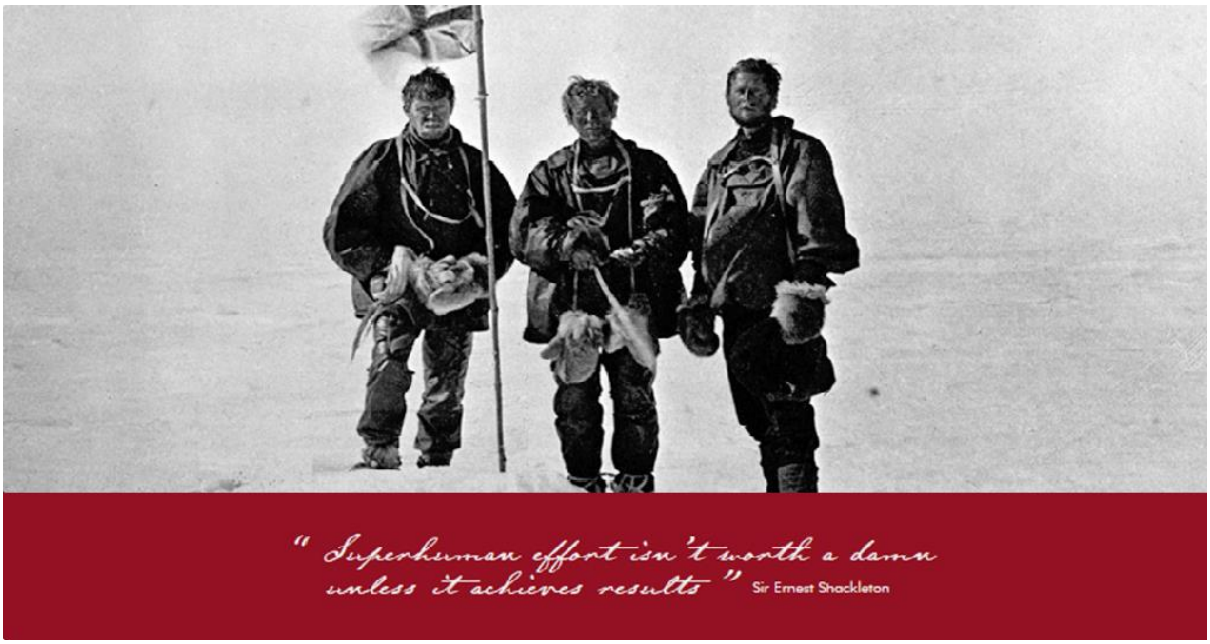
In 1937 Ansett realised he would have to "go public" to raise the necessary funds to expand his airline business. He raised $250,000 and ordered three ten-passenger planes for a service between Hamilton and Melbourne.

The company lost $30,000 in its first year of operation. Ansett went to the banks to seek financial backing, but they regarded aviation as a "high risk" investment and declined. World War II broke out and his expansion plans were slowed. He concentrated on repairing war damaged aircraft which was reasonably lucrative and provided him engagement with Australian political leaders, relationships that were to be invaluable to him commercially after the war.

By 1945 he returned to aviation and employed 2500 people. The Menzies Government in the 1950's introduced a controversial Two Airlines Policy and Ansett seized the opportunity. He undertook bold takeovers of associated industries including motel and car rental businesses, coach services and freight transportation.

The Ansett Airline prospered until it was ultimately acquired by Thomas Nationwide Transport (TNT) and Rupert Murdoch in the late 70's. Reg Ansett was knighted in 1969.

# HEADHUNTERS HIGHLIGHT SOME ATTRIBUTES COMPANIES LOOK FOR IN POTENTIAL CEO'S




Blenheim Partners Executive Search firm counsels many leading companies and suggest that with the market disruption and innovation, some things never change when it comes to some of the qualities companies look for in leaders.

Qualities that companies look for include:

## Presentation

Leaders need to look the part. Whether it is politically correct or not, it is human nature and, whilst it might sound a little superficial, first impressions are critical.

Dress well, be well groomed. Have a good smile and handshake and walk with purpose. Standing up straight, making eye contact and walking leaning slightly forward signals confidence and the ability to engage. Dress for the part. If it's the defence force, if it's a technology, financial services, or a media company, appear as if you fit the group, and most importantly, appear as you can lead the group or industry. You are being viewed as the company ambassador. It all makes an impact, whether positive or negative, but it leaves an impression.

## Expertise and Depth of Knowledge

Leaders should be across their business, their sector and their market. They need to have a deep understanding about the business from the product, the operations, the sales, to the customer experience and where they as a company sit in the local and global landscape.

Your understanding, insight and perspective is not tradeable, it is not a commodity, it is powerful and it differentiates you. Knowledge and expertise puts you either ahead or behind the others. It is developed by deciding that you want to make a difference, that is, you want to make an impact and leave a legacy. You will increase your understanding and gain respect by learning about your role,

your company, your sector and your profession by reading books, reading reports about your competitors and talking to people in the market and exchanging information. Don't gossip, share and become well regarded and keep the level of curiosity high.

## Leadership – Do you understand what it is?

Real leaders are concerned with their people and doing things for the right reason. They have true values, a strong moral compass and are comfortable with themselves.

The leader in simple terms gives, rather than takes, and creates success through their team and shares this success with their team. They understand the long term game, they don't take shortcuts, they pay the price, they have and expect high standards and treat people with respect.

The moment they lose sight of the team and others and become more self-important is when the fall begins.

## Motivation

Motivation to succeed is critical, and ambition is expected, however, motivation to do well, to build a business for more than money, to make an impact and to create and share a vision is essential. One has to be happy with their work and life, and Boards look for leaders who can engage a broad set of people, who can motivate a team by more than discussing the share price or balance sheet. The leader needs to enthuse the organisation, they set the tone, and they set the culture. Authenticity is key.

# TOP KEY BOARD AND EXECUTIVE MOVEMENTS IN AUSTRALIA 21st – 25th AUGUST 2017

- Alumina Ltd: Current Non-Executive Director, Peter Day, has been appointed as Deputy Chairman.
- Austal Ltd: Sarah Adam-Gedge has been appointed as a Non-Executive Director, effective 28 August 2017.
- BHP Billiton Ltd: Terry Bowen and John Mogford have both been appointed as Non-Executive Directors, effective 1 October 2017.
- Bluescope Steel Ltd: Jennifer Lambert appointed as Non-Executive Director effective 1ST September 2017. Mark Vassella appointed as Managing Director and Chief Executive Officer effective 1st January 2018. Paul O'Malley retired as Chief Executive Officer effective 31st December 2017.
- Boart Longyear Ltd: Richard F. Wallman has been appointed as a Non-Executive Director.
- Cabcharge Australia Ltd: Louise McCann and Clifford Rosenberg have accepted their appointments as Non-Executive Director, effective 29 August 2017.
- Caltex Australia Ltd: The Board has appointed current Non-Executive Director, Steven Gregg as Chairman. Greig Gailey has retired as Chairman.
- Centrepoint Alliance Ltd: Managing Director and Chief Executive Officer, John De Zwart, will leave the Company in November 2017.
- CIMIC Group Ltd: Michael Wright has been appointed as Deputy Chief Executive Officer.
- IMF Bentham Ltd: Karen Phin has been appointed as a Non-Executive Director, effective 25 August 2017. Alden Halse has announced that he will be retiring at the conclusion of the 2017 Annual General Meeting.
- IOT Group Ltd: John Forder has been appointed as a Non-Executive Director and Chairman, Robert Smith, has resigned.
- Medusa Mining Ltd: Ciceron A. Angeles resigned as Non-Executive Director, effective 31 October 2017.
- Pacific Smiles Group: Allanna Ryan appointed as Chief Financial Officer. Allanna Ryan has been performing the role of Acting Chief Financial Officer since 3 March 2017.
- Qube Holdings Ltd: Sue Palmer has been appointed as a Non-Executive Director, effective on 1 September 2017.

- Regis Healthcare Ltd: Graham Hodges has been appointed as a Non-Executive Director. Trevor Gerber has announced he will retire from the Board in November 2017.
- Santos Ltd: Non-Executive Director, Greg Martin, has retired.
- Spotless Group Holdings Ltd: Dana Nelson appointed Chief Executive Officer. Martin Sheppard resigned as Chief Executive Officer. John Humphrey has been appointed as Chairman following the resignation of Garry Hounsell from the Board, effective from 31 August 2017.
- Tabcorp Holdings Ltd: Adam Rytenskild has been appointed as Chief Operating Officer, Wagering and Media taking over from Craig Nugent who will be retiring on 30 November 2017.
- Tag Pacific Ltd: Gary Weiss has indicated his intention to resign as a Non-Executive Director, effective 31 August 2017.
- TheIotGroup: Steven Kayalicos has been appointed as Chief Executive Officer.
- Watpac Ltd: Chairman, Richard McGruther, will be retiring on 25 August 2017. John Beerlandt has resigned as a Non-Executive Director and Rik Vandenberghe has been appointed as a Non-Executive Director.
- Westpac Banking Corporation: Nerida Caesar has been appointed to the Board.
- White Energy Ltd: Allan McCarthy has been appointed as Chief Financial Officer and commences on 28 August 2017.

## TOP TECHNOLOGY EXECUTIVE MOVEMENTS 21st – 25th AUGUST 2017

- Australian Broadcasting Corporation: Margaret Cassidy has been appointed as Deputy General Manager, Technology. Ken Gallacher has resigned as General Manager, Technology.
- CSIRO: Jayne Leighton has been appointed as Chief Information Security Officer.
- Digital Transformation Agency: Lesley Seebeck will leave the Bureau of Meteorology in October to become Chief Investment and Advisory Officer at the Digital Transformation Agency.
- Pacific Smiles Ltd: David Williams has been appointed as Chief Information Officer.

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

# 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.

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