



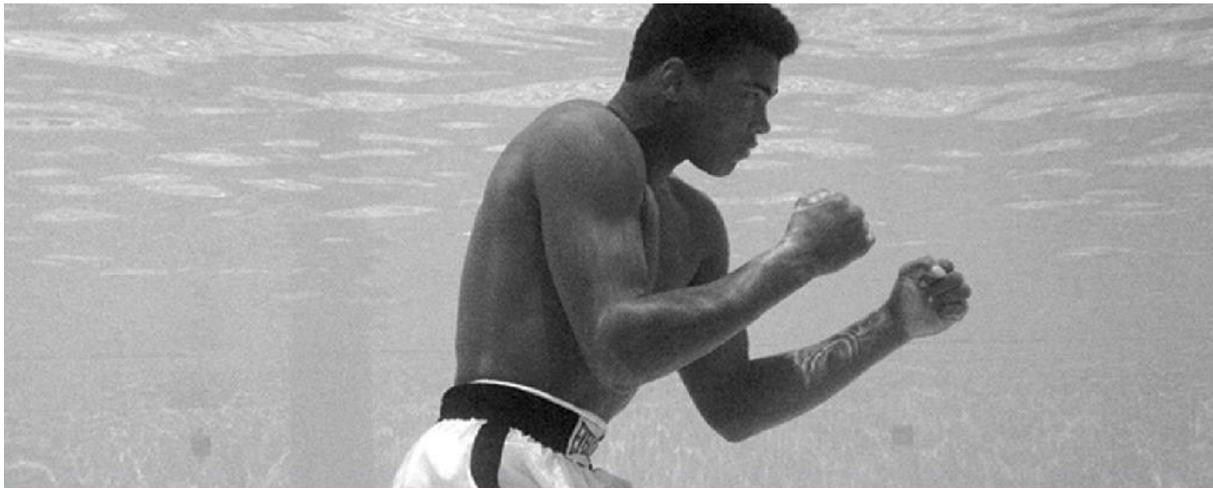
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Executive Search & Board Advisory

## **BUSINESS – BECOMING A DIRTY WORD**

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*“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.”

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

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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.

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**Contact us**

**Sydney** p +61 2 9253 0950

**Melbourne** p +61 3 9653 9510

**w** [www.blenheimpartners.com](http://www.blenheimpartners.com)