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Executive Search & Board Advisory

DIVERSITY – ARE WE WINDOW DRESSING THE ASX 100/200



"It always seems impossible until it is done" Nelson Mandela

The challenge in regards to diversity in the ASX 100/200 Boardroom reflects the overall lack of diversity in the senior executive ranks. While greater diversity at Board level is a good start; important efforts are needed at the executive level.

There is a tremendous opportunity in Australia to encourage broader diversity, including gender, ethnicity, age and experience, for executive appointments and the benefits it will bring to the business, rather than being drawn into a narrowly defined description of diversity as gender only.

The original discussion on the need for diversity in executive ranks was around leaders bringing a broader range of ideas, representation and experience to the table, to innovate and stimulate growth and as a result greater diversity of thought. Some will argue that true leadership in an organisation is inherently about P&L responsibility.

Therefore one could debate that if we are examining true diversity in Australian business, the discussion should be centred around the roles with P&L responsibility. If we consider the argument in that context, then diversity is clearly failing.

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Like many other countries, Australia is encouraging an increase in the number of female executives in senior functional roles such as Marketing/Sales, Human Resources, General Counsel and Company Secretary. This is driving the increase in the numbers for non P&L roles and in some cases manipulating the company gender statistics to achieve the 'feel good' factor.

For many executives, black, white, yellow, green or pink, the ability to diversify their skills set through exposure to different thinking, challenges and opportunities within the business, is further being limited by a lack of rotation in their careers.

Organisations are preferring to develop people in silos, as either subject matter or functional experts.

A contributing factor to the lack of the diversity of thought in the boardroom starts with the lack of exposure Australian executives are getting in the overall business. Why aren't executives with P&L experience moving into Human Resources where they easily add value to the business line executive? Why aren't Human Resources executives moving into line roles to broaden their experience? Why aren't Finance executives being bloodied outside of finance and returning with far greater knowledge and commercial acumen. Why are we sticking to, in many cases, the one dimensional and risk-free option?

We are fortunate to be in a period of economic stability where perhaps we could afford to take more risks on our executives. However, that goes against the conservative Australian leadership ethos, where sticking the head above the parapet is not the norm.

Sadly we potentially see an increase in lip service with a real failure in diversity in Australia as a result of fear.

When are we as a nation going to address the diversity leadership issue properly? Placing "diverse" executives into non P&L roles to hit the annual report statistics is merely a window dressing exercise if they do not get the widest possible experience and training they need to hold their own against other outstanding candidates.

The solution is not filling Executive and Board roles with diverse candidates because it fulfils a short-term target but rather to build a successful and diversified candidate pipeline to support, develop and futureproof the business - and to break silo structured careers.

Perhaps we should ask why 74% of the ASX 100 companies have a female head of Human Resources and only 1% a non-Caucasian Chair. Business has an obligation to seriously examine Board configuration, executive rotation and the diversity of candidate pipelines. With a buoyant economy at hand, we have an opportunity to confront this challenge head-on and develop the necessary pipeline of talent required to build true leaders and bring a genuine diversity of thought and leadership to the fore.

Greater discussion is required in this highly charged debate. Please read the numbers below and ask yourself if statistics reflect successful diversity in Australian Business leadership. Are

we window dressing and fooling ourselves? Are we achieving the benefits that diversity of thought brings?

Diversity and Tenure of Current ASX100 Chair

- 9% of Chair are female.
 - *Increased by 1% since third quarter calendar year 2017.*
- 1% of Chair are non-Caucasian.
 - *Decreased by 1% since third quarter calendar year 2017.*
- 39% of Chair have over five years in their current role.
 - *Increased by 1% since third quarter calendar year 2017.*
- Seven Chairs hold two Chair positions in the ASX100.
 - *No change since third quarter calendar year 2017.*

Diversity and Tenure of Current ASX100 Chief Executive Officers

- 5% of Chief Executive Officers are female.
 - *No change since third quarter calendar year 2017.*
- 4% of Chief Executive Officers are non-Caucasian.
 - *Increased by 1% since third quarter calendar year 2017.*
- 38% of Chief Executive Officers have more than five years in their current role.
 - *Increased by 1% since third quarter calendar year 2017.*

Diversity and Tenure of Current ASX100 Chief Financial Officers

- 9% of Chief Financial Officers are female.
 - *Decreased by 1% since third quarter calendar year 2017.*
- 4% of Chief Financial Officers are non-Caucasian.
 - *Increased by 2% since third quarter calendar year 2017.*
- 38% of Chief Financial Officers have more than five years in their current role.
 - *Increased by 1% since third quarter calendar year 2017.*

Diversity and Tenure of Current ASX100 Chief Information Officers

- 14% of Chief Information Officers are female.
 - *Increased by 1% since third quarter calendar year 2017.*
- 6% of Chief Information Officers are non-Caucasian.
 - *Increased by 4% since third quarter calendar year 2017.*
- 22% of Chief Information Officers have more than five years in their current role.
 - *Increased by 2% since third quarter calendar year 2017.*

Diversity and Tenure of Current ASX100 Chief Human Resources Officer

- 74% of Chief Human Resources Officers are female.
 - *Increased by 4% since third quarter calendar year 2017.*
- 4% of Chief Human Resources Officers are non-Caucasian.

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- *Increased by 2% since third quarter calendar year 2017.*
- 27% of Chief Human Resources Officers have more than five years in their current role.
 - *Increased by 7% since third quarter calendar year 2017.*

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.

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