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Executive Search & Board Advisory

DIGITAL IS HERE! DOES THIS MEAN ALL MY CURRENT SKILLS ARE REDUNDANT?



The New World

I am sure that all you hear about these days in your business is the rise of digital and the threat of disruption. Whether it is digital in the form of social media changing the interaction with your customers from a general one, to a one on one basis, Artificial Intelligence (AI) leading to robots doing your job or disruption resulting in your company being driven out of business, it all makes you think about how you can survive and prosper in this new emerging world.

Maybe your first thought is I don't have the digital skills and knowledge so I won't survive. Maybe your second is that all my knowledge and skills will be out of date so how will I be of any value anymore.

Both thoughts are understandable and most likely lead to anxiety as to what the future may hold. This paper may alleviate this anxiety by recognising that digital skills alone are not a formula for success, but will need to be combined with a range of other skills that have been around for a long time if the full benefits of digital are to be realised.

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Technical Skills and Leadership

If you look at most senior leaders in organisations, they are not experts in all areas of their companies. They are however able to lead and direct their companies across all these areas. For example, in a Bank it is unlikely that the CEO is the expert in Technology, Retail Banking, Business Banking, Institutional Banking, Treasury, Wealth Management etc. What they do have is potentially deep knowledge in one particular area but the ability, and potentially broad knowledge across a number of other areas. Indeed in some areas their knowledge may be minimal.

However, good leaders know their strengths and their weaknesses. So in areas where their knowledge is not as strong, they supplement this by hiring good people with deep knowledge.

The bottom line – this is not new. Nobody is an expert in everything. So the emergence of the world of digital, AI, disruption and the like does not mean you now have NO SKILLS.

Your Current Skills are Still Valuable

The reality is the majority of your current skills are still of value going forward. It is highly likely that you will need to adapt or evolve those skills to meet the changing competitive landscape of the digital environment but they are by no means obsolete, and in fact, without them the argument could be made very strongly that you and your company will not be able to harness digital for success in your business.

The Current Skills and how they are Essential for Deriving Benefits in the Digital Age

In today's world knowledge is at our fingertips with global networks and the internet. The issue for companies is not how to gain knowledge, but rather how to translate that knowledge for competitive advantage. Thus application of knowledge is what is wanted. That is the ability to foresee how this knowledge can be applied in the company.

To do this does not necessarily require a technical specialist like a digital specialist, although they will be required in the business. What is required is someone with the creative and entrepreneurial skills to see where this knowledge can be used. As many of the digital developments are new, the ability for someone who can foresee how this knowledge will enable the company to do things better, quicker, more customer orientated, aligned to customer needs and wants, and meeting future customer needs etc.

To do this this type of person will also be someone who is a lateral thinker with critical thinking and advanced problem solving skills.

So if you list these attributes of the type of person and their skill set who will be sought after to leverage the emerging digital age they will be:

- The ability to apply knowledge;
- Creative with entrepreneurial skills;
- The ability to foresee how current innovations can be applied in the future;
- A lateral thinker; and
- A critical thinking and have advanced problem solving skills.

What Companies Need to Focus on in Talent Acquisition and Development

Do the above sound familiar? YES Are they new skills? NO

The list above is of traditional skills but they need to be used in new ways to be applied to digital, AI and disruption to gain the benefit from these market changes. It has always been important that skills evolve and adapt to meet changing circumstances but this is even more important now as the pace of change accelerates.

So while digital skills are important, companies need to focus on the above list of traditional skills, albeit with some evolution and adaption, in both their recruitment and talent development processes to really harness the competitive edge that this new environment will present for their business.

DIVERSITY – WHAT ARE WE SEEING FROM ABROAD?



" 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.

IT WASN'T ANY GOOD WITH THE OLD BOYS' CLUB, AND IT ISN'T ANY BETTER WITH THE NEW WOMEN'S CLUB



In a recent discussion with a number of ASX Chief Executives, their concern with the composition and mechanics of the Boardroom was apparent. Whilst we recognise Boards do not run organisations, Executives do, the Chief Executive Officer has to present regularly, in fact, more regularly to the Board than in the United Kingdom or the United States. In the United States, it is not unusual for Boards to meet four times a year, the United Kingdom six to eight and Australia ten to twelve.

For many of the Chief Executives, the need to present up to twelve times a year is simply too much. They expressed their concerns that they are taking too much time away from good staff to prepare the reports for Directors and are being taken away from the business. All express the need for governance, but most were apprehensive that the Board meetings are becoming governance driven, not business driven.

The CEOs were concerned by the competency in the Boardroom and therefore, the ability to act quickly and make decisions. A number of them questioned the value of Non-Executive Directors who have not had successful or established careers being appointed to tick certain boxes. This led to a more open and broader discussion.

The CEOs felt that many Directors had not run a business or at least a sizeable P&L, had not rolled out significant change or led a merger or acquisition and had little or no track record of leading growth businesses or business divisions. They expressed a genuine concern that shareholders are being penalised by Boards that do not have the business exposure and experience to grasp and contribute to the CEO's needs. Many said that business is losing opportunities and being constrained by the pedigree of individuals in the Boardroom which is in some cases, being driven by a narrow definition of diversity.

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Most expressed the view that Australian Boards have become overweighted on compliance and risk-taking has been downgraded, as a result, opportunities have been missed. A number communicated the level of detail they are drawn into in the Boardroom when their role is supposed to be strategic. Their argument is some of the Board Director's lack significant experience.

Another concern was that in striving for diversity in the Boardroom which they all agreed is needed, it does not have to be confined to purely gender. They stated they are not seeing enough Executives with P&L experience, international experience, deep industry exposure and Executives with successful business track records. One noted Chairman's view is "diversity in the Boardroom is 50% male and 50% female". That does not take into consideration anything but gender. Another CEO said, "every appointment to the Board has to be gender focused, not enough willingness is given to what is actually needed to help the company." One CEO stated "we all appreciate the need for gender in the Executive ranks and the Boardroom. No one disagrees, but aren't we supposed to have diversity. I don't need more accountants or lawyers in the Boardroom just because they are female, that is not diversity of thought and background. Surely we are a little more sophisticated than that."

Another CEO said, "we all understand what is happening, every appointment that I make I look for diversity, but I am looking for genuine diversity, not just gender. How else do we get different thinking? The Chair is also fully aware of the market situation but is adopting the view that diversity in Australia means gender. The truth is that there is simply not enough women who have the business experience, and I would argue some of those that have are being chased by every company. I think everyone is on board with diversity; no one wants the old boys club, we want meritocracy. It's got to the point that there are Board members who in my opinion add very little, and others who are now on too many Boards to be as truly effective as they can be. We have got to stop over promoting people because it is unfair on them. At the end of the day, I have to represent my shareholders, and that has to remain at the forefront of my mind. Decisions are being slowed, and opportunities are being missed because we are following the 'policy of pleasing', that everyone has to hire a diversity executive."

"Let's not lose sight of the capable men who are being completely overlooked, and whose careers have been curtailed. If we are going to be serious, why isn't anyone asking about diversity in Human Resources or General Counsel, which is now heavily populated with women? We have almost gone too far" said another CEO.

"I would like and am focusing on diversity in the executive ranks, but I mean true diversity. We are appointing executives with international backgrounds, we are appointing females, we are rotating our staff, so they don't remain silo educated, and they can bring more to the table," said a CEO.

"I appreciate that my Chair, like many others, is being questioned more and more about appointments to the Board. The press are fairly aggressive in that regard, however, the Chair has a role of appointing appropriate Directors and with the Board hiring or sacking me."

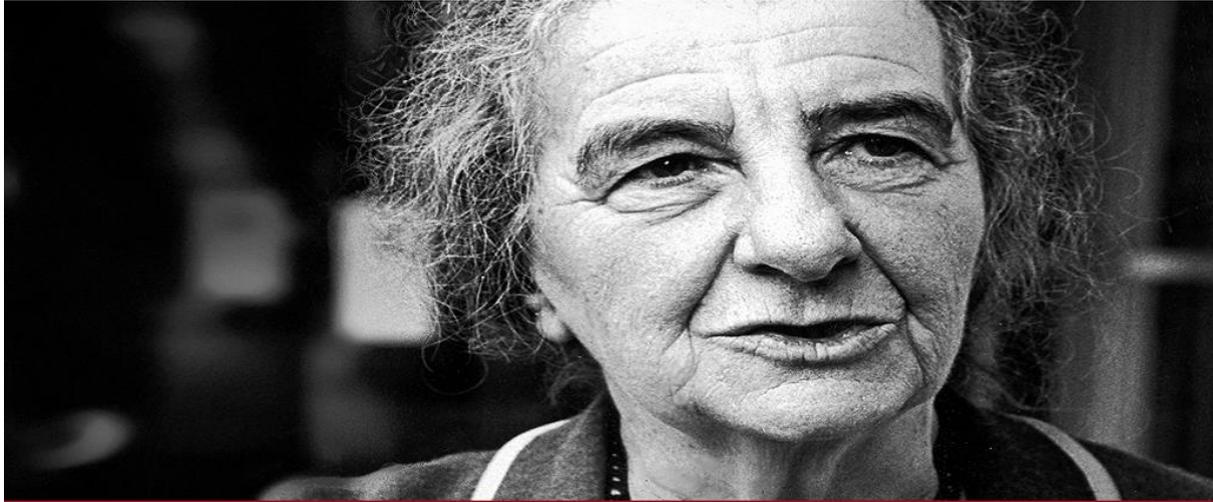
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“We meet too regularly, we are knee deep in bureaucracy, and we have inexperience in the Boardroom. I would like the hard questions to be asked about the skills Directors are bringing to this company. It wasn’t good enough with the old boys club, but it isn’t any better with the new women’s club. Some of the education required in the Boardroom is significant. My preference is to have more Directors who are an ex CEO. They don’t have to be the Chair, but as a CEO it would be helpful to have a few people at the table who have been there.”

“We are becoming a nanny state. We cannot say anything without being hung, drawn and quartered. The analysts and investors want results, and so do I. But I do not need another solicitor on the Board, I would like someone who understands my markets are rapidly changing and who has seen it elsewhere, some overseas experience would be helpful. I have been perplexed by some of the appointments to the Boardroom of late,” said a CEO.

“I cannot speak about other Boards, but I have seen the appointments and know some of them, who never made it as an Executive and are now on multiple Boards. I know there is a need for balance, but the role of a Director is a privilege, and it is not a right. I have a similar situation, but like my contemporaries, we get on with it. At the end of the day, Directors are all part-timers and do not know and cannot know our business in depth. Only one or two ask the necessary questions, the others are side-tracked by process, so I make sure full process is achieved.”

LEADERSHIP LESSONS FROM GOLDA MEIR – THE IRON LADY



"I must govern the clock, not be governed by it" Golda Meir

Golda Meir was the Prime Minister of Israel from 1969 to 1973. Known for her intellect, she was an activist, risk-taker, tremendous fundraiser, eloquent advocate and in many regards, visionary. She was also one of the founders of the Jewish state.

She was born May 3, 1898 in Kiev, Ukraine. At eight, she moved with her family to Milwaukee. At fourteen, she graduated from the Fourth Street Elementary School as class valedictorian, but had to challenge her parents for the right to go to high school. She wanted to be a teacher; they wanted her to find a husband. "It doesn't pay to be too clever," said her father. "Men don't like smart girls". She defied her parents and ran away to live with her sister and brother-in-law in Denver. She attended school before returning to Milwaukee to study teaching, after receiving a letter of apology from her parents.

In November 1917, Britain proclaimed the Balfour Declaration supporting "the establishment in Palestine of a National home for the Jewish people." A few weeks later on Christmas Eve, Golda Mabovitch married Morris Myerson on the condition that they would immigrate to Palestine and live on a Kibbutz. She became a model Kibbutznik, and an expert on breeding and feeding chickens. Her husband contracted malaria and as a result, they moved to Jerusalem where they had two children.

After settling in Jerusalem and establishing herself, Golda then joined the Women Workers Council and moved to Tel Aviv. With the establishment of the State of Israel in 1948, it was clear that conflict with the border neighbours was inevitable. A large amount of money was needed to supply the defence forces, and because she spoke perfect English, Golda volunteered to go to the United States. To everyone's surprise she was able to raise \$50m. In 1949, she was elected to the Knesset, Israeli Parliament and appointed by Prime Minister David Ben-Gurion to be the Minister of Labour in charge of creating roles for the seven

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hundred thousand immigrants following World War II. She later changed her name to Meir and in 1956, was appointed Foreign Minister, the only female foreign minister in the world.

Unlike others in Government positions, she dropped many formalities, she flew tourist class, entertained foreign dignitaries in her kitchen serving home-made food, and refused to support inequality in Africa.

In 1966, she retired from government, and a year later was diagnosed with lymphoma which she insisted on remaining secret.

Golda was encouraged to become Secretary General of her party and in February 1969, Prime Minister Levi Eshkol died and she became the fourth Prime Minister.

Her retirement plans were put on hold until June 4, 1974 when she resigned. In 1975, she published her autobiography, *My Life*. She died December 8, 1978, a history-making leader and was regarded as one of the most accomplished women of the twentieth century.

Some quotes by Golda Meir include:

“I must govern the clock, not be governed by it.”

“One cannot and must not try to erase the past merely because it does not fit the present.”

“You’ll never find a better sparring partner than adversity.”

“Don’t be humble...you’re not that great.”

“Trust yourself. Create the kind of self that you will be happy to live with all your life. Make the most of yourself by fanning the tiny, inner sparks of possibility into flames of achievement.”

Gregory Robinson, Managing Partner, “For many, Golda Meir was an ordinary and extraordinary woman. She was described as the Iron Lady, and on one occasion, as the only man in the Israeli Cabinet. She is the first and only female Prime Minister of Israel and was the third female Prime Minister in the world. She rose from a humble beginning to a position of significant leadership, and met with many world leaders to promote her vision of peace. She also led the country when Israeli athletes were killed at the 1972 Munich Olympic Games, authorising the Operation Wrath of God, and was also the leader during the twenty day Yom Kippur War in 1973. Golda Meir has been described as exceptionally intelligent, balanced and understanding with an ability to see things precisely as they are with a force of nature personality and determination that was boundless. She was asked to be leader in a community which respected the traditional role of women in a male-dominated environment. As a leader, like all leaders, she had her critics, but was noted for her ability to balance diplomacy with action, to listen to others, to make decisions and accept the responsibility.”

TOP KEY BOARD AND EXECUTIVE MOVEMENTS IN AUSTRALIA 13th – 17th NOVEMBER 2017



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

- Adacel Technologies Ltd: Julian Beale has retired from the Board of Directors, effective 16 November 2017.
- Alexium International Group Ltd: Claire Poll and Susan Thomas have both been appointed as Non-Executive Directors. Chairman Gavin Rezos has announced that he will retire in May 2018.
- Australian Agricultural Company Ltd: Jessica Rudd has been appointed as a Non-Executive Director.
- Estia Health Ltd: Pat Grier has elected to retire from the Board, effective 14 November 2017.
- Fletcher Building Ltd: Matt Crockett has resigned from his role of Chief Executive, Buildings Products Division.
- GUD Holdings Ltd: Mark Smith has been appointed to the position of Chairman.
- iSelect Ltd: Darryl Inns has resigned as Chief Financial Officer, effective 17 November 2017.
- Lendlease Ltd: Elizabeth Proust has been appointed as a Non-Executive Director, effective 1 February 2018.
- Pacific Star Network Ltd: Non-Executive Directors Gary Pert, Peter Quattro and Michael Nettlefold have all resigned from their roles. Craig Coleman and Andrew Moffat have both been appointed as Non-Executive Directors, all changes are effective from 15 November 2017.
- Ramsay Health Care Ltd: David Thodey has been appointed as a Non-Executive Director, effective 28 November 2017.
- Reffind Ltd: David Jackson has been appointed as Chairman, effective 14 November 2017.

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- SKYCITY Entertainment Group Ltd: Liza McNally has been appointed to the newly created role of Chief Marketing Officer, effective 22 January 2018.
- Specialty Fashion Group Ltd: Gary Perlstein has advised he will retire from the role of Chief Executive Officer once a successor has been appointed.
- Suncorp Group Ltd: Lindsay Tanner has been appointed as a Non-Executive Director, effective 1 January 2018.
- Vocus Group Ltd: Christine Holman has resigned as a Non-Executive Director, effective 13 November 2017.
- Westpac Banking Corporation: Alexandra Holcomb will be retiring and will leave her role as Chief Risk Officer in 2018. The Position of Chief Risk Officer will be taken over by David Stephen.

TOP TECHNOLOGY EXECUTIVE MOVEMENTS 13th – 17th NOVEMBER 2017

- DesignCrowd: Paul McManus has joined online graphic design crowdsourcing platform DesignCrowd as its new Chief Technology Officer. Previously, he was the Technology Director of Domain Ltd.
- Mineral Resources Ltd: Dennis Zuvella has been appointed as Group IT Manager.
- National Australia Bank Ltd: Nick Scott has been appointed as Head of Security Acceleration.

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

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Blenheim Partners specialise in:

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- Non-Executive Director Search;
- Board Strategy and Structure Consulting;
- External Succession Planning; and
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