

# boardroom

Magazine of the Institute of Directors in New Zealand

**LEADING  
PERFORMERS  
CHANGING  
THE GAME**  
IoD LEADERSHIP CONFERENCE 2015

## WHAT DO NEW ZEALAND DIRECTORS THINK?

*IoD-NZIER Director Sentiment Survey Results*

**TRIBUTE TO  
DR WILLIAM WHITTAKER**

**LAUNA INMAN –  
RIGHT ON TARGET**

Wanted – independent directors for governance roles

Kiwi ingenuity versus international cyber attack

Out of the comfort zone – auditing adventure tourism

Pru Bennett – investing in diversity

Talking to aspiring and emerging directors

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THE LANGHAM, AUCKLAND

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12  
CPD POINTS

## FROM THE EDITOR

This introduction was going to trumpet the year's achievements – the establishment of the Chartered Membership pathway, setting up the Governance Leadership Centre and the commercial wing of the IoD, another great IoD Leadership Conference. Products of an ambitious programme of change, they are all intended to add value to your membership. It was a great year, but for us at the IoD, a year that ended tinged with sadness at the recent loss of our CEO, Dr William Whittaker.

You will find many warm tributes to William within this issue and on our website, but perhaps the most lasting tribute is this organisation itself, which continues to grow in numbers and support.

On behalf of the IoD team, I would like to thank you for that warm support over the last two weeks and wish you all a Merry Christmas, a Happy New Year and safe travels.

**Katherine Robinson**  
Editor, boardroom



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Top directors Launa Inman and Pru Bennett will be among the speakers at next year's conference.



## 8 Tribute to Dr William Whittaker

The IoD farewells an inspirational CEO.

# Update

## RECENT APPOINTMENTS

*We would like to congratulate the following members on their new board positions.*

Chartered Member Professor Les Toop, has been appointed to chair the board of the Pegasus Health Charitable Trust Ltd.

Alliance Group has appointed Chartered Fellow James Ogden as independent director to replace John Waller.

Chartered Member Keith Appleton has been appointed to the board of the Royal New Zealand Foundation of the Blind.

Chartered Member John Monaghan, has been re-elected to the board of Fonterra.

Ngai Tahu Property head Chartered Member Tony Sewell, has been named the new President of the Canterbury Employers' Chamber of Commerce.

Chartered Member Abby Foote has been appointed independent director of the Livestock Improvement Corporation. She will chair the Audit, Finance and Risk Committee.

Michael Busch has been appointed chair of NZ LAW Ltd.

Chartered Member David Glover is now an independent director on the Synapsys board.

Chartered Member Michael Spaans has been appointed to the ASB board as a non-executive director.

Anna Campbell has been appointed Managing Director of AbacusBio.

IoD Vice President and Chartered Fellow Michael Stiassny and Chartered Fellow Norm Thompson have been appointed to the board of Queenstown Airport Corporation.

## Congratulations to Deloitte Top 200 Award Winners

The IoD would like to offer warm congratulations to members who were honoured in the Deloitte Top 200 awards last month. Chartered Fellow Tony Carter, chair of Air New Zealand, won Chairperson of the Year for his outstanding leadership and direction of the company.

Air New Zealand also took out Company of the Year. The company has reported its highest net profit in a decade after a strong year.

Fletcher Building took top honours in the Excellence in Governance category. IoD members on the board are: Fletcher chair Sir Ralph Norris (Chartered Member), Tony Carter (Chartered Fellow), John Judge (Chartered Fellow) and Cecilia Tarrant (Chartered Member).

Recognising excellence in business, the awards have been compiled by Deloitte since 1989.

## New chair for GNDI

Stan Magidson has been appointed chair of the Global Network of Director Institutes (GNDI) as part of a formal rotation policy for GNDI's chairmanship and secretariat.

He is also chief executive officer of the Institute of Corporate Directors in Canada. He replaces the inaugural GNDI chair and chief executive officer of the Australian Institute of Company Directors, John Colvin.

## IoD BY NUMBERS\*

# 6830

members at 30 November 2014

# 1094

new members from 1 January to 30 November 2014

# 110

days until IoD Leadership Conference 2015 from 1 January 2015

# 4.3%

of IoD members are Chartered Fellows



## Joan Withers – Director of the Year

The New Zealand Shareholders Association (NZSA) awarded Joan Withers the Beacon Award “for her outstanding governance skills, ability to lead others, high ethical standards and respect for rules, and avoidance of self-interest,” said NZSA chairman John Hawkins.

She is the first woman to receive the award.

Joan is chair of both Mighty River Power and Auckland International Airport. Her past directorships include The Warehouse, Tourism Holdings and Meridian Energy.

After receiving the award, she told NBR Online that she most enjoys revitalising boards and working with talented chief executives.

“Look, I won’t tout myself as having the optimal qualities [for directorship]. The biggest issue for directors is continuing to learn – the more I learn, the more I realise I still have to learn,” she said.

Past winners of the Beacon Award include Sean Hughes, Simon Challies, John Parker, Rob Fyfe, Sir Michael Hill and Bruce Plested.

## Chartered Member Assessment launching early 2015

*Passing the Chartered Member Assessment will be one of the criteria for those interested in becoming a Chartered Member. Currently in development, the assessment will be available early in 2015.*

“Chartered Membership requires members to demonstrate a combination of governance knowledge, boardroom experience and good character. The assessment will help the IoD determine that these standards of knowledge have been met,” says IoD Registrar Dr Lisa Docherty.

Candidates will be assessed on their knowledge of The Four Pillars of Governance Best Practice and the content of the Company Directors’ Course (CDC). The 90-minute exam will include 60 multi-choice questions addressing four key areas for directors – corporate governance, finance for directors, law and compliance, and risk governance.

“Candidates will also be asked to complete a take-home written assignment based on a case study, answering four questions

related to ethics, board dynamics, strategy and risk, and finance and the law in a 3,000-word submission,” says Lisa.

If you have completed the CDC and wish to register your interest in the assessment, please contact [membership@iod.org.nz](mailto:membership@iod.org.nz).

**More detailed information on the assessment (including cost) will be available on [iod.org.nz](http://iod.org.nz) in January 2015.**

## Make a Fresh Start in February

*Build on those new year resolutions by tackling professional development early in 2015. There are courses to suit all levels of experience*

### GOVERNANCE ESSENTIALS

3 Feb, 24 Feb, Wellington  
10 Feb, Auckland

### FINANCE ESSENTIALS

4 Feb, Wellington  
11 Feb, Auckland

### RISK ESSENTIALS

17 Feb, Wellington and Auckland

### STRATEGY ESSENTIALS

25 Feb, Wellington

### COMPANY DIRECTORS’ COURSE

15-20 Feb, Martinborough  
22-27 Feb, Nelson

## The Four Pillars Supplement

With this magazine, you will find new sections of *The Four Pillars of Governance Best Practice* to supplement your existing copy. The previous edition was published in 2012. Recognising that the governance landscape has changed over the last two years, we have updated sections on the role of the chair, financial reporting, and technology governance. We have also added a new section on health and safety. The full, updated version of this essential reference guide for directors can be found on [iod.org.nz/FourPillars](http://iod.org.nz/FourPillars)





# In tribute to Dr William Whittaker

*The IoD mourns the loss of its inspirational CEO,  
Dr William Whittaker, who died suddenly on  
30 November 2014, aged 62.  
We pay tribute to his achievements.*

Reflecting an inquiring mind, William had already packed several careers into his extensive CV before he came to the IoD. A proud Yorkshireman, he was born in Harrogate in 1952. After leaving school he held a series of casual jobs before gaining a first class honours degree in Geography from the University of London's School of Oriental and African Studies. Four years in the military followed before he

completed his doctorate at Cambridge University. He moved to New Zealand to lecture on economic development issues at Victoria University. A characteristic sense of adventure led him to found an eco-tourism company running expeditions into the Himalayas, an area he was familiar with through his doctoral fieldwork on the effects of worker migration in rural communities in Uttar Pradesh.

William joined the IoD six years ago, bringing years of experience in the management of professional associations in the health sector. He saw such associations as the modern-day equivalents of medieval guilds, and believed that they could play a role for good in society.

Initially appointed as the IoD's Research and Policy Manager before becoming CEO



in June 2013, he envisaged the IoD as a key player in the governance and business community. Last year in *boardroom*, he said,

“We’re half a degree from getting from where we are to somewhere really significant and great... my focus is ensuring we have a very clear and dynamic strategic plan that’s understood by all, and then to implement it effectively.”

Those who worked with William, particularly over the last 18 months, would say that he has cleared the path ahead for us on this. Much of what is seen as business as usual for the IoD today was led or given a nudge in the right direction by William.

“He was a wonderful thinker who could frame up a challenge, a plan or a complex thought process with clarity and method. He could build a network and run a heck of a conference. He trod the world stage for the IoD as a founder of the Global Network of Director Institutes and forged strong personal links with the Australian Institute of Company Directors. With all these qualities, he also led the IoD through possibly its biggest year, implementing the transformational Chartered Membership pathway, establishing the commercial arm of the IoD, doubling the staff and launching a totally new website recently,” said Simon Arcus, Acting CEO.

Many of the tributes that have flooded in over the past week or so have echoed these sentiments. William gave himself wholeheartedly to the IoD, particularly to causes such as boosting diversity on boards. He and colleague Nikki Franklin, IoD Membership, Marketing and Communications Manager, were the architects of the IoD’s Mentoring for Diversity programme, now in its third year.

“William had a way of adding depth to everything in which he was involved. It was never a question of simply ticking boxes. Everything he did was considered and well-researched. The time he took to plan and involve others in his thinking invariably led to far better outcomes. This combined with a real sense of fun, made working with William on Mentoring for Diversity not only an achievement but truly enjoyable,” she said.

Mighty River Power chair Joan Withers said, “He brought a breath of fresh air into the IoD... there are a number of areas

***“I found him intelligent in his approach to leadership, thoughtful and reflective about wider governance issues and unfailingly charming in his personal approach and style.”***

**Joan Withers**

where he has championed initiatives that have increased the potency and credibility of the IoD, both externally to the market but also critically and importantly within our membership. I found him intelligent in his approach to leadership, thoughtful and reflective about wider governance issues and unfailingly charming in his personal approach and style.”

Many other tributes note William’s charm, wit and very English sense of humour. These were qualities that also won over his team, leading one staff member to comment, “He’s not your average CEO”.

“Those who knew William in his professional life will feel a deeper loss than that of a professional colleague. A connection forged with him often grew to have qualities more customary of friendship and fondness. The genuine way he engaged with others meant that a business task could, in short order, and with ease, turn into warmth, amity and friendship,” says Simon.

On becoming CEO, William said that he wanted the workplace to not only be highly productive but also a place that people enjoyed coming to every working day. This year, the team achieved that intangible – a healthy workplace culture – and we will strive to keep that as one of William’s lasting legacies.

William loved words – spoken or written – and somehow always found time to write his CEO Report for *boardroom*. If you haven’t yet read his last one in the previous edition, I suggest you do, as it is one of his best. He often had an elegant, unexpected turn of phrase, and he should have the last word here. To quote from his last message in the staff newsletter:

“It has been a very demanding year. The pressure to achieve has been

relentless. That is not likely to lessen, I am afraid. But, we have achieved great things when you consider where we were this time last year. We can all take credit, those now present and those who have come and gone, for that.”

We would like to thank those who have sent in tributes to William, and offer our thoughts and kind wishes to William’s partner Deb, his son Tom, and all his family.

#### TRIBUTES TO WILLIAM

These are a sample of the tributes sent to the IoD. For more, visit [iod.org.nz](http://iod.org.nz)

I have known William for a little over three years, meeting him for the first time soon after taking over as CEO at Wellington SPCA and joining the national Board. William always had time for me, and was encouraging, supportive and insightful when discussing challenges with Governance and how to embed the desire to achieve best practice with directors. It is as a result of his support that I joined the Institute this year and I must say he was right – I have found it invaluable. He will be sadly missed.

**Iain Torrance, Chief Executive Officer, Wellington SPCA**

Wise, witty, warm. Thank you, William. My thoughts are with your family and colleagues. **Jean-Pierre de Raad**

Dr. William Whittaker exemplified the gentleman scholar – cordial, insightful, measured, wise. He never ceased to amaze us with his vision and talents. Indeed he was a pioneering founder of Global Network of Director Institutes (GNDI) and served as chief draftsman of our Terms of Agreement...

**Alexandra R. Lajoux, Chief Knowledge Officer, National Association of Corporate Directors**

I had the pleasure of talking with William only six weeks ago and, as always, came away feeling engaged, amused and inspired. As we discussed when we met last week, I’ve been delighted by the leadership and vision that William brought to the IoD and was refreshed by his positive attitude that academics could make to advancing the cause of good governance in this country.

**Brad Jackson**



# What do New Zealand directors think?

*The IoD's Governance Leadership Centre (GLC) recently partnered with the New Zealand Institute of Economic Research to canvas directors' views on business, economic and governance issues. This inaugural Director Sentiment Survey drew 859 responses spanning a cross-section of sectors, industries and types of boards. The strong response gave us an accurate picture of directors' views and we thank those who participated.*

Most of those directors surveyed see a bright future over the next 12 months for their own businesses (71 per cent). Less than half (47 per cent) feel confident about the economy in general. But they also see room for improvement and expressed concern about a number of issues.

Cutting back on regulatory red tape would be the best thing that the government could do to improve the business environment, according to 23 per cent of those surveyed. Supporting this sentiment, 75 per cent of directors said compliance activities had increased significantly over the last two years.

Acting CEO Simon Arcus agrees that the regulatory landscape for directors is seeing a lot of change. The passing of the Financial Markets Conduct Act and pending pieces of legislation such as the Health and Safety Reform Bill and amendments to the Resource Management Act are examples of this.

“While these pieces of legislation are individually worthwhile and even welcome, from a director’s perspective, when you put them all together then it could seem that you are facing layers of red tape,” he said.

NZIER Principal Economist, Shamubeel Eaqub noted that the changing regulatory framework, the high New Zealand dollar and fears that the economy was becoming too concentrated on commodities featured among concerns. He agreed that different pieces of legislation could have had a cumulative effect.

“The shifts have put more pressure on directors. However this is not to say that the solution is deregulation. Directors are looking for a balance, where appropriate accountability mechanisms don’t jeopardise a business’ capacity for risk-taking and innovation.” he said.

The survey also highlighted directors’ concerns about personal liability, with more than half the respondents (57 per cent) saying that greater personal liability had made them more risk averse in business decision-making.

“If a business is to grow then it must engage with risk. This is a matter of striking a balance between holding businesses to account and taking risks to drive better performance. We have to ensure that the boardroom is a productive place,” said Simon.



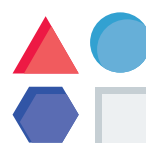
# 75%

said **compliance-related activities** had increased significantly compared to two years ago

# 71%



of directors expect **organisation performance** to improve in the next 12 months



# 64%

identified **diversity** as a key consideration in making board appointments

# 57%



said increased **personal liability** had made them more risk averse in business decision making



# 47%

of directors expect the **economy** to improve in the next 12 months

# 23%



of directors said **reducing red tape** was ‘the one thing government can do to improve economic and business performance’



# 17%

said **labour quality and capability** was the single biggest risk facing their organisation

**GETTING THE RIGHT PEOPLE AND SKILLS**

17 per cent of directors surveyed felt that finding and retaining the right labour capability and quality at all levels of an organisation is the most prevalent risk.

“In the past this wasn’t necessarily seen as a boardroom issue, much as health and safety was not a boardroom issue some years ago. But now directors feel that they should also get more involved in the human resources side of an organisation,” said Simon.

Similar findings in overseas surveys show that recruiting and retaining staff with the right skills is a global issue. Unemployment rates worldwide make it clear that there is not an overall scarcity of labour, but the problem is filling specialist roles.

Locally, a Manpower Group survey earlier this year revealed that 59 per cent of 650 New Zealand employers were struggling to find staff. Skilled trades, engineering, IT and telecommunications are all areas where there is a gap between supply and demand.

Recruitment agencies report that many companies in these high-demand sectors are looking to change their strategy to not only attract talent but identify ways to retain it.

At boardroom level, when it comes to dealing with issues of health and safety, directors were evenly split between those who were confident that their board already had the capability to deal with the new legislation and those who either did not or were not sure. 51 per cent of boards said they had the right skills and experience to comply with director obligations under the incoming Health and Safety Reform Bill. 13 per cent of boards say that they are not ready. It is important that these boards prioritise upskilling in this critical area.

**BOARDS AND TECHNOLOGY**

Being IT savvy and staying on top of technology-related matters is becoming increasingly important to boards. Yet less

than half (47 per cent) of boards surveyed said that they received good quality reports and information from management on technology-related matters and engaged in robust discussion on this topic.

“Directors need to think about their strategic context and any implications for future board composition and board upskilling. Skilled and capable people throughout the organisation are essential for effective and strong organisational performance,” said Simon.

**BOARD DIVERSITY IMPORTANT**

Respondents accepted the important role diversity plays in board appointments. 64 per cent of directors agreed that diversity is a key consideration in director appointment processes.

However, the challenge remains turning that belief into action and results.

# Governance Leadership Centre

*The Governance Leadership Centre (GLC) has had a busy establishment year. In addition to the first Director Sentiment Survey carried out in partnership with NZIER, the GLC has made policy submissions and provided resources and updates for members on key issues*

**POLICY SUBMISSIONS****FMA on Principles and Guidelines on Corporate Governance**

In November the Financial Markets Authority invited public comment on a refresh of its Principles and Guidelines - Corporate Governance in New Zealand. Our submission to the FMA was generally supportive but suggested the FMA clarify reporting requirements, including to avoid duplication with other governance reporting (for example, under NZX rules). We also suggested the FMA include more commentary on the board’s strategic role, conflicts of interest and diversity.

**XRБ on auditor rotation and stand-down periods**

In November we submitted to the External Reporting Board (XRБ) on an international exposure draft: Proposed changes to certain provisions of the

Code Addressing the Long Association of Personnel with an Audit Client. Our feedback focused on the proposed increase in a mandatory stand-down period for audit partners from two years to five years. We advocated maintaining the current two-year stand down period.

**Currently – on revised OECD Principles of Corporate Governance**

The OECD has asked for comment on the 2014 review of the OECD Principles of Corporate Governance and we will provide feedback before the end of the year.

***IoD submissions are available at [www.iod.org.nz](http://www.iod.org.nz)***

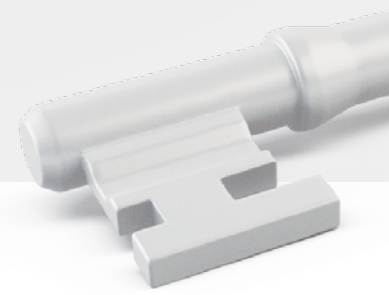
***Members are always welcome to provide input into our policy work.***

***Contact us at [glc@iod.org.nz](mailto:glc@iod.org.nz)***

**HEALTH AND SAFETY REFORM BILL**

The Bill is currently before Parliament and expected to come into law in September 2015. We understand Parliament’s Select Committee on the health and safety legislation has reconvened to hear from parties that did not make submissions in the previous round. Extensive guidance and information is available at [www.iod.org.nz](http://www.iod.org.nz).

WorkSafe New Zealand has also released easy to read and useful updates on the Bill explaining key concepts including the role of a PCBU and its primary duty of care, and the due diligence duty of officers/directors of PCBUs. Available at <http://www.business.govt.nz/worksafe/about/reform>.



Recognising that diversity of thought and experience helps improve board effectiveness is a positive step, but there is still a lot of work ahead in achieving greater board diversity.

Yet according to the most recent NZX figures, only 14 per cent of directors on listed boards are women.

“There is however a difference between translating the intent into action. There is no doubt that the message that diversity is good for business is getting through but there is a shortfall in translating those figures into actual appointments,” he said.

Simon said that the challenge will be to transition this sentiment into action and results. There has been some positive movement in the number of women directors, but there is still a long way to go to achieve greater board diversity.

#### MORE INFORMATION

**For the full report and video analysis, see [iod.org.nz](http://iod.org.nz).**

**The GLC will continue to ensure you have the opportunity to make your voice heard with further director surveys on business, economic and governance issues that are important to directors.**

#### KEEPING YOU UPDATED

Other activities to keep members in the know:

- updating the *Four Pillars of Governance Best Practice* – your supplement on key changes and new material is included in this issue of *boardroom*;
- providing members with four directors briefs on key issues, such as health and safety reform and technology governance;
- extending our online governance resources including a new biannual governance update on legislative changes, court decisions and other developments.



## In response to our last issue

*Ian MacIntosh, CEO of Cooperative Business NZ wrote the following letter:*

The last issue of *boardroom* (Oct/Nov) really struck a chord with me with its harmonious themes of embracing diversity and working together. In his last CEO Report, Dr Whittaker’s musical analogy highlighted the value of collaboration and mutual enhancement.

At Cooperative Business NZ – the voice of Kiwi co-ops – we understand the value of a concerted team performance, working for the shared benefit of members, customers and country.

New Zealand recently topped the rankings in a groundbreaking UN survey measuring the social and economic impact of co-operatives in 145 countries.

Ours is the world’s most co-operative economy and I believe it is due in no small part to the unity of purpose so central to the success of the co-operative business model: we’re simply better together.

I have been in the role of CEO of Cooperative Business NZ for almost a year and in that time I have come to understand the importance of building strong, strategic partnerships with like-minded organisations such as the IoD.

With unity of purpose, our two organisations this year signed a Memorandum of Understanding agreement to jointly develop a professional development programme, taking into account the elements of governance, boardroom and the co-operative difference.

I agree with Dr Whittaker that the need for diverse but complementary skills in the boardroom cannot be understated and so it was to the IoD we turned to – the best in the business – to share its expertise.

By partnering with the IoD we’ve developed training specifically for co-operatives’ chairs and directors with varying levels of experience and expertise.

The 30 places in the first programme Leading Co-operative Essentials, held in Hamilton in November were quickly snapped up. We’re planning a second programme, tentatively set down for late February in Mosgiel, building on the first and the feedback from attendees and facilitators.

Cooperative Business NZ and the IoD have far more than many members in common; I feel we share a desire to raise the bar ever higher.

New Zealand is proof that bigger may not always be better, but we’re always better together.

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100 LEADERSHIP CONFERENCE 2015

# making waves

*Former Billabong chief executive Launa Inman talks to Amy Williams about her life and career – and what's next on her agenda.*

*“Boards look for diversity in skills and gender but one thing that should be seriously considered is to have people who have been through very trying circumstances.”*



Adventure seems to seek out Launa Inman, the Australian business leader whose specialty is turning around companies in dire straits.

Or perhaps it's the other way around. Launa is not one to shy away from a bit of risk, even in her downtime. Others in her shoes might hanker after a poolside holiday, but she'd much rather be off the beaten track doing something on her bucket list – she and her husband recently went bear spotting in the Alaskan wilderness.

Whether it's an adventure overseas or a business undertaking, Launa carefully calculates the risk before making her decision. She's done this ever since she and her husband emigrated to Australia from South Africa in 1997.

And this approach often takes people by surprise. As was the case when she resigned as managing director of the Australian retailer Target, to take on the chief executive role at the global Australian icon Billabong. Launa had been instrumental in Target's turnaround

from a loss in 2001 to a turnover of A\$4 billion when she left in 2011.

Given her appetite for adventure, it is no surprise that before she began at Target, as head of apparel, she knew the company was in difficulty.

“But to be honest I didn't realise just how difficult. I knew the company had lost its way and was going through trying times but within three months of my arrival apparel posted its greatest loss. I was horrified. I'd only been in the country for three years,” Launa says.

At the time, Launa persuaded her husband to move to Melbourne with their two children, and within 18 months she had helped bring Target back to profit. She was named the Australian Businesswoman of the Year in 2003.

Launa spent a year, 2004-2005, running Officeworks, Australia's leading supplier of stationery and office products, before being asked to go back to Target as managing director.

**LAUNA INMAN WILL BE SPEAKING  
AT THE IOD'S LEADERSHIP  
CONFERENCE 21-22 APRIL 2015**

Launa Inman was appointed to the board of directors of The Commonwealth Bank of Australia in March 2011. She was the CEO and managing director of Billabong International from May 2012 to July 2013, one of only six woman CEOs in the ASX 200. She successfully led the group to a deal with private equity that provided funding necessary for its future. Launa was also managing director for seven years of Target Australia, finishing with an annual turnover of A\$3.9 billion, EBIT of A\$281 million and 294 stores. Launa was an instrumental part of the turnaround of Target, overseeing A\$1 billion of increased sales in the wake of the GFC. Previously, she was managing director of Officeworks. Launa sits on the boards of two not-for-profits, the Alannah and Madeline Foundation, and the Virgin Australia Melbourne Fashion Festival. Launa won the award for Telstra Australian Businesswoman of the Year in 2003.

“It was phenomenal, we really repositioned the company. What I realised was that Target was based on quality and value but those two qualities can be easily replicated by retailers. We made it about quality, value and style. That was really what we did,” she says.

After seven years at Target’s helm, she was keen to lead a public company. She says Billabong appealed to her because it is such an iconic Aussie brand – and it was struggling. Billabong’s revenue was half of Target’s and its share price had plummeted from A\$11 to A\$2.30 within two years.

“Once again, the company was in difficulty but I didn’t realise how severe, it was all things at one go,” Launa says of dealing with potential takeover bids and negotiating refinancing deals with private equity firms, plus keeping stakeholders up to date and responding to media enquiries (or not, as was sometimes the case).

She was fighting for the firm’s survival.

When Launa took up her position at Billabong, she had two mandates. The first was to stabilise the financial situation and the second to find a long-term sustainable strategy. She achieved both of those things.

After 14 months leading Billabong, in July 2013, the company announced that Launa would make way for US retail executive Scott Olivet as part of a salvage deal led by US private equity firm Altamount Capital Partners.

“From the moment private equity got involved I realised my tenure was not going to be long-term and I had to do what was best for the company’s shareholders,” she says.

“I believe that we’ve kept Billabong on the shores of Australia. It’s still listed on

the stock exchange and shareholders still have a chance of recouping their investment and it still employs more than 4000 people,” Launa says.

#### TESTING RESILIENCE

During her time at Billabong, Launa says she learned not to take things personally. She says private equity firms deal with distressed companies every day but for her, as chief executive, it was a new experience.

“My resilience was tested because it was such a challenging landscape daily. There was an enormous amount of things going on both internally and externally that needed to be managed,” she says.

Launa says she leaned on the company’s then chairman Ted Kunkel, who had the experience, and was calm and measured. She valued his input when Billabong was fighting for survival and it’s this experience that has led her to believe all boards should have a director who’s helped turn around a company.

“Boards look for diversity in skills and gender but one thing that should be seriously considered is to have people who have been through very trying circumstances. There’s no doubt about it, the learnings that I have come away with from my difficult times at Billabong are absolutely invaluable,” Launa says.

She says her number one lesson while at Billabong was to focus on getting the best price for the firm by battling in a constructive way with the private equity firm.

Launa admits most people wouldn’t opt to put themselves in such a position again.

“If you’ve been through that difficult time and get approached to go on a

board of a company with difficulties nine times out of ten you would say no!”

If asked to go on the board of a company in dire straits, Launa says she’d have to really assess the organisation very carefully and that’s the challenge.

#### LEAN IN

Now Launa spends much of her time coaching executives through tough times, and she also holds governance positions on boards including the Commonwealth Bank of Australia (CBA).

As a director of the bank, she likes to visit the branches and recently spoke at a business women’s event. It can be glamorous – the weekend before boardroom spoke to Launa, she’d been at a G20 function hosted by the Australian Prime Minister Tony Abbott.

Although she’s climbed the corporate ladder, Launa says she’s had to put her hand up and ask along the way.

“I think I learnt that as a child quite early on in my life. I lost my father when I was 13 and my mother when I was 21. I had to learn to be self-sufficient from an early age,” says Launa, who credits her success to a stable upbringing despite the upheavals of losing her parents.

“If you don’t ask you don’t get, and you don’t get it anyway so there’s nothing to lose! We’ve all been guilty of it and even at times I don’t ask and I know that I should. Many a time I’ve had to stand back and talk to myself.”

When she stepped into the role at Billabong, it irked her that there was a fascination with a woman running a traditionally male-dominated industry’s company, while men could run companies



in industries dominated by women without anyone raising an eyebrow.

While it's important to question people's perceptions, she says it takes time to change them.

#### LOOKING AHEAD

As for her next step, Launa won't rule out returning to a chief executive role. But after leading two of Australia's most iconic brands, it may be a hard task to find a company with the wow factor.

Her first love really is the retail sector, but she says all industries have customers and she specialises in identifying what a customer wants and then commercialising that into profit.

As for the retail industry, although many retailers have faced tough times, Launa doesn't buy into the belief that the sector as a whole is in trouble.

"People speak about the retail industry being very tough because there are

all these international brands coming in but I challenge that," Launa says.

"Retailers perform well if they have a clear customer proposition. Customers do shop if there's something new and exciting in store."

It's fair to say Launa always has something exciting in store, both for work and pleasure. Perhaps her most magical adventure is still to come – she's planning a trip to the South Island.

## IoD Leadership Conference 21-22 April 2015

*Next year's IoD Leadership Conference promises a compelling line up of international and local speakers*

Dr Robert Kay, one of Australia's leading authorities on governance is one of the keynote speakers, part of an influential Australian contingent of speakers including Launa Inman and Pru Bennett (featured in this issue of *boardroom*).

Professor Brad Jackson offers his views on leadership, while Wayne Norrie, Chair

of Fronde and Online Republic, examines how you can make disruptive technology work for you.

Local speakers include Kereyn Smith, Chief Executive of the New Zealand Olympic Committee, who asks whether we would win more medals if more women were involved in sports governance.

For more on speakers, themes and workshops, please read the conference brochure accompanying this issue or visit [iod.org.nz](http://iod.org.nz) for more information and to register.

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## Making a difference

*As the push for greater gender diversity in the workplace continues, Amy Williams talks to one of the people leading discussion of the issue globally, Pru Bennett from BlackRock - the world's largest asset management firm.*

**YOU CAN HEAR PRU BENNETT  
SPEAK AT THE IOD'S LEADERSHIP  
CONFERENCE, 21-22 APRIL 2015,  
▶ SEE [iod.org.nz](http://iod.org.nz)**

Pru leads BlackRock's Corporate Governance and Responsible Investment Team for the Asia Pacific Region and is based in Hong Kong. Pru joined BlackRock as a director in August 2010. Previously, Pru was head of corporate governance at institutional advisor Regnan Governance and Research. From 1998, she was a director of Australian proxy advisor Corporate Governance International. Prior to working in the area of corporate governance, Pru was Investor Relations Manager for Qantas Airways Limited.

Australian businesswoman Pru Bennett knows what it's like to be left behind in the corporate world. Early on in her working life, when she was a chartered accountant and in her early thirties, her career stalled when she tried to move up the corporate ladder.

Newly married and working in the aviation industry as a financial accountant, she says employers told her that they didn't want to take on someone who might take time off to have a baby.

Although that was over 20 years ago now, Pru says that the experience of being turned down for positions because she was a woman has helped shape her passion for gender diversity in the business world.

"I would like to think now, that people don't look at someone at that stage of life as unemployable," Pru says of changing perceptions.

She chose to go back to university as a lecturer. Although it was a step

off the path she'd planned to follow, Pru says that she enjoyed her time lecturing on financial accounting at the University of Sydney.

And yes, she had two children while employed there. But perceptions must have changed over the years because she was shoulder-tapped to work at Australian Airways in investor relations before it merged with Qantas.

"I was pregnant with my second child at the time, and I told them just let me get this out of the way first." Pru says.

It was an exciting time to work in the aviation industry, and Pru was close to the action when Australian Airways and Qantas merged, with Qantas floating on the stock exchange. As investor relations manager, she was responsible for the communication between Qantas and its institutional investors - no small task during such upheaval.

Yet she says there were still no openings further up the ranks for a

woman who wished to work part-time so she started looking elsewhere.

It was the Australian-based governance services provider, Corporate Governance International (CGI) that ticked all the boxes for her. When the proxy advisor asked her to come and work for them, she stated her terms of pay, her hours and that she would need to take days off when her children were sick – and they didn't blink an eye.

She was a director of CGI for 12 years (it was bought out by Glass Lewis & Co in 2006, and is now known as CGI Glass Lewis), before joining one of the world's largest institutional investors, BlackRock, in 2010.

### DOING THINGS DIFFERENTLY

As head of BlackRock's corporate governance and investment team for the Asia Pacific Region, Pru spends a fair amount of her time travelling to meet companies and regulators, engaging on governance, social, ethical and environmental issues.

In the region, she manages BlackRock's proxy voting activities and is responsible for the investor's corporate engagement activities in the region.

After two years in the role, and based in Sydney, she says it became clear she needed to move to Hong Kong in order to be closer to the areas of focus in Asia.

It's Pru's first overseas posting, and although her two older children have stayed in Australia (one at university, the other working), her youngest son is attending school in Hong Kong and her husband recently sold his business and will join her there before Christmas.

### DETERMINING RESPONSIBILITY

When she's engaging with companies, there's a whole mix of things Pru looks at to determine whether it is a responsible investment. This can cover the company's environmental and social risks, and transparency around board processes.

As the world's largest investor, BlackRock has a strong voice and Pru contributes to its corporate governance policies. She's particularly passionate about the issue of gender diversity because it affects half of the population, and she has personally experienced discrimination.

Pru says creating a culture where gender diversity is expected and occurring should result in other aspects of diversity being taken into account.

BlackRock has produced three reports on the topic of gender diversity policies in Australia, and Pru says she's been disappointed that more women are not further up the food chain.

"I've just seen too many talented women drop out of the workforce," she says of women having babies and not being able to hold onto executive positions.

"I really want to see more focus on getting diversity at senior executive ranks, not so much on boards. If we can address the senior ranks issue, then over time gender diversity at the board level will be resolved," she says.

Research shows that the majority of Australia's board members come from senior executive roles on ASX 200 companies.

BlackRock's recent paper on the topic reveals that although there's been an increase in women on boards and in key management positions in the ASX 200 companies, progress has been slow for those in full-time executive roles. The report says corporate commitment to gender diversity policies is "piecemeal and could definitely do better".

The papers have been reported on in the media and Pru says she enjoys the discussion that they've raised. It's the part of her job she enjoys the most – changing the status quo.

In fact, one of the debates coming out of BlackRock's paper on gender diversity in Australia has been whether there'll be more regulation to firmly put women in the upper echelons of business – something Pru says would be an embarrassment to the country because it should happen without quotas.

During a recent business trip to India, she spent a couple of days visiting libraries BlackRock had helped to fund through its philanthropy division. She'd helped her division raise US\$80,000 towards the projects.

Pru then travelled to the company's office near Delhi for internal meetings,

before heading to Mumbai for more meetings, including with the Securities and Exchange Board of India. It is this ability to have a voice in the regulatory world that she really enjoys.

"I enjoy the engagement work, interacting with directors and seeing companies changing their behaviour is very fulfilling," says Pru.

### ACROSS THE DITCH

New Zealand is in her sights too, as BlackRock is invested in more than 30 companies here.

Having lived in Hong Kong for almost a year, she's been able to sit back and assess the governance regimes of Australasia with a fresh eye.

"I think Australia and New Zealand are reasonably well-governed compared to other areas of the world," Pru says, making the comparison with Asia's family and estate-dominated firms where it's often difficult to tell who's independent.

With such complex corporate scenarios to work with, it's no wonder Pru needs a change of tack in her time off. She and her family are keen sailors and she's looking forward to joining the Royal Hong Kong Yacht Club in the near future. But never one to sit back, you'll likely find her managing the junior yacht races – a different sort of complex scenario!

### CHANGES ON DIVERSITY

The IoD agrees with Pru that diversity of thought improves decision-making. This led to the establishment of the IoD's Mentoring for Diversity programme in 2012. Created to link experienced women directors (mentees) with chairmen and senior directors (mentors) from NZX and large company boards, the programme is to be redesigned to promote board diversity in a wider sense.

The next intake of mentees will consider diversity in terms of gender, ethnicity, age, skillset and background.

**Applications will open in March, with mentoring beginning in 1 June. For more information, visit [iod.org.nz](http://iod.org.nz)**

# Cleaning up cyber crime

*New Zealand may not seem an obvious base from which to fight global crime. However, Wynyard Group CEO, Craig Richardson, says that our country's reputation as relatively crime and corruption-free has smoothed the path for selling sophisticated cyber crime fighting software to overseas buyers. By Katherine Robinson*

“New Zealand’s reputation as trustworthy helps with our credibility. Companies or organisations need to be able to trust us to take us into their confidence,” he says. “The New Zealand way of doing business plays an important part in our brand.”

Clients for the group’s specialised software are drawn primarily from governments and government agencies around the world, plus offshore companies specialising in financial services and infrastructure. Clients have included the New Zealand Stock Exchange, London Stock Exchange, Thai Customs, Tatts Group and new Asean and European government agency contracts.

Only 20 per cent of the business is drawn from within New Zealand.

Currently, Wynyard Group has four software products that focus on cyber risk management, intelligence, investigations and digital forensics, which can be used either separately or in combination. This software aims to control three big global issues — increasing amounts of data, regulatory compliance and vulnerability to organised crime.

The demand is there. After launching two years ago, the business has mushroomed from an Auckland office of eight to 240 staff scattered around the globe to meet the needs of more than 300 clients.

Craig says that the company “got the story right” by anticipating the growing threat of cyber crime. “We saw a huge opportunity two years ago and have been able to offer a slightly different proposition to that offered by everyone else.”

Wynyard’s advisory board reflects the seriousness of cyber threat and answers the need for specialist knowledge. Among those on the board are a former senior figure in the FBI and a cyber security head for the UK plus other senior security specialists.

Wynyard Group was set up in early 2012, and was floated as a public company on NZX a year later. This presented some unique challenges as a company that develops cyber crimefighting software does not necessarily want to disclose its every move.

“You don’t want to tell the criminal environment what tools you’ve got and how you’re applying them,” says Craig. “We had lengthy discussions with NZX before we listed and we have worked out ways to keep shareholders and the media informed while preserving the confidentiality of our client base. We could, for instance, say that we have signed an agreement with an intelligence agency in Northern Hemisphere without going into further detail.”

The float has raised \$100 million to date, with a high percentage of New Zealand investors backing the company. Funds

raised will fuel further research and development, as the company intends to offer more innovative products to keep a step ahead of the cyber criminals.

“Most companies and organisations have a significant online presence, in the sense of being connected to the internet or trading through the internet. In the past, we might have felt that our businesses were physically separated from the world, but that degree of separation has gone now,” he says.

He sees growing public pressure for organisations to adequately protect the personal data they might store on behalf of their clients. In the US, for instance, the US Securities and Exchange Commission has asked companies to disclose cyber attacks to help protect customers whose private data may have been compromised. There has even been discussion of fining companies for privacy issues.

New Zealand directors are increasingly aware of the potential harm cyber crime can do. “It often features in surveys at least in the top three of potential risks,” he says.

He says that they are often also concerned at their lack of knowledge in this area.

“I am talking to New Zealand SMEs and they are shocked at the exposure that they might have,” he says. “But a



common response is that they don't have enough to interest organised crime."

"My answer is that organised cyber crime doesn't target you, it's more like a kind of a smash and grab. It's rather like leaving your handbag on the seat of an open car. If criminals see it is there, they don't care what's in it but they will take it and look," he says.

The cyber threat can come from unlikely sources.

"They can be young kids, hackers, lobby groups right through to sophisticated organised criminals. Cyber crime covers the spectrum from stealing money, information and identity. Theft of intellectual property is one of the crimes that would threaten New Zealand's economic

prosperity as it could target innovative products in agriculture, for instance.

"But like other aspects of technology it also presents opportunities for business. I believe consumers and customers will increasingly actively choose businesses, products and brands that have a track record of effective information security management and these businesses will have a competitive edge."

## More info

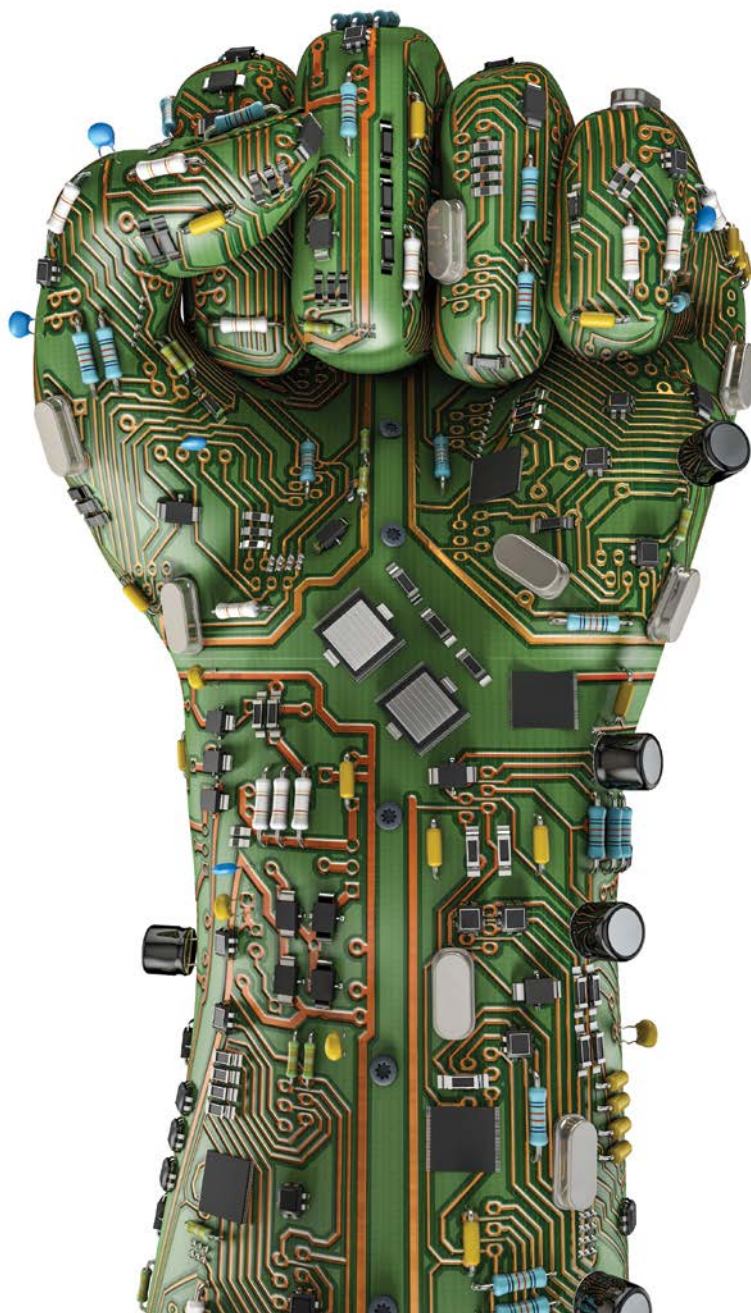
Craig Richardson contributed to the *directorsbrief* on Technology Governance issued to members in July 2014 by the IoD's Governance Leadership Centre (GLC) earlier this year. You will find it under Governance Resources on [iod.org.nz](http://iod.org.nz)

## Digital Leadership Courses to Launch

In 2015, the IoD will be launching both an online module and a one-day course in Digital Leadership. Both aim to help directors understand their changing role in a digital world, identifying the risks and the opportunities. For more information on these courses visit Director Development on [iod.org.nz](http://iod.org.nz)

# Playing catch-up with cyber-bullying

*Cyber-bullying and internet smear campaigns became a major theme of this year's election campaign, reminding us that online communications have a degree of permanence and spread that casual chat around the water cooler does not.*



Cyber-bullying challenges existing law. The legal armoury that protects against personal attacks, short of assault, and invasion of privacy is currently limited to:

- the Harassment Act 1997, which governs stalking or offensive behaviours that may cause the victim to fear for his or her safety
- the law of defamation, which provides a civil remedy when someone publishes a defamatory statement about you or tells lies calculated to injure your reputation, and
- the Privacy Act 1993, which protects against the unlawful disclosure of personal information.

These laws were designed for a pre-Facebook and Twitter society. Governments, including the UK and New Zealand, are now responding to the need to address the inadequacies of current sanctions and remedies in the internet age.

#### THE HARMFUL DIGITAL COMMUNICATIONS BILL

The Harmful Digital Communications Bill has been carried over from the last Parliament and is now awaiting its second reading. It was introduced by then Justice Minister Judith Collins in November 2013 and was reported back from select committee on 27 May this year.

It will create a civil enforcement regime supported by criminal penalties for certain online behaviour, with imprisonment of up to six months on conviction. Both police and private individuals will be able to bring proceedings in the District Court under the Act.

Examples of harmful communications include sending or publishing threatening or offensive material and messages, spreading damaging or degrading rumours, publishing invasive and distressing photographs, and harassing and intimidating people. Harm is defined in the Bill as serious emotional stress.

The Bill identifies ten communication principles – the serious, repeated or threatened breach of which can be grounds for bringing a prosecution. Included among these is “that digital communication

should not disclose sensitive personal facts about another individual, or be used to make a false allegation”.

The UK legislation is broadly similar but will provide for jail sentences of up to two years, from six months currently.

#### THE COURTS

New Zealand’s Facebook engagement among the online population is the highest in the world at 80 per cent (compared to 74 per cent for Australia, 69 per cent for the US and 68 per cent for the UK). Given this very high usage, surprisingly few employment disputes featuring the use or misuse of networking sites have come before the Employment Court.

However, the court expects that number to rise over time, and took the opportunity in a judgment handed down in October last year to traverse some of the relevant case law from Australia and New Zealand, drawing out some of the implications arising from the permanence and penetration of comments on social media networks.

Among the court’s high-level observations were that:

- Facebook posts, even those ostensibly protected by a privacy setting, may not be regarded as protected communications beyond the reach of the employment process
- Facebook is not a strictly private forum and any asserted expectations of privacy will likely be tested by the courts
- posted content online may be used to substantiate a dismissal or disciplinary action against an employee and, by logical extension, could undo a claim of constructive dismissal.

The court also expressed a lack of sympathy for the suggestion by an Australian tribunal that a special dispensation is allowed for older workers to take into account their ignorance of social media norms, saying:

“It is unclear why a distinction along the lines of age would apply, as problems with privacy on social media tend to stem from a sort of recklessness (which does not know any age boundaries) rather than lack of technological understanding.”

#### SOME PRACTICAL ADVICE POINTS

In the workplace, social media issues can arise in a number of ways, from posting holiday snaps while on sick leave to employees venting or criticising employers and/or workmates, to sexual harassment and negative Facebook campaigns.

As with all things work-related, when in doubt, have a policy. Many businesses will already have IT, privacy and social media policies. Check they are up to date. Older social media policies tended just to focus on time-wasting through employee use of Facebook etc. IT policies regulated use of work email for personal matters, and privacy policies tend to be about five lines long.

The modern business cultivates a supportive and positive work environment where staff are clear about the employer’s expectations when it comes to social media use. Front and centre should be an expectation that online bullying of fellow workers will not be tolerated (through email or social media outlets). There should be proper channels, with support available, for airing grievances. Clarity around these matters helps both employers and employees.

For victims, the Office of the Privacy Commissioner can investigate instances where personal information has been wrongly disseminated and the law of defamation, though tricky and requiring specialist advice, does have options to rein in unwarranted personal attacks.

It may feel like a number 8 wire approach for now, but this is certainly a space to watch as change will come and probably quite fast.

**Justin Graham is a partner at Chapman Tripp, specialising in technology, media and telecommunications, intellectual property and privacy law and in corporate and commercial dispute resolution.**

# Why giving is good business

*The global business community appears to accept that Corporate Social Responsibility (CSR) activity is important in managing a corporation's reputation. It is also an increasingly important criterion with which customers and consumers worldwide judge companies and choose between their products and services. But how important is CSR to New Zealanders?*

Very important, according to a recent survey conducted by TNS with a representative sample of the New Zealand adult population.<sup>(1)</sup> Three quarters of those surveyed said they expect New Zealand companies to be more involved in the communities in which they operate and to actively give back to these communities. Four-in-five New Zealanders, expect companies operating here to act in environmentally sustainable ways. In addition, a quarter of adults say that a company's social and environmental footprint strongly influences how they feel about its brand, product or services.

While these attitudes are equally prevalent across all age groups and regions, women are more likely to subscribe to them. And the perceived importance of giving back and acting sustainably varies according to market sector and the level of resources a business is perceived to use. People claim to consider a company's social and environmental footprint when making product or service choices most frequently in sectors such as the primary industries, construction, automobile and food and drink production.

However, people are sceptical of corporate 'greenwashing'. With over half of adults (especially males) inclined to see corporate social and environmental initiatives as PR exercises, there is a risk that tokenistic, poorly thought-through activity will reinforce existing prejudices. Two thirds of men and three quarters of women felt that companies should be genuine about their CSR initiatives and that the initiatives should create meaningful differences to communities and/or the environment.

TNS asked people to give examples of initiatives they thought were making a difference. Z Energy's 'Good in the Hood' was mentioned frequently as an example of community-based activity, chosen by the community targeting the activity where it is most wanted, or needed. Fonterra's nationwide 'Milk for Schools' programme was another social initiative seen to be having a positive effect right into, and across, communities. Meridian Energy's emphasis on renewable energy sources was frequently mentioned as an example of meaningful environmental activity. A common element across these three CSR initiatives is that they relate to the business's core activity, avoiding the potential accusation that a brand logo is just being slapped onto a worthy, but unrelated, cause.

Knowing that a company excels in its social and environmental initiatives positively affects product and service choices, driving up purchase consideration of the company's products for more than two-in-three consumers. In contrast, poor perceptions of a company's CSR performance has a strong negative influence on choice for well over a third of buyers. Consumer habits and market factors, for example, availability and pricing, will ultimately have a very important influence on consumers' product and service choices, but these are clearly very strong sentiments held by a lot of people. What is more, these attitudes are intensifying over time. Over half of adults say that these considerations are more important to them now than they were five years ago; this sentiment increases to two-in-three among women.

## WHY IS CSR ON THE RISE?

Given a small population, relatively small economy and geographic isolation, New Zealanders have, arguably, always had a strong sense of social and economic inter-dependence. The culture values social justice and financial 'fair play', as opposed to overt economic individualism; after all, the country's largest company is still a co-operative. However, New Zealand is also being influenced by wider, global macro trends. Examples of large-scale corporate malpractice by individual companies and the financial sector's role in creating the Global Financial Crisis have fostered a global background of reduced trust in business, with widespread perceptions of companies prospering at the expense of wider communities.<sup>(2)</sup> Citizens and governments expect more ethical and socially-directed behaviour from corporations. Companies are increasingly expected to help to solve major economic, environmental and social problems, whether these problems are related to their business or not.

Social media means that the public can readily learn what companies do and don't do. The activities and campaigns of lobby groups and special interest groups have also heightened public awareness of many social and environmental issues (and often business's antagonistic role in them) that would previously have stayed hidden.

## SHARED VALUE

Within this context too, business thinkers and leading corporations are challenging the narrow definition of value creation, from short-term financial success to a wider



definition of 'shared value' (2), where a company's success is connected with social progress. Shared value is an evolution of CSR in that it guides the investments of companies in their communities and is integral to their profitability. Policies and operating practices are developed that enhance the competitiveness of a company, while simultaneously advancing the economic and social conditions in the communities in which it operates. Many leading companies worldwide, including Johnson & Johnson, Unilever, Intel, and Toyota have initiated shared value programmes. For example, the food company Mars encouraged a cross-sector coalition to transform farms and surrounding communities in Ivory Coast with the aim of avoiding looming cocoa shortages, to the benefit of all involved.

Findings from our survey show that the New Zealand public is on trend with other parts of the world in its thinking about business. The degree to which these public expectations of CSR and shared value activity are met by a business has

an important impact on perceptions of its reputation. From tracking the reputations of a number of large New Zealand companies, TNS has found that those who have sound, well-known and meaningful CSR programmes have reputations that are more robust than companies who do not. Their reputations are rated higher, fall less when they are hit by a crisis and recover quicker when the issues pass over. This is because perceptions of a company's reputation are shaped by both rational and emotional factors.

#### DEVELOPING A CSR PROGRAMME

How can an organisation design a meaningful CSR and shared value programme that also has a positive impact on its reputation? Developing a business case and identifying the necessary execution capabilities inside and outside the company, requires insight into the needs the company is seeking to address. This includes whose needs they are – the company's or the community's. Understanding the underlying social

conditions and how best to change them is key.(2) The companies that succeed on this journey develop a comprehensive view of the problem, the people affected, the barriers to progress, and the options for driving change. The programmes also have full buy-in from the companies' lead teams – they have to because they affect the companies' investment and profit outcomes.

In order to be regarded as trustworthy corporate citizens with strong reputations, New Zealand companies need to develop effective, meaningful, socially impactful CSR programmes that establish shared value with the general public and important stakeholder groups. Done well, this important work builds goodwill and engagement with the demanding New Zealand public, provides a stronger licence to operate and increases the chances of the company's product and services being chosen in ever-increasingly competitive market places. This isn't just business theory; it's what the New Zealand public now expects.

#### References:

1. TNS online omnibus survey, April 2014. Sample of 910 adults, representative of New Zealand adult population
2. 'Creating Shared Value: How to reinvent capitalism and unleash a wave of innovation and growth'. Michael E. Porter and Mark R. Kramer, Harvard Business Review, January-February, 2011

## You are a director, trustee or board member. You know where your organisation is heading, but is it in the right direction?



"For me, the G<sup>3</sup> has pulled together and consolidated all my previous governance learning and experience and deepened my level of understanding. I am confident I leave with a level of clarity around the fundamental legal duties

of directors and trustees which is absolutely current and better than that of most directors. Along with a fresh board-centred perspective on the accounts and with greater clarity on the shape of strategic leadership a board should be providing. And with a reaffirmation of my belief that teamwork achieves the best outcomes, and that an effective board is a high-performing team."

Michael Crawford *BCom LLB CA MInstD*  
Director, Horsham Ltd

This three dimensional **Governance Programme (G<sup>3</sup>)** provides the necessary knowledge and skills for good governance for SME, NFP, private and public sector organisations and is aimed at company directors, board members, trustees and councillors. This programme is offered in Hamilton and Wellington and starts in **April 2015**.

For those who have completed the IoD Company Directors Course, the G<sup>3</sup> offers an excellent opportunity for longer and in-depth exploration and to gain an academic qualification. Members of the IoD are allocated 40 Continuing Professional Development points (amortised over two years) for completion of the G<sup>3</sup> programme.

To find out more about our information sessions and scholarships visit [www.mngt.waikato.ac.nz/PGCertGov](http://www.mngt.waikato.ac.nz/PGCertGov) or phone **0800 800 891**, email [execed@waikato.ac.nz](mailto:execed@waikato.ac.nz)

*Waikato University has developed the course content and will deliver the courses. The IoD's involvement is related to the capstone project component for which they have provided the Four Pillars of Governance Best Practice and will be involved in the assessment of participants' projects.*



THE UNIVERSITY OF  
**WAIKATO**  
*Te Whare Wānanga o Waikato*

# Rising stars

*Awarded annually by seven of the IoD's branches, the Emerging or Aspiring Director Awards recognise new faces in the governance profession. This year's winners are drawn from diverse sectors and show the future of governance is in good hands. By Breanna Cullen*

*“Running a business was always in my blood. The more I learnt, the more I realised that governance and systems and processes were what really got you forward.”*

**Auckland Emerging Director – SHANE MCMAHON**

“It seemed logical to broaden my governance opportunities, which led to me taking a non-executive directorship with Heart of the City, Auckland’s largest business association,” says Shane.

Shane is also an executive director of NZ Bus (Infratil) in his capacity as Chief Operating Officer Northern.

“I think it is beneficial to sit on the other side of the table... this experience at a board level also helps strengthen my performance at an executive level.

“Ultimately, I would like to be part of a team of talented individuals that have helped steer a successful New Zealand business – one that is successful globally and provides opportunities for Kiwis into the future.”

**Waikato Emerging Director – SARAH MORTON-JOHNSON**

Qualified in HR, Sarah says the traditional boundaries of an HR role did not always sit comfortably with her.

“I found that I could be most effective in my HR roles when I took a ‘whole of organisation’ view, so tended to get involved with things outside of my core HR role, whether that was marketing or finances. And governance offers this perspective.”

She worked as a Lifeline volunteer, making the transition from telephone counsellor to chairing the Lifeline Waikato board. She has also secured a position on the Wintec board as part of her Emerging Director win.

“One of the things I’ve learned through the Wintec experience is that there’s not one best way for an organisation to discharge its governance responsibilities... it requires an understanding of the organisation itself, its aims and aspirations, and the needs of its stakeholders.

“My heart is for individual and community development and wellbeing. But I think this does give a wide scope for a variety of different types of organisations.”

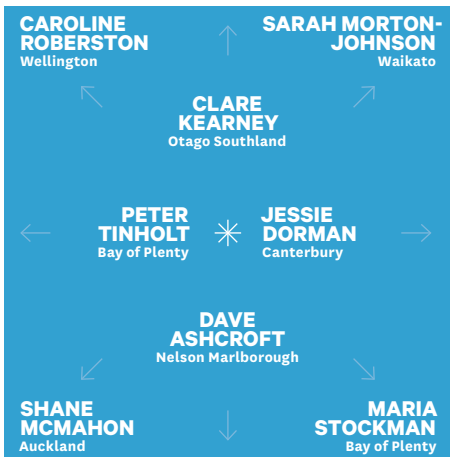
As part of her prize, she has completed Strategy Essentials and the Online Health and Safety Module, and she plans to undertake the Company Directors’ Course.

“The award has already exceeded my expectations in terms of learning, expanding my network and building a profile as a director.”

**Bay of Plenty Aspiring Directors – PETER TINHOLT AND MARIA STOCKMAN**

**Our Bay of Plenty judges faced a tough choice, and named two winners.**

Peter Tinholt entered governance as managing director of Newmans Quality Foods. Well-known



for running Ironman races to raise money for cystic fibrosis, he was soon asked to serve as a trustee of the Shares in Life Trust.

He says that it was the strategic side of governance that caught his interest, along with risk management and making sure the right systems, processes and practices were in place.

Today, he is also a director of Taura Natural Ingredients Ltd and a trustee of the Matt Skellen Bipolar Trust. With his win came a six-month appointment to the Acorn Foundation board, recently extended by another six months.

He thinks he has the balance between commercial and not-for-profit work right, but would like to secure a directorship

at a company in export mode in future.

Qualified in audiology, Maria Stockman says she became a director by default when she launched her own clinics, but it was through a conversation with a friend in a chair role that things clicked.

“I’m very curious. I like to know how and why things work, and governance seemed very applicable to me and to my skillset.”

Maria stood for a position on the Tauranga Region Free Kindergarten Association, joined the IoD and undertook the Company Directors’ Course. She’s since added an independent director role at the Mount Maunganui Surf Life Saving Club, and will join the New Zealand Kindergartens board in the New Year.

In 2015, she’ll also be adding a six-month position on the Bay Trust to her portfolio as part of the Aspiring Director Award. “It is a huge not-for-profit, and the work they do to support the Bay of Plenty community is phenomenal,” she says.

Looking ahead, Maria says she’d like to balance her not-for-profit portfolio with commercial and public sector roles, and plans to undertake the IoD’s Audit and Risk Committees course.

“The award really does make you think about what you are doing and why you are doing it; what you have to offer; what your skillsets are; where there might be gaps; all those things. It really helps to crystallise things and make you question yourself.”

# directorVacancies

*directorVacancies is a cost-effective way to reach IoD members – New Zealand's largest pool of director talent. We will list your vacancy until the application deadline closes or until you find a suitable candidate.*

## TE AWAMUTU RESIDENTIAL TRUST

**Role:** Trustee

**Location:** Te Awamutu

**Closes:** 31 December

## MARKETING ASSOCIATION

**Role:** chairman, board members (4)

**Location:** Auckland

**Closes:** 9 January

## EIS

**Role:** independent director

**Location:** Invercargill

**Closes:** 19 January

## CANTERBURY INSURANCE ASSISTANCE SERVICE

**Role:** trustee

**Location:** Christchurch

**Closes:** 28 February

## SAVE THE CHILDREN NEW ZEALAND

**Role:** board member

**Location:** national

Applications will remain open until position is filled.

## LANTERN HOUSE TRUST

**Role:** independent trustee

**Location:** Taranaki

Applications will remain open until position is filled.

## JANE GOODALL INSTITUTE NEW ZEALAND

**Role:** directors (four)

**Location:** national

Applications will remain open until position is filled.

## SUPA-NZ

**Role:** directors (two)

**Location:** Tauranga

Applications will remain open until positions are filled.

## ALZHEIMERS NZ

**Role:** board member

**Location:** national

Applications will remain open until position is filled.

## WATER NEW ZEALAND

**Role:** director

**Location:** Wellington

Applications will remain open until position is filled.

## WINTEC STUDENT RESIDENCE TRUST

**Role:** trustee

**Location:** Hamilton

Applications will remain open until position is filled.

## HABITAT FOR HUMANITY (CHRISTCHURCH) LTD

**Role:** directors

**Location:** Christchurch

Applications will remain open until position is filled.

**You'll find more governance positions advertised in directorVacancies on the IoD website, in the monthly directorVacancies email distributed to IoD members and on the IoD Twitter feed.**

## directorSearch

# Searching for a new board member?

*When looking for a new director, you should cast the net wide enough to ensure you find the best person for the job while achieving the optimal skills balance for the board as a whole.*

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We have New Zealand's largest database of director talent who are actively looking for board positions.

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### Wellington Emerging Director – CAROLINE ROBERTSON

Caroline took a less conventional path into governance, qualifying as veterinarian and entering a practice in Central Hawke's Bay. Appointed a director of Vet Services Hawke's Bay four years later, she found that a vet's problem-solving skills were transferable to the board table.

Today, she is also a director of the New Zealand Veterinary Association, and co-leads the development of its Dairy and Red Meat Strategy in alignment with the government's 'Export Double' goal. With her husband and family, she also runs Rangitapu Station, a 1100-hectare sheep and beef farm.

"Running a business was always in my blood. The more I learnt, the more I realised that governance and systems and processes were what really got you forward. The IoD course I did some years ago really framed that up and I was able to put a lot of those principles in place in my own family and businesses."

After completing the Company Directors' Course, Caroline implemented a shareholder agreement around succession planning in Vet Services. She hopes to use her win as a learning opportunity and gain experience across a broad range of industries.

"My passions are agriculture and environmental sustainability and profitability. And sometimes they're at odds with each other, so we have to try and work out how to make the most of those, for both businesses and for New Zealand Inc."

### Nelson Marlborough Aspiring Director – DAVE ASHCROFT

Dave developed an interest in governance through exposure to boards in executive-level roles, including one at the Cawthron Institute soon after its Board of Trustees established a formal board of directors in 2003.

"It brought the Cawthron Institute into a more disciplined governance environment. So I got first-hand experience of how good governance might look."

After four years as a CFO in Australia's aquaculture industry, Dave is now back at Cawthron as Finance and Business Support Manager.

Having undertaken the Company Directors' Course and the Australian Institute of Company Directors' graduate CDC, Dave is keen to complement his study with practical experience. He receives a directorship as part of the Aspiring Director Award, and says he expects this to be a "hugely valuable" experience.

Dave says his motivation for entering governance is not economic. "It's about being able to make the area I live in worthwhile for living in – it's about a better future for my children."

### Canterbury Aspiring Director – JESSIE CHAN-DORMAN

Jessie got an early insight into governance, reporting directly to a board in her role as general manager of a research consortium. She joined the IoD in her late twenties, but it was taking on a sharemilking contract and setting up her own business, Dorman Partnership Ltd, that got her really interested.

"We built our own business off our own backs and we had to think really clearly about why we were doing it, what we wanted to achieve, what our long-term vision was."

"Farming is a really good example of where strategic planning is critical. You're coping with volatility all the time, and good governance is important to withstand that volatility and take a long-term view."

In her capacity as a sharemilker, Jessie joined the Federated Farmers Mid-Canterbury board as sharemilkers' section chair. Today, she serves as vice-president, and has added directorships at the Ashburton Trading Society and Business Mid-Canterbury to her portfolio.

Jessie starts an internship with Connetics, and says that she is looking forward to gaining experience on a commercial board outside of the agriculture sector.

"Ultimately, I'd like to put myself forward for boards within the agricultural sector. I've got a passion for cooperatives and many businesses in the farming sector are cooperatives."

### Otago Southland Aspiring Director – CLARE KEARNEY

Clare says that it was her time on a school board of trustees that piqued her interest in governance.

"I'm very curious about how organisations work. In the first instance, it was that, and wanting to make a contribution to the organisation."

She found many of the skills perfected as a farm consultant – robust discussion, negotiation, long-term strategic thinking – were transferable to the board table.

Today, she chairs Network Waitaki and Sport Otago. Her win has seen her complete two Boards in Action workshops – Advanced Health and Safety and Leadership from the Boardroom.

She admits that she needed some encouragement to apply, and credits Waitaki Power Trust chair Dr Helen Brooks with giving her the prod she needed.

"I felt that I still had a long way to go before I felt that I was up to what I believe was the standard for that award – there have been amazing recipients in the past."

She got the call while supporting her daughter, a rower in the New Zealand Under-23 team, at the World Championships in Italy. With the rowers going on to win silver in their event and top the medal table overall, Clare says it was a great day all round.

### ASPIRING/EMERGING DIRECTOR AWARD

Alternately called the Aspiring Director Award or Emerging Director Award, this branch-level initiative recognises the applicant who, in the view of the judging panel, most clearly demonstrates the potential to develop as a director. Among other criteria, they must:

- demonstrate commitment to developing a career in governance
- have skills and experience that would be useful to a board
- have senior executive, leadership or governance experience
- demonstrate an understanding of the importance of sound governance.

Prize packages vary between each branch, but typically include mentoring from a senior director, an internship on the board of a local organisation, and money towards IoD Director Development courses. A one-year membership of the IoD and complimentary attendance at branch events are also included.

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# Out of the comfort zone

*Regulations now require adventure tourism operators to pass a rigorous health and safety audit before they can register and charge customers for taking part in adventure activities. We take a look at the process through the eyes of Wairarapa Quad Adventures, one of the first to register in the Wairarapa region. By Katherine Robinson*

A first aid certificate was all Simon Hoskins and Mal Blown needed when they set up their Martinborough-based business, Wairarapa Quad Adventures, nearly four years ago.

“We also did an advanced quad bike training course – because we wanted to, not because it was legally required,” says Simon.

The pair began taking out groups of two or three people on tours over a wild and scenic spread of farmland south of Martinborough. Gradually, they acquired enough bikes to take out groups of 10 or 12 people.

“We had dreams of being able to bring out 20 people at a time and doing this fulltime but the economics aren’t really there,” says Simon, who also works as an IT consultant in Wellington.

The safety of the tour group is one of his main reasons for keeping numbers down. Quad bikes may be a farmer’s best friend, but as Simon points out things can easily go wrong.

“Ten or twelve people in a group is the number that Mal and I feel most comfortable with. Quad bikes are very easy to ride but they are also easy to

crash. They can travel at up to 35 to 40km per hour but it’s not about the speed, it’s about the terrain and the rider,” he says.

Quad biking in itself is in a grey area under the Health and Safety in Employment (Adventure Activities) Regulations 2011. It is not considered an adventure activity in itself but the fact that Simon takes tour groups out on farm tracks, driving through bush and traversing streams, means that the small business needs to register.

So far, they have never had an accident, something that Simon puts down to sensitive management of group dynamics. This starts with the confirmation email, which asks prospective quad bikers to indicate any previous quad biking experience.

“If it is a group of mixed abilities, some will want to rip around, but for some it will be the first time. You want them all to feel that they are in their comfort zone, but at the same time ready to step out of it a little – because that is the whole point of adventure tourism. In that case we will split the group so the experienced riders can drive faster on more challenging terrain.”

Perhaps unexpectedly, Simon finds rookie quad bikers the most rewarding.

“Sometimes we get riders whose confidence exceeds their ability. We prefer the ones whose ability exceeds their confidence. I’ll spend a lot more time with them on the training track and I’ll let them know that if it is too much they can get on the back of my quad.”

And the over-confident ones?

“Well, it’s a bit like turning a poacher into a gamekeeper. We tell them that some of the group are not as confident as they are and ask them to keep a look out for the others, maybe from the back of the line.

“We have taken the keys – from guys on stag dos – but that has only happened three times. If something had happened it would have come back to us. We would have been asked ‘why were you letting him drive so unsafely?’”

## PASSING THE AUDIT

To meet the requirements of the audit, Wairarapa Quad Bikes had to demonstrate that it had thought through all aspects of health and safety of customers in every





*“What the auditors got through to us was that we had three roles – director, manager and staff – and we had to build our safety management system based on these three roles.”*



eventuality. This had to be written down in detail in a safety management system. A field audit, checking that all these requirements were being met, followed.

“We got a glowing report from the field audit but we did have to rework the paperwork before we passed,” says Simon.

“We just see ourselves as owner/operators and we have no intention of making this business any bigger. We’re not a big operator like AJ Hackett but we had to have a safety management system just as detailed as theirs.

“What the auditors got through to us was that we had three roles – director, manager and staff – and we had to build our safety management system based on these three roles. We understood the concept, and we were carrying out all the safety procedures in any case. It just took time putting down everything in writing.

“For instance, the auditors want to see continuous review and improvement of safety. We were already doing that as every time we finish a ride we would talk it over and think about how it could be handled better.”

Once in writing, the safety management system becomes a template against which handling of all future situations will be measured against.

“We were aware of the legal implications of non-compliance with our own system,” he says.

The audit has been criticised for burdening small businesses with too much paperwork and spiralling compliance costs.

“We all do this because we enjoy doing it but once that element goes out of it, there’s a risk that it is not fun any more – not for the riders or the operators. If they are not careful they could push some of the smaller operators out,” says Simon.

The business paid approximately \$5,000 for the audit but there could be a potential commercial benefit off-setting this.

“Corporate groups have already asked us ‘are you registered?’ There could well be corporate policies from now on only allowing employees to go on registered activities,” he says.

And he says that the audit is a two-way street, offering reassurance to operators as well as to their clients.

“When we started out, we had nothing but a first aid course behind us, but at the back of our minds we were asking – are we doing everything we could do? The auditors came back and have told us that we are doing a good job.”

### AUDITING ADVENTURES

The Health and Safety in Employment (Adventure Activities) Regulations 2011 were established with the aim of keeping tourists safe when carrying out an adventure activity. Operators were given a three-year transition period to ensure that they had time to comply. It is now an offence to operate without being registered.

### WHAT IS AN ADVENTURE?

Adventure activities are clearly defined under the regulations and exclude some activities already covered by Maritime New Zealand or the Civil Aviation Authority but generally, an adventure activity is one that is:

- paid for
- involves the participant being guided or facilitated
- designed such that serious harm is likely to arise from a failure to manage the risks of the activity effectively.

The regulations do not apply to organisations that do not charge fees, such as schools or voluntary clubs.

### BECOMING REGISTERED

To become registered under the Adventure Activities Regulations, operators must document their safety management system and operating procedures, then work with a recognised auditor who rigorously checks this system and follows up with an onsite field-audit.

Once an operator passes this audit, they will be considered by the WorkSafe NZ Registrar before becoming registered.

Audits can take at least eight weeks to go through all the stages and they do come at a cost to operators.





# Meeting the cultural change challenge

*WorkSafe are clear about the task ahead. The new Health and Safety Reform Bill and the supporting regulations and guidance material will provide “clarity of expectations” but they are looking for much more than strict compliance. They want “sustainable cultural change”. By Patricia Herbert*

WorkSafe are right to aim high because the legislation is ambitious in its intent. The new due diligence duty on directors and company officers, the presumption that worker safety will trump cost, the increased ease of prosecution and the much stiffer penalties for getting it wrong are all designed to communicate the message that attention to health and safety needs to be embedded deep within the DNA of an organisation.

All of which can be daunting. Changing an organisation’s culture is the hardest challenge for boards and management, much harder than a physical restructuring and requiring much more employee buy-in. Cultures cannot be changed by decree, only by consent and engagement. Also, the established metrics – the lost time incident rate and the total recordable incident rate – are not equal to the job. They are measurements of system failure and they are retrospective.

To understand and change a safety culture, it’s necessary to know what’s really happening on the frontline and what drives staff attitudes and behaviours.

There are some examples of transformational change which firms can draw from as they prepare for the new regime. One is the Safety Climate Project initiated by the Electricity Engineers’ Association (EEA) in 2010 and still delivering results year on year.

The project involves 28 companies to date, most of which went into the exercise with relatively good safety records and above average scores on the ACC Workplace

Safety Management Practices programme. One of the strongest recent performers within the project is Unison Contracting Services Ltd – the contracting arm of Unison Networks Ltd and responsible for the inherently risky work of lines maintenance and utility services installation.

Unison CSL won the EEA Workplace Safety Award this year. Key to its success is an externally provided data collection, collation and analysis methodology which provides regular evaluations of safety progress and can be used to engage staff in identifying and implementing improvements.

It was one of several safety culture programmes Unison investigated and was chosen because it was endorsed by the EEA and was being used reasonably widely across the sector.

The process begins with a survey which asks people about their exposure to safety incidents and to give their view of the company’s performance across seven safety elements – whether they know, are able, are equipped and want to do their work safely; whether they engage in work safe actions and whether they feel supported in this by those around them and by the company leadership.

The methodology provides more than 60 leading safety indicators as well as demographics which can be analysed by work group, age, shift type, shift length and time at the organisation. Data can be compared against best practice among work groups or business units and against industry averages.

The findings are collated and used to run a series of workshops throughout the company to determine key areas of focus from which the safety committee (chaired by Unison’s Health and Safety Manager and comprising representatives from across the business and from Unison Networks Ltd as the asset owner) develops specific improvement plans.

To date, Unison CSL has implemented 240 separate actions in the course of the project and the flow of ideas continues.

Since 2011, Unison CSL has recorded a 32 per cent fall in injuries requiring medical treatment; a 37 per cent fall in damage to vehicles and equipment; a 36 per cent fall in safety incidents; a 47 per cent fall in safety non-conformances and a 312 per cent increase in near misses reported (indicating that the company now has a strong reporting culture and, by implication, that it can have a high level of confidence in the integrity of its safety statistics).

The evidence also suggests a significant productivity dividend as employee satisfaction surveys over the last three years have tracked a 13 per cent increase in employee engagement and a 10 per cent drop in employee turnover.

# Taking the gamble out of investment

*Investment board members charged with oversight and accountability for investment selection are, when assessing risk, often blinded by historical analysis of returns and volatility, argues Greg Peacock. The most meaningful measure of risk does not involve numbers.*

Risk is to investing as it is to aerospace, nuclear energy or crossing the road. Examination of outcomes without consideration of the risks taken to achieve those outcomes is, at best, misleading and potentially far worse. It is possible to be blind drunk and to successfully cross a busy road during a storm at night wearing headphones. But it is not wise.

**Consider two funds:** one returns 20 per cent over 12 months and another delivers a 12 per cent return. It is certainly true to say that 20 per cent is better than 12 per cent but it is not necessarily true to say the 20 per cent fund has better prospects. What if the 20 per cent was achieved by a series of investments that had a high probability of a modest return and a low but by no means insignificant probability of disaster (let's call this the Russian Roulette Fund). By contrast, the other has a large number of small, independent investments, each with a 60 per cent chance of success (the Casino Owner's Fund). It is certain the Russian Roulette Fund will suffer a catastrophic decline in value at some point as the laws of probability catch up with it. The Casino Owner's Fund, however, is highly likely to be able to continue generating similar returns because the laws of probability work for it.

Looking at historical returns with no consideration of the risk taken to generate those returns is a nonsense. When defining risk, the convention is to use the volatility of historical returns. Although this is certainly a useful metric, it will not reveal the flaw in the Russian Roulette Fund's strategy until it is too late.

Bernie Madoff's fund, for example, appeared to be extremely low risk, if

risk was measured by the volatility of its historical returns. Its investors also thought it was low risk, until they lost all their money. The similarities between these investors and the experience of those who suffered in the finance company debacle here in New Zealand are sadly apparent.

A lack of volatility in historical returns can suggest just the opposite of what it implies. The riskiest products are frequently those that, when analysed by spreadsheet, appear to be the safest. As a qualified engineer who confesses to have once kept detailed test cricket statistics manually, it pains me that the most meaningful measure of risk is not numbers. It is thought, judgement and scepticism; subjectivity as well as objectivity.

**Investment returns are essentially generated in two ways:** market provided returns (referred to as beta) and skill generated returns (called alpha). Beta is cheap and abundant; Alpha is both rare and expensive to obtain. Distinguishing between the two is vital because contrary to the opinion of the beta-laden beneficiaries of bull markets, such benign conditions do not create investment geniuses.

To paraphrase Warren Buffett, "it isn't until the tide goes out that you can see who's swimming naked". The goal in constructing investment portfolios is to maximise returns per unit of risk taken. In order to build a portfolio to do that it is necessary to understand the cyclicity of markets and to avoid the temptation of extrapolating those beta-laden returns forward.

It is extraordinary how many supposedly sophisticated investors do precisely this. They run league tables of fund returns over

one, three, and five years and allocate to the best performer. Although the best performing fund might do better going forward than the worst (which may well just be a genuinely bad product), the second decile will not outperform the eighth, nor the third and the seventh. The powers of mean reversion will see to that.

Skill (alpha) is skill, and is likely to be repeatable and not cyclical. Beta, however, is highly cyclical and dominates the returns of most investments. It is therefore extremely dangerous to select beta-heavy funds on the basis of recent performance. The medical profession uses the maxim "first, do no harm" – investors should do likewise.

Large losses created by concentrating portfolios around a single risk (be that NZ shares, finance companies, gold or tulips) have devastating impacts on longterm returns. A 50 per cent loss needs to be followed by a 100 per cent gain just to get back to even, and that assumes the investor has the courage/nerve to remain invested. The best route is to run a carefully risk-managed portfolio with genuinely diversified sources of beta and as much alpha as possible.

**Greg Peacock is chief investment officer at NZAM, an Auckland-based boutique global fund manager. He regularly speaks to boards concerning investment risk and portfolio management.**

# Quick guide to Chartered Membership

*This year saw the launch of the IoD's Chartered Membership pathway. We give a recap of the key points here.*

Members can now move through categories from Associate to Member, Chartered Member then Chartered Fellow. The Chartered designation offers stakeholders an assurance that they have met professional standards of knowledge and skill that supports them to carry out their duties as a director.

## HOW DO I BECOME A CHARTERED MEMBER?

You must be a member of the governing body of a qualifying organisation, one that has a meaningful separation of its executive and governance functions. You must also complete the IoD's Company Directors' Course (CDC) or an equivalent and have passed the Chartered Member assessment. The assessment will have two parts – an exam and written assignment – and will be available from early 2015.

## HOW CAN I BECOME A CHARTERED FELLOW?

Chartered Fellows have significant experience in organisations of substance. Details on these requirements can be found on IoD's website. Both Chartered Members and Chartered Fellows make an annual confirmation to uphold the principles of the IoD Charter, and are required to make disclosures regarding their good character.

# 60

The number of CPD points you need to accumulate over three years. We suggest you do 20 points a year on average, but there is flexibility for doing more or less points each year.

## CONTINUING PROFESSIONAL DEVELOPMENT

If you are a Member, Chartered Member or Chartered Fellow, you are required to do continuing professional development (CPD). CPD points can be gained through IoD courses and events and through any other activity that you think helps improve your governance performance.

## WHAT COUNTS AS CPD?

All IoD Director Development courses from 1 January 2014.



From the start of your CPD foundation period (which aligns with the date of your membership renewal), IoD activities including:

- IoD Leadership Conference
- Branch events
- Professional development courses and
- CPD activities done through other providers – provided they relate to your governance practice

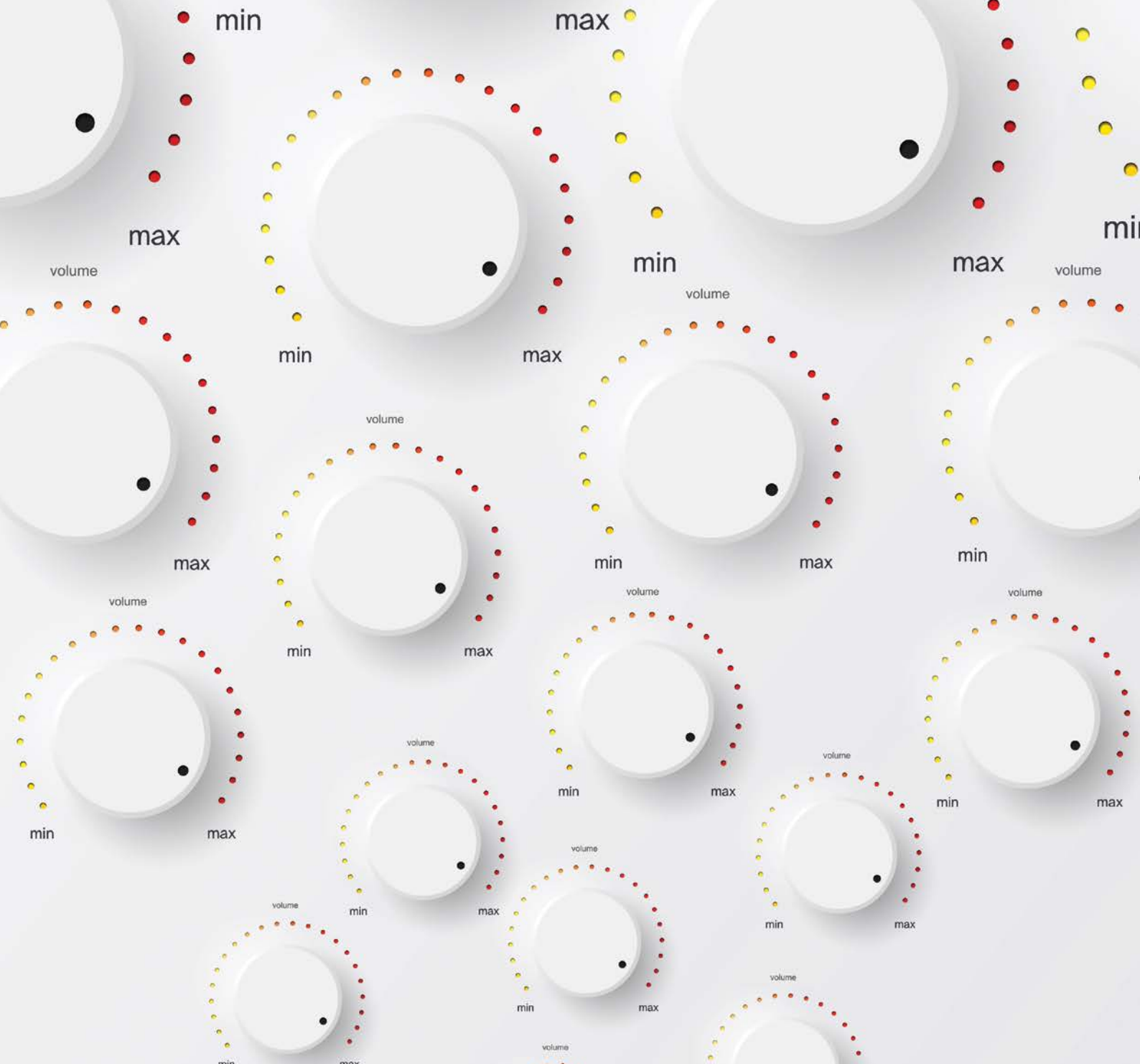
- Mentoring and contributing to the director profession
- Reading boardroom

## RECORDING POINTS

- The number of points you have can be seen on your personal dashboard on [iod.org.nz](http://iod.org.nz)
- Points gained for IoD courses and events will be automatically logged on your dashboard.
- Apart from IoD Director Development courses back to 1 January 2014, points can't be earned before your renewal date.
- You can add points for other activities after your renewal date.
- Your dashboard will become visible on your login page from the date of your renewal.

**WHERE DO I FIND OUT MORE?** Visit [iod.org.nz/cpd](http://iod.org.nz/cpd) or call 0800 846 369.

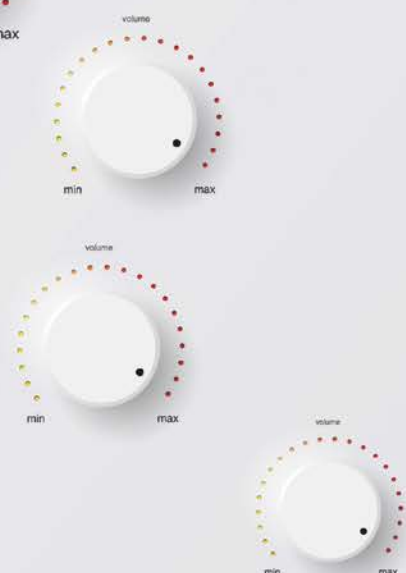




# Finding the right balance on audit quality

*Boards and audit committees around the world have been grappling with the right balance for ensuring the quality of their audit without unnecessarily disrupting the business.*

*By Darby Healey*



The European Parliament approved mandatory audit firm rotation in 2014, requiring certain European companies to have term limits for their auditors. While this made headlines around the world, the ruling was not the first of its kind. So is this on the agenda for New Zealand businesses? Maybe not. The requirement for mandatory firm rotation may seem to be increasing, but there are a number of countries that have specifically said 'no' to this initiative. There are also a number of countries that had some form of mandatory firm rotation but repealed it because it was not viewed as enhancing audit quality.

Independence is a cornerstone of auditors' professional ethical standards. There is a perception that a long-term relationship with a client could impair an audit team's ability to be objective and independent. The familiarity issue is valid and independence is fundamental to establishing the credibility of the audit opinion. Mandatory firm rotation is one way to address this risk, but other approaches, such as partner rotation and an independent second partner review, allow a fresh pair of eyes to challenge audit approaches and provide objectivity.

There is little evidence that mandatory firm rotation boosts audit quality. Rather, research suggests quality could drop

when rotation occurs – largely because it is expensive and difficult for new partners and firms to gain client-specific knowledge. The time it takes to truly understand a new client is more likely to reduce audit quality in the first few years of an audit. In addition, audit costs would be seen to increase to compensate for the cost of audit tendering and the time commitment to get up to speed, whether it's carried by the auditors or directly by the company.

### FOCUSING DIRECTLY ON AUDIT QUALITY

So if mandatory firm rotation isn't the answer, what should you do to ensure you're getting a quality audit? KPMG's *Guide to Audit Quality and the External Auditor* can help. The guide comprises four main categories:

- quality of service and sufficiency of resource
- exercising professional scepticism
- independence and objectivity
- communications with the board/audit committee

Each category has a series of questions that should be considered by providing a comment or rating or both. The questions range from practical client service type considerations such as "Audit-related deadlines were met" to perception and gut feel considerations like "The partner inspires confidence and his/her opinion is valued". There are a number of ways to undertake the assessment, for example:

- audit committee/board assesses the questions as a group
- all audit committee/board members rate answers independently and collate the results to get an average
- seek input from the wider business to add to the collated results.

There is no right or wrong way to complete the assessment; the important thing is that the board/audit committee is assessing audit quality. A greater number of people completing the questions can improve the overall assessment, as certain areas of the business will have more visibility over the auditors and their approach compared to others. For example, management will see the involvement of the audit partner throughout the audit, whereas the board/audit committee may not.

### THE BOARD/AUDIT COMMITTEE'S ROLE

Audit quality is the key focus for the auditor, but the board/audit committee has a role



Darby Healey

to play in enhancing quality. The guide includes a series of questions for the board/audit committee to assess themselves and their contribution to audit quality.

### WHAT IF QUALITY CONCERNS ARE RAISED?

The completion of the assessment is meant to provide board/audit committee members with an overall feeling of the quality of service they are receiving. There may be areas where it is felt the auditor could do better. If this is the case, talk to the auditor. Any concerns identified should be raised with the auditor first to give them the opportunity to address these issues.

If the board/audit committee decides they do want to tender the audit, the guide highlights issues to consider in this instance, such as:

- Whether the board/audit committee has the time to devote to the process
- Separating tender documents relating to audit quality and fees, and considering the quality of the response before considering the fees.

### CONCLUSION

In the last ten years there has been considerably more focus on audit quality and as a result, audit regulation has been strengthened. Directors and committee members have lifted their game in relation to the oversight of financial reporting because the level of risk has increased.

It is time to introduce a formal process for assessing audit quality that ensures we deal with independence and other quality concerns, without the significant disruption of more drastic solutions such as mandatory rotation.

**Darby Healey is an audit partner at KPMG Auckland. She leads the risk and audit quality team that supports the audit division. She has presented on various topics over the years including IoD Director Development courses.**

#### Adopted some form of mandatory rotation

EU  
India  
Italy  
Brazil

#### Considered and rejected

US  
Australia  
Japan

#### Adopted and subsequently rejected

Canada  
Austria  
Singapore  
Korea  
Spain

# A question of risk

*Marsh has carried out its sixth Biennial Survey of Risk, and reveals that the current key concerns for New Zealand businesses revolve around IT-related risks.*

*By Denise Moller*



## TOP FIVE RISKS 2014

- 1 Disruption to your business following a major incident, such as fire, earthquake, flood, act of terrorism
- 2 Disruption to your business following a major IT disruption, for example, server overheating, software failure
- 3 Loss of data, data corruption or failure of systems security or website security
- 4 Changes in demographics and customer trends
- 5 Drop off in demand

## TOP FIVE EMERGING RISKS 2014

- 1 Increasing corporate governance requirements
- 2 Cyber risks
- 3 Business continuity
- 4 Identity fraud / theft
- 5 Environmental issues





Denise Moller

While disruption to business following a major incident, such as fire, earthquake, flood, act of terrorism was rated the top current risk issue for the third consecutive survey report, disruption to your business following a major IT disruption and loss of data, data corruption or failure of systems security or website security came in at number two and three respectively.

Directors and management will have heard plenty about cyber risk over the last 12 months, as it is having an impact on many different organisations both globally and locally. No organisation is immune to an attack and many would find it extremely challenging to continue to operate if their systems went down given the huge reliance on technology.

Everyone needs to be aware of the fact that traditional insurance policies do not adequately cover cyber risks. Boards and companies should therefore be ensuring that a discussion has been had with your broker and risk advisor as to whether this has been incorporated into your risk and insurance plans.

### EMERGING RISKS

Cyber was also considered to be one of the top emerging risks, coming in at number two in the top five risks. It was thought to be the greatest emerging risk among SMEs.

IoD members will not be surprised to learn that the biggest emerging risk across all organisations however was increasing corporate governance requirements. This has moved up from being the number two risk in our 2012 survey into top place in 2014.

The continued introduction of new legislation, such as the Health and Safety Reform Bill, has put increasing pressure on organisations to ensure that they are being compliant. Directors know of the implications that this can have for individuals. Ignorance is no defence – as has been seen in varying cases throughout 2014.

### MANAGING LOSSES

Over 20 per cent of the survey respondents had suffered a high impact financial loss in the last three years. Over half of those people told us that their insurance policy did not provide cover for the loss.

Under insurance is a large problem in New Zealand. Many organisations end up having to cover the shortfall from a loss out of their own pocket as they have not got the right level of cover in place. Directors should have a level of comfort that there is sufficient cover in place for all aspects of the businesses they represent.

Comparisons with the Directors' Risk Survey Report.

Last year we conducted the first Directors' Risk Survey Report in conjunction with the IoD. It is interesting to compare how views around managing risk have changed over the last year.

It should be noted that this survey was, of course, completed by directors, while the Marsh Survey of Risk had a wider range of participants - with directors only representing 7 per cent of the overall survey respondents. That said, the results are still consistent.

In the Directors' survey, members told us that boards held the ultimate responsibility for "developing and implementing risk management procedures in your organisation". In the 2014 Survey of Risk we asked who carried "the ultimate responsibility when it comes to implementing, managing and reporting risk management procedures." Business owners and CEOs felt they shouldered most of the responsibility for this. However, boards were said to play a greater role in ensuring that risk management is in place and an appropriate investment in mitigation is undertaken.

In regards to boards' role in managing risk and insurance, it was still felt that greater perceived risks in the current

business environment were the main reason that boards' involvement has increased in the last 12 months. Similarly, 23 per cent of survey respondents told us that they believed that it was due to what insurance cover the organisation has.

17 per cent of the participants stated that it was other factors, with specific comments being made around the greater focus on good governance and the changing perceptions of directors' duty of care in managing business risks.

The majority of boards still meet monthly or quarterly to review their risks with others at varying intervals from bi-monthly to six monthly. 17per cent only meet on an ad hoc/as needed basis.

### SUMMARY

the Marsh Survey of Risk was completed by 111 senior executives from a range of different organisational sizes, industries and locations around the country.

59.5 per cent were from a business of less than 50 employees, 11 per cent from 51-100 employees and 20% from 300+.

29 per cent of respondents came from a senior financial role such as CFO / finance director or finance manager while 27 per cent were the owner / proprietor of the business.

the key message for directors to take away from the survey is to keep abreast of changes in the business environment, which may create new risks for the organisations you are working for, for example, cyber risks. It is also important to ensure that there is an appropriate level of insurance cover in place to help manage these risks.

**To download a full copy of the 2014 Survey of Risk report visit [www.marsh.co.nz](http://www.marsh.co.nz).**

# Continuing Professional Development – plan your 2015 training

## Building on success

*Updated design and content, new venues, and the convenience of participating in the course without staying at the hotel are among the changes to the Company Directors' Course (CDC) next year.*

"It's part of a director's role to stay current, so it's important that all our courses are relevant and contemporary. Over the last year we have reviewed and updated the design and content of the CDC to ensure that it continues to be New Zealand's leading governance training," says IoD Professional Development Manager, Helena Gibson.

The heart of the IoD's director development programme, the five-day CDC is facilitated by experienced directors and designed for directors with one to five years governance experience. Governance best practice, strategy, finance for the board, risk, the law and directors, and board dynamics and culture are all covered in depth. Discussion and sharing of experience is encouraged in an atmosphere of trust fostered by the Chatham House Rule.

"It's an enduring format. The course has been running over the last 30 years, so can claim to have trained more than a generation of directors. One of its strengths is that it is always evolving. We are sensitive to participants' feedback and adapt the course to their needs while keeping its core values," says Helena.

### STAYING IN

Our participants say that, staying on-site where the CDC is delivered is an invaluable benefit of the course. Getting away from all distractions to focus on learning, and being able to network with directors from around the country, make this a really beneficial option.

"One of our most popular venues is Queenstown, which participants particularly enjoy for its relaxed, peaceful setting. In 2015, we will offer three more venues where we can match that experience," says Helena.

In February 2015, we will offer the CDC at two perfect summer venues – Peppers Parehua, Martinborough and Monaco Resort, Nelson. In midwinter you can retreat to the mountains to stay at the Heritage at the spa town of Hanmer Springs. All three new venues were chosen for easy transport links but also for a sense of getting away from it all.

### NON-RESIDENTIAL OPTION

For the first time, we will offer the opportunity to attend the CDC without having to stay in the hotel throughout.

"Leaving home for a five-day residential course may not suit some directors. This is especially true of directors who are self-employed, have a key role in a SME or have home commitments.

"Although we still strongly recommend the residential option wherever possible, we understand that offering this option will assist directors who want to attend but have not found it possible in the past," says Helena.

### COMPANY DIRECTORS' COURSE

**CPD Points:** 40

**Duration:** five days, starts Sunday 5.45 pm, ends Friday 5.00 pm.

**For more on the CDC and other Director Development courses, visit [iod.org.nz](http://iod.org.nz)**

## Brush up on the CDC

Available from early 2015, the CDC Refresher is a two-day workshop for directors who have previously completed the CDC and would like to prepare for the Chartered Member Assessment, see page 7. It will also interest those who did the CDC some time ago and would like a refresher on key governance topics.

Content includes best practice corporate governance, strategy, finance, directors and the law, boardroom culture and risk governance.

**CPD Points:** 16 **Duration:** two-day workshop

**For more on the CDC Refresher, visit [iod.org.nz](http://iod.org.nz)**

## See yourself at the CDC

We are proud of our CDC participants. We will be uploading participant photos onto the IoD NZ Facebook page, and course attendees will receive a printed copy of the photo.



*New venues for the CDC in 2015 include: Monaco Resort Hotel, Nelson (top row), Peppers Parehua, (middle row), Heritage Hotel, Hanmer Springs (bottom row)*

## A grounding in governance

*Brent Paterson, Managing Director of Rural Directions talks to Katherine Robinson about how a desire to lift standards of rural governance drew him to the Company Directors' Course (CDC) earlier this year.*

"The CDC's reputation drew me to the course – it's probably seen to be the best course on governance, but the reason I went was because there is a culture change in the primary sector, and an awareness of the need for better standards of governance," says Brent.

Brent, who founded his rural recruitment business ten years ago says, "It's always fascinated me that people would pay a really good fee for an employee yet they will go down the road and find a director for their business just from someone they knew. I think there is a lot of work to be done in professionalising governance – particularly in the rural sector."

He sees the business model for farming in New Zealand split between the family farm and a farm owned and run by a corporate.

"But one other option could be a hybrid model that takes some of the aspects of the family farm but with elements of a corporate structure. With the challenges around risk and health and safety, it's very important that farmers understand these aspects of governance. The only way to create a good health and safety culture is for it to come from the top."

Brent, who is also planning to do Director Development's online Health and Safety Module, deliberately chose to attend a CDC away from his local Hawke's Bay because he wanted to extend his network. He found himself part of a lively group in Auckland with participants from overseas as well as around New Zealand.

"They were very smart people and all from different sectors. We found

that in governance, everyone has the same challenges. What I took away was that governance is about asking the right questions and being able to get the right information in a form that you can interpret.

"It was reassuring to me that I was already applying the right principles," he says. "I think lots of the learnings from the course go across business."

"I think everyone was very honest. The key thing was that our course gelled really well. I've spoken to maybe six or eight of the people on the course since it finished and we are thinking of having a reunion in Wellington next year."

# Board Services

*Concern over whether boards or organisations had the right capability and skills featured as one of the key findings in the recent IoD-NZIER Director Sentiment Survey. But how does a board identify where there are such gaps? Acting CEO Simon Arcus answers boardroom's questions*

**Q What do you think are the benefits of a board evaluation?**

**A** There's sometimes a misconception that an evaluation process is a director performance review in disguise. It's definitely not. Reviews are an opportunity to discuss how to get the best out of the board as a group. One of the best outcomes of a review is a sense of empowerment and direction, as well as a better understanding of board dynamics. At the IoD we often say a director spends plenty of time working 'in the board' but how often do they spend working 'on the board?'

Any performance process is as good as the board's commitment to it – and that is undoubtedly led by the chair.

**Q How important is it that an evaluation is facilitated by an independent?**

**A** Boards can make choices about how they approach their review process but an independent facilitator can provide the chair with the flexibility to step back and observe or be a full contributor to the post-evaluation discussion.

An independent facilitator can ask not only the questions that a board may not typically ask about governance but also the 'naïve' questions that may be difficult to raise at board level in the normal course of business

**Q How have boards acted when they have found gaps in capability?**

**A** The best boards I have seen have fitted the outcomes of the review into their processes and behaviours. Reviews can have an influence on the lifecycle of the board (meetings, committees, policies and succession) through to the culture of the board (conduct of meetings, debate and discussion) and the relationship with management.

Boards are dynamic and forever evolving. Each board I've worked with recognises there are opportunities for change and improvement. If a board is committed to undertaking the review they are usually just as good at following it through. We see change to process and policy as an outcome as well.

Some boards also discover the value in an entire board education programme after going through the evaluation process.

**Q Would some of these gaps sometimes not have been obvious to the board?**

**A** Board meetings are issues-based and centre around a pre-determined agenda. It is very rare that boards have the time or openings to discuss the topics that evaluations cover. That is why it is imperative to make the specific time available.

We increasingly see boards with a strong belief in the power of evaluation and commitment to doing so on a regular basis.

I have met plenty of chairs over time who have found the process to be a little daunting at first. By the end of the sessions with the board you can see the process has uplifted them and we are often invited back for next year.

## Taking Steps

*BetterBoards is an online evaluation tool that helps boards identify strengths and weaknesses. It is the only board evaluation that measures performance against The Four Pillars of Governance Best Practice.*

Conducting a board evaluation is a first step in assessing where changes can be made – but the real value lies in how boards use those findings. The IoD can provide a facilitation service for your board to discuss strengths, challenges and how

to meet them. In some cases, the answer will lie in professional development for directors either individually or tailored training as a board. Some boards will look to recruit directors to fill capability gaps.

## Recent DirectorSearch Appointments

*We would like to warmly congratulate these directors for their recent appointments*

### TWO ENGINEERS FOR PROJECTMAX BOARD

Doug Troon and James Carmichael have recently been appointed to the board of ProjectMax Limited. This professional services company specialises in the application of Trenchless Technologies for the water, wastewater and utility sectors.

Experienced director, Doug Troon, joins the board with a vast amount of experience in engineering consultancy services with a particular focus on the delivery of infrastructure projects in the local government sector. Current directorships include Counties Power and Brightwater Group Ltd.



James Carmichael



Doug Troon

James Carmichael is also a professional engineer with experience both in New Zealand and abroad. He is currently also a director of Vector and the Auckland Energy Consumer Trust. James has had a successful executive career in the power and professional services industries.

### IT ENTREPRENEUR ON BOARD OF SOFTWARE EDUCATION

Melissa Clark-Reynolds, a successful entrepreneur and professional director, has recently been appointed to the Software Education board. This is a Wellington-based company, internationally recognised in software development training. Melissa has founded several technology businesses and brings strong sales, marketing, and international business experience to the table.



Melissa Clark-Reynolds

## How DirectorSearch can help you

*The IoD maintains New Zealand's largest database of independent directors. We can help you recruit the best people by searching this database and matching individuals' skills and experience with just what you're looking for.*

In our experience, many boards know what they need in a director. You give us the criteria. We give you a selection of strong, suitably qualified candidates who are members of the IoD, are actively looking for governance roles and have

agreed to abide by the Code of Practice for Directors.

**For more information on DirectorSearch and other services, visit [Services for Boards at \[iod.org.nz\]\(http://iod.org.nz\)](http://ServicesforBoardsatiod.org.nz)**

## Are you paying your directors enough for 2015?

To attract and retain talented directors you need to ensure that you are paying them enough. But how much is enough? This is where we can help you. The IoD's DirectorRem services can provide tailored benchmarking analyses which help you to determine the appropriate level of remuneration for your directors.

**For more information, visit [iod.org.nz](http://iod.org.nz)**

# branchnews

## AUCKLAND

Former IoD president Denham Shale was joined by friends, family and colleagues for the presentation of his Distinguished Fellow award on 20 November. Anne and David Norman, owners of James Pascoe Ltd, told the 'Pascoes and Denham Shale' story.

New and aspiring directors attended a Next Generation Directors evening workshop focused on building governance capability on 11 November.

We congratulate Brian Corban, who became a Distinguished Fellow of the Institute of Directors on 16 October.



- 1 | Anne Norman, Denham Shale (Auckland)
- 2 | Denham Shale (Auckland)
- 3 | The Shale family - Paul, Gillian, Carla, Sophie Brook, Veronica, Denham, Susan, Tony, Mark, Sheryl and Malcolm (Auckland)
- 4 | Roger Stockell, David Norman (Auckland)
- 5 | Norm Thompson, Alister Lawrence, Denis Wood, Liz Coutts (Auckland)
- 6 | Next Generation Directors workshop participants (Auckland)
- 7 | Brian Corban (Auckland)

- 8 | Peter Williams, Paul Bennett (Waikato)
- 9 | Kieran Jeffares, Christian McDean, Thomas Gibbons, Fraser Pease (Waikato)
- 10 | Catherine McDowell, Margaret Devlin (Waikato)
- 11 | Paula Baker, Di Halifax, Senga Allen (Waikato)
- 12 | Jo Perry, Des Hammond (Bay of Plenty)
- 13 | Helen Stewart, Grant Jeffrey, Kylie van Heerden, Carol Wheeler (Bay of Plenty)
- 14 | Dr Caroline Robertson, Dr Helen Anderson (Wellington)
- 15 | Graham Heenan, Janice Fredric (Canterbury)
- 16 | Stuart Leck, Gareth Reed (Canterbury)

- 17 | Dave Ashcroft, Jeremy Barton (Nelson Marlborough)
- 18 | Peter Tolan, Quentin Davies (Nelson Marlborough)
- 19 | Adrian Christie, Mitch Rutherford, Anne McLeod, Michael Milne, Mike Horne (Otago Southland)
- 20 | Charles Blair, Cameron Olsen, Melissa Francis (Otago Southland)
- 21 | Stuart McLauchlan, Judy Bevin, Andrew Rooney, Ken Lister, Ian Farquhar (Otago Southland)
- 22 | Teresa Chan, Michael Milne, Rob Everett (Otago Southland)

**WAIKATO**

Waikato farming business leaders met in Te Awamutu for an interactive session on driving effective health and safety practices, presented in partnership with Progressive Agri. Melissa Vining outlined practical steps for ensuring health and safety on farms, while Janet Copeland presented the proposed health and safety law changes.

Waikato members heard broadcaster Peter Williams on the future of the media at Waikato Stadium's Bronze Lounge. Williams advised business to present their stories in a visually compelling way, and to take responsibility and front foot any issues.

Members enjoyed a lunch function with guest speaker Andrew Ferrier on 12 November.

There was a fantastic turnout for two advisory board workshops in Hamilton, run in conjunction with Helen Down of Advisory Boards New Zealand Ltd. Participants looked at whether an advisory board was right for their business, and how to establish objectives and select board members.

The Waikato branch hosted Christmas drinks on 3 December at the Verandah Café and Function Centre.

Members enjoyed a presentation entitled 'An interesting career continues - Governance on the World Bank board' from John Whitehead.



**BAY OF PLENTY**

Bay of Plenty members were fortunate to hear Emmet Hobbs speak on the passion, productivity and growth of SMEs in New Zealand at an after-work function on 26 November.

Local branch members marked off the 2014 year with entertainment and refreshments in Mt Maunganui on 3 December.

Michael Barnett gave an account of his journey working in China and the pitfalls and hardships he met, telling members that New Zealanders need to be careful not to cause cultural offence.



**TARANAKI**

The Taranaki Christmas function was well-attended on 13 November. Guest speaker Rob Jager of Shell Todd Oil Services spoke on health and safety.

**WELLINGTON**

Cameron Mehlhopt of StarNow told a FirstBoards event how establishing a board has helped him to develop his business.

Sir Maarten Wevers and Murray Jack shared the lessons learnt from the Novopay saga on 22 October, offering practical advice for Wellington members.

Clemenger BBDO CEO Peter Biggs presented on trans-Tasman trends in philanthropy at the annual Directors' Dinner. We congratulate Hawke's Bay vet Caroline

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Robertson, who was named the winner of Wellington's 2014 Emerging Director Award. Napier Port chair Jim Scotland and CEO Garth Cowie gave our East Coast

members an insight into growth prospects and issues facing the ports sector.

Manawatu members enjoyed a presentation on governance in the land-based sector from Massey University chancellor Chris Kelly on 25 November.

East Coast members enjoyed a Christmas function with guest speaker Tony Alexander, chief economist at BNZ, on 3 December.

KiwiRail chairman John Spencer discussed the SOE's future prospects with members at the Wellington Club on 4 December.

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**NELSON MARLBOROUGH**

Dr Deb Shepherd, senior lecturer at the University of Auckland and founding faculty member of The ICEHOUSE Growth programmes, led an interactive discussion about SMEs. In particular, she spoke about the value of good advice and governance and how SMEs can work towards getting their first boards in place.

Drawing on case studies and her own experiences, professional company director Sue Sheldon explained how to find the right people for your board, the importance of diversity and the benefits of independent directors.

The Nelson Marlborough branch held its AGM and annual dinner on 27 November. Political journalist Barry Soper gave an entertaining talk about his career in journalism, including the recent election and the eight Prime Ministers he has worked with during his career. The Aspiring Director Award was announced on the night, and we congratulate winner Dave Ashcroft.

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**CANTERBURY**

The Canterbury branch welcomed its newest Distinguished Fellow on 20 October, with the investiture of Graham Heenan. The Aspiring Director Award was taken home by Jessie Chan-Dorman on the same night, while the First Steps in Governance Award went to Gareth Reed.

Canterbury members enjoyed Christmas cocktails on 4 December.

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**OTAGO SOUTHLAND**

Dunedin members heard Stuart Walker on changing legal risks in corporate, not-for-profit and trust governance on 22 October.

Wayne Evans shared his experiences with Invercargill members on 13 November.

Members enjoyed the insights of FMA CEO Rob Everett at an event on 19 November, where he gave a regulator's perspective on the current New Zealand landscape.

Dunedin members heard from Treasury deputy CEO Vicky Robertson at a cocktail function with on 4 December.

Governance Development Programme participants marked their graduation with a dinner at the Dunedin Club.

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# branch events

A preview of branch events to be held over the next two months.  
For a full update check the branch section of [www.iod.org.nz](http://www.iod.org.nz)

## AUCKLAND

### Graeme Wheeler

The Reserve Bank Governor on the New Zealand economy.

*7:30am - 9:00am, 18 February, The Northern Club, 19 Princes Street, Auckland*

### Shamubeel Eaquib

NZIER principal economist Shamubeel Eaquib on the economic outlook for New Zealand.

*7:30am - 9:00am, 15 April, The Northern Club, 19 Princes Street, Auckland*

## WAIKATO

### Waikato Branch AGM

Guest speaker Jack Hodder presents 'Crisis avoidance and management - Fonterra's botulism false alarm'.

*12:00pm - 2:00pm, 11 February, Radio Sport Lounge, Waikato Stadium, 128 Seddon Road, Whitiara, Hamilton*

## BAY OF PLENTY

### Bay of Plenty Branch AGM

The branch AGM features guest speaker Michael Stiassny, IoD vice-president.

*5:30pm - 7:30pm, 25 February, Tauranga Club, Level 5, Devonport Towers, 72 Devonport Rd, Tauranga*

### Health and safety workshop

Shima Grice, Graham Philips and Carl McOnie talk health and safety.

*5:30pm - 7:30pm, 11 March, Venue TBC, Whakatane*

### Future-proof your farming business

Trevor Hamilton on future-proofing, transitioning and good governance in farming.

*7:00am - 9:00pm, 15 April, Venue TBC, Rotorua*

## TARANAKI

### Taranaki Branch AGM

Join us for the branch AGM and hear guest speaker Simon Arcus, manager of the IoD's Governance Leadership Centre.

*5:30pm - 7:30pm, 10 February, BNZ Partners Centre, Level 1, Devon Street, New Plymouth*

## WELLINGTON

### Directors of the future

Entrepreneur Melissa Clark-Reynolds on what directors will need in the future.

*5:30pm - 7:00pm, 29 January, Institute of Directors, Mezzanine Floor, 50 Customhouse Quay, Wellington*

### Wellington Branch AGM

Join us for the Wellington AGM, featuring NZIER CEO Laurence Kubiak as guest speaker.

*5:30pm - 7:00pm, 17 February, Institute of Directors, Mezzanine Floor, 50 Customhouse Quay, Wellington*

### Dinner with Phil Veal

Guest speaker Phil Veal, CEO of Rangatira Limited.

*5:30pm - 10:30pm, 26 March, Level 5, The Wellington Club, 88 The Terrace, Wellington*

## OTAGO SOUTHLAND

### Cocktail function

Simon Arcus, Manager of the IoD's Governance Leadership Centre, with what's on the radar.

*5:30pm - 7:30pm, 19 February, The Dunedin Club, 33 Melville Street, Dunedin*

## NELSON MARLBOROUGH

### Lunch function with guest speaker Mark Waller

*12:00pm - 1:30pm, 17 February, Trailways Hotel, 66 Trafalgar Street, Nelson*

### Murray Sherwin

New Zealand Productivity Commission chair Murray Sherwin offers his insights.

*12:00pm - 1:30pm, 19 February, Scenic Hotel, Marlborough*

### Ruth Richardson

Get in quick to hear from former Finance Minister and company director Ruth Richardson at this lunch function.

*12:00pm - 1:30pm, 12 March, Trailways Hotel, 66 Trafalgar Street, Nelson*

## CANTERBURY

### Health and safety

Wiremu Edmonds on the cost of not getting it right.

*5:45pm - 7:45pm, 16 February, The George, 50 Park Terrace, Christchurch*

### New members lunch

Meet the Canterbury branch committee and other new members.

*12:00pm - 2:00pm, 27 February 2015, The George, 50 Park Terrace, Christchurch*

### Canterbury Branch AGM

Rob Everett and Simone Robbers of the Financial Markets Authority with a call to arms for directors.

*5:45pm - 7:45pm, 4 March, The George, 50 Park Terrace, Christchurch*

## Institute of Directors (IoD)

*boardroom* is published six times a year by the Institute of Directors in New Zealand (IoD) and is free to all members. Subscription for non-members is \$155 per year.

*boardroom* is designed to inform and stimulate discussion in the director community but opinions expressed in this magazine do not reflect IoD policy unless explicitly stated.

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*boardroom* is designed by  
Strategy Design & Advertising,  
www.strategy.co.nz

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Simon Arcus

#### Manager, Membership, Marketing and Communications

Nikki Franklin

#### Manager, Governance Leadership Centre

Simon Arcus

#### Corporate Services Manager

Chris Fox

#### General Manager Commercial

Tim Allen

#### Registrar

Dr Lisa Docherty

*The Institute of Directors has staff based at the National Office in Wellington, and eight branch managers operating from their localities. For National Office, telephone 04 499 0076. For branch managers' contact details see Branch Events, page 49*

### COUNCIL 2013/2014

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**Michael Stiassny**, Vice President;  
**Liz Coutts**, Auckland; **Warren Dalzell**,  
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**Margaret Devlin**, Waikato; **Jim Donovan**,  
Wellington; **Dr Helen Anderson**,  
Wellington; **John McCliskie**, Nelson  
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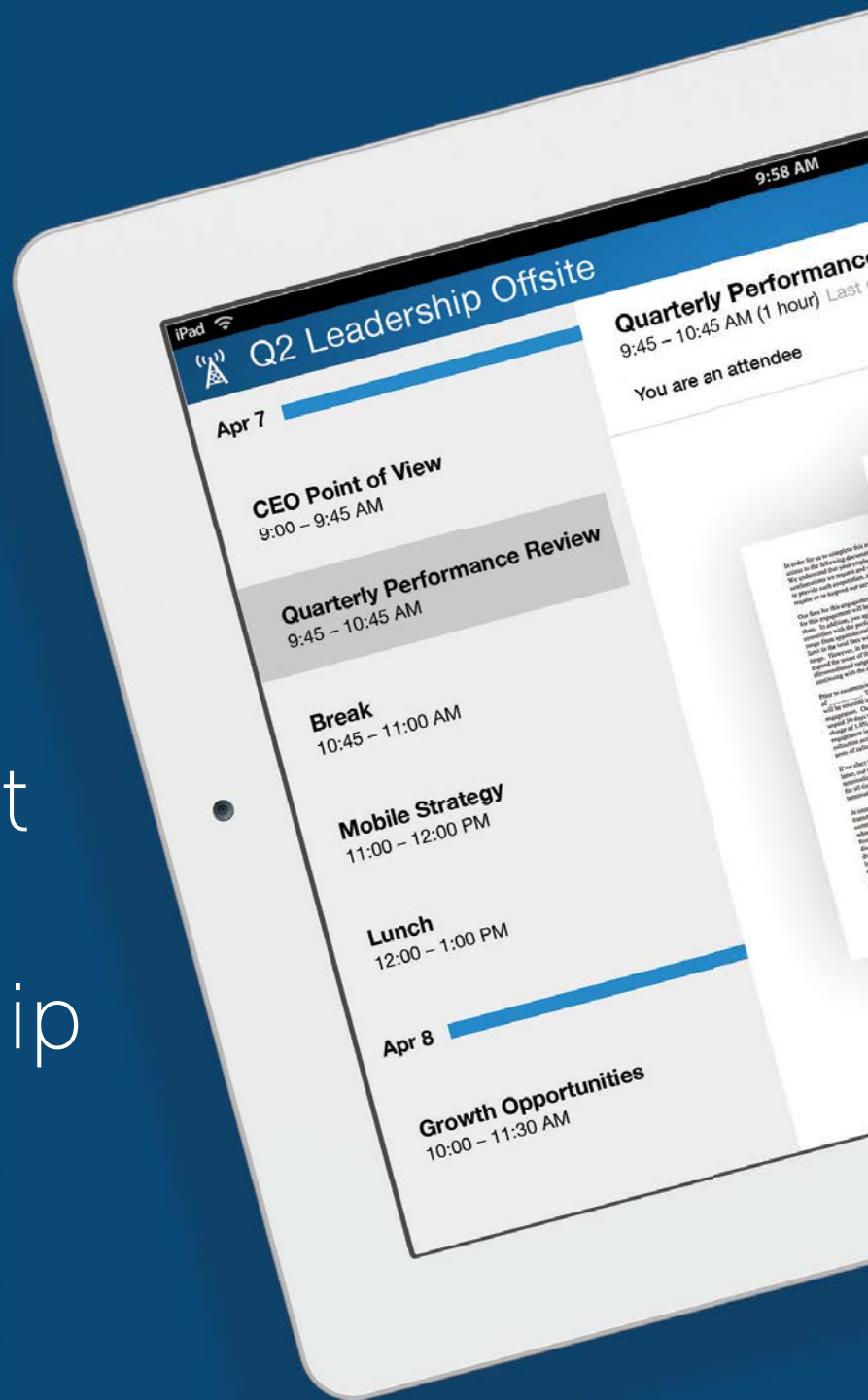


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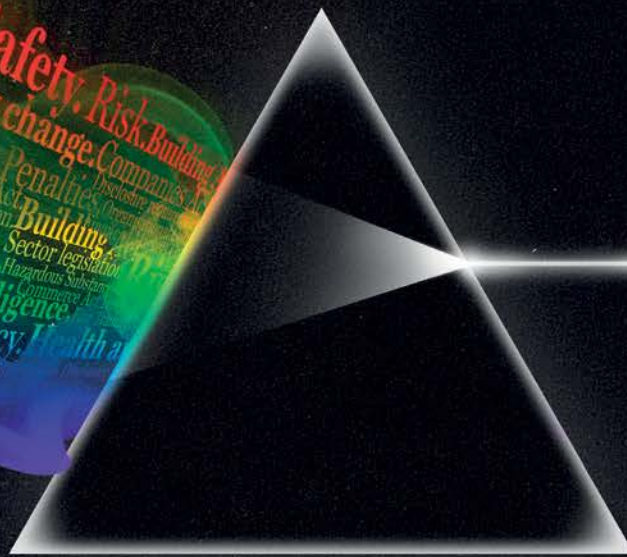


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