



Magazine of the Institute of Directors in New Zealand

boardroom



CHANGING THE GAME

Special focus on SMEs

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SHARE AN IDEA



OFFICE OF THE OMBUDSMAN



MY FOOD BAG



BOOSTED

A woman in a blue dress sits at a table in a restaurant named "St. Ann's On Rathdowne". The restaurant has a classic, intimate atmosphere with red walls, framed pictures, and a table set with a white tablecloth, glassware, and a lit candle. The scene is viewed through a window with a scalloped valance.

*St. Ann's
On Rathdowne*

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FROM THE EDITOR

"If you have conviction you just don't see anything as hard," says David Irving, in this issue. He was talking about setting up The Icehouse, but it applies to getting any new venture off the ground. Startups and small businesses ask so much of their owner managers that belief in the enterprise is a given. So is enjoyment of what they do, as shown by the SME owners interviewed in this issue, who all live and breathe their businesses.

With the rebuild just starting to get underway, we can expect to see a growing number of startups and SMEs in Christchurch. However, Peter Townsend, CEO of CECC, believes that they will need to collaborate more to tackle the monumental scale of this task.

Conviction has also driven the Chartered Director programme. This is the most radical overhaul of the IoD in its history. We will keep up the information flow to membership over the coming months. We are proud of what has been achieved so far and look forward to the journey ahead with anticipation.

Katherine Robinson
Editor, boardroom

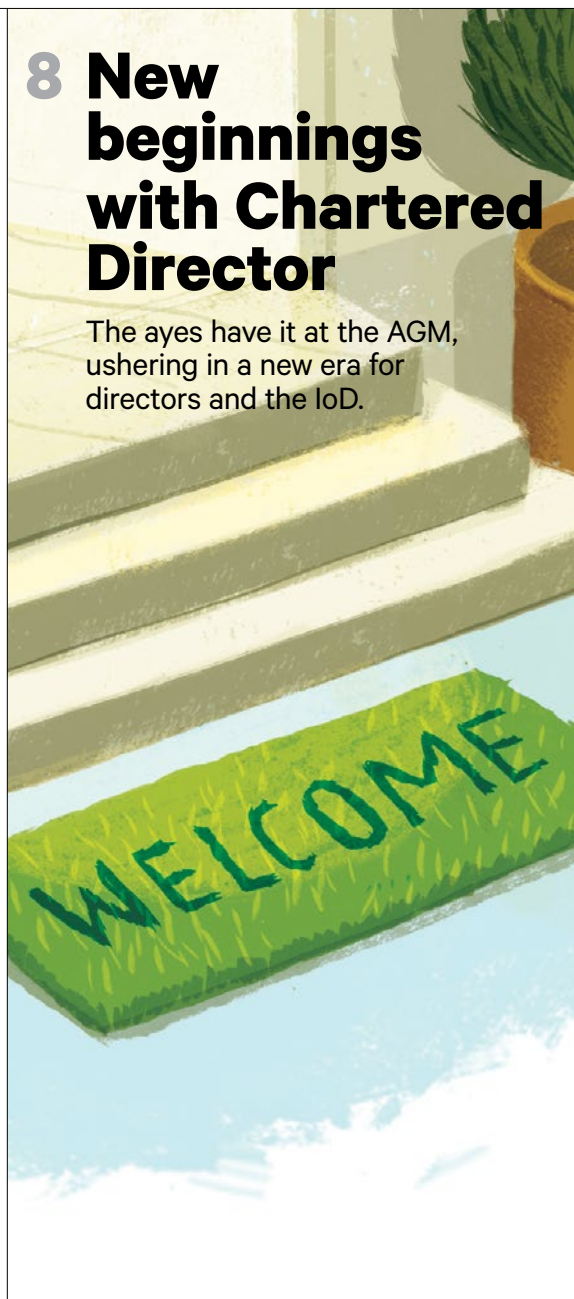


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You have years of experience in your field – do you need to learn anything more?

Institute of Directors (IoD)

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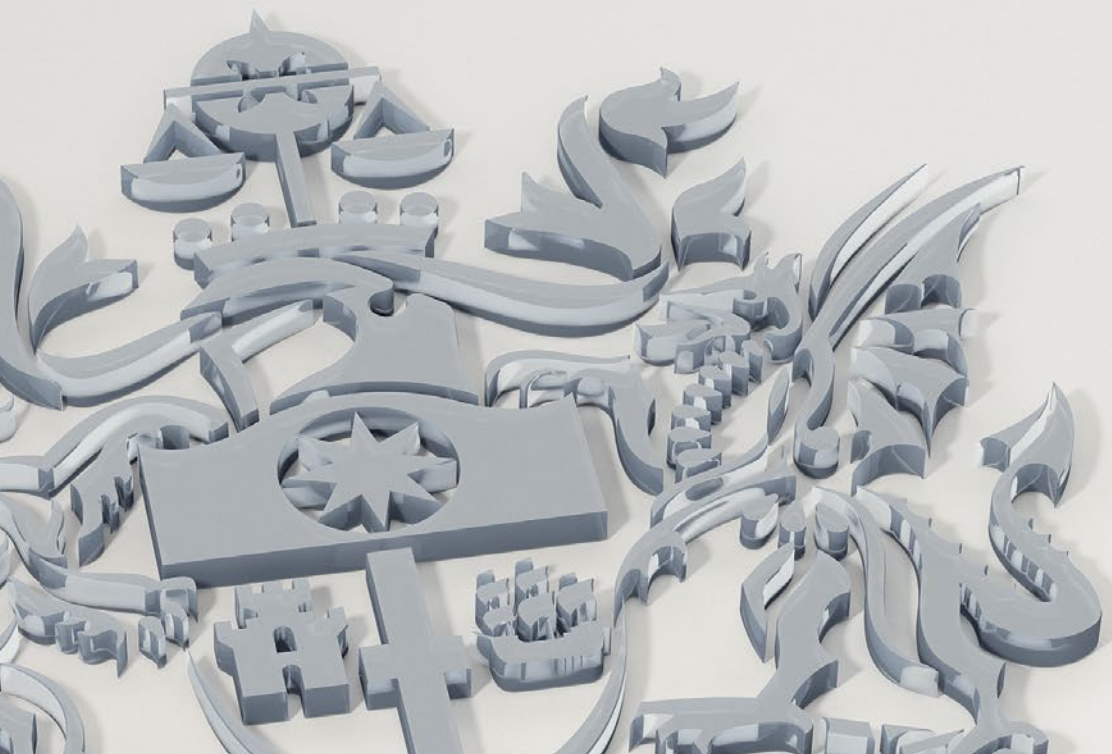
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CEO REPORT

A new dawn and a new frontier

A new era of professionalism has dawned with the Chartered Director programme now in place



In approving the Chartered Director programme, IoD members have affirmed a framework against which they can each demonstrate their value proposition. That is, their skills, experience, competence and currency of knowledge. The IoD sees its role as not only benchmarking professional standards but also helping membership to achieve them through continuing professional development and a deep toolkit of resources.

Resources that I am pleased to say, we will be further expanding with the launch of the Governance Leadership Centre (GLC) later this year. The GLC will be dedicated to monitoring domestic and international trends, enabling the IoD to formulate policy and advocate on what it regards as being in the best interests of members and the governance community. It will also enable members to stay current in order to maintain critical competencies.

Connectedness is critical. The IoD is one of the six founding members of the Global Network of Directors' Institutes (GNDI), which provides a collective international voice on issues affecting directors. Since its official launch in Wellington in December 2012, the organisation has increased its membership of director institutes and now represents around 120,000 member directors worldwide. A principal benefit of membership is that members are able to enrich their views through sharing developments in their respective jurisdictions.

In a sign of increasing trans-Tasman connectedness and following John Colvin's presentation at our conference in April, an invitation was extended to attend the Australian Institute of Company Directors' Conference, entitled Igniting the Growth Agenda, at Hamilton Island in

late May. In addition, a number of GNDI member representatives presented at a forum on emerging international trends in corporate governance. Topics included shareholder activism, diversity, corruption, the changing role of the non-executive director and balance between conformance and performance and education.

One of the keynote conference speakers provided additional context for the discussion. Dr. Robert Kay contended that decision-making for executives and boards falls into two parts: exploiting and exploring. Exploiting is about efficiency and working within the parameters of what already exists, while exploring tests new frontiers and drives innovation. These two decision-making modes are meant to be applied in the ratio that is appropriate to the company and its circumstances at the time. Growth (or exploration) that happens too fast or is not accompanied by astuteness may lead to efficiencies being compromised and oversight may suffer. Conversely, remaining stuck in the exploiting mode results in a lack of innovation. As Kay pointed out, our boards and executives seem to be spending an inordinate amount of time exploiting at the expense of exploring. This has negative implications for growth.

Kay recommended different skill sets for boards and particularly domain-specialist knowledge to make exploration possible. An earlier keynote speaker, Nadar Mousavizadeh, looked at the macro-economic and social environment and warned that we should expect to be preoccupied with a world characterised by fragmentation and diverging interests leading to an even higher degree of uncertainty. He also predicted a world where legitimacy would need to be earned beyond the traditional means.

Kay and Mousavizadeh's insights raised these questions:

- are boards geared for meeting the demands of growth rather than merely exploiting what is?
- does board composition reflect the ability to deal with a fragmented and ever-changing environment or do we perpetuate the traditional networks when directors are elected?
- do boards understand whether and how their corporations derive legitimacy?
- does director training address these changing needs or do we expect our boards to make it up as they go?

Kay recommended different skill sets for boards to be able to explore. Specifically, he raised the need for domain-specialist knowledge to make exploration possible. Looking at decision-making through Kay's lens is especially interesting against the backdrop of an earlier speaker's comments with regards to a macro environment that is bound to "dominate everything".

A call made at the forum, which the GNDI should heed, is that we need to play a part in ensuring that directors are appropriately trained for the task at hand. Directors' institutes deal in a common currency, namely competent directors. In the Chartered Director era, the IoD and its members must contribute to a rising currency value. It is that which will confer legitimacy.



New beginnings with Chartered Director

Changes to the IoD's constitution that will open the door to the Chartered Director programme were approved at the AGM in Christchurch earlier this month.



It is extremely gratifying to see that the IoD membership have recognised the value of the programme and have backed Chartered Director.

I believe that the programme offers something unique to the New Zealand business community. It will not only transform the IoD but it will also offer stakeholders and investors an assurance that directors have met certain professional standards. This is something that has been lacking up until now. By recognising directing as a distinct profession, I believe that it will encourage greater professionalism among the wider director community.

Chartered Director will also align New Zealand more closely with Australia, where the Australian Institute of Company Directors (AICD) has a similar programme in place, which raises standards on both sides of the Tasman.

Once established, Chartered Director will offer directors a credible framework against which their expertise, experience and level of commitment and participation can be measured and recognised at different stages of their career.

I know that the research and consultation process with members and stakeholders has been extremely thorough to ensure that the foundations were laid for a programme that can meet the needs of New Zealand directors.

Finally, I would like to thank members who offered feedback on the programme and have helped to shape it at different stages of its development. I would also like to thank Dr William Whittaker and the IoD team for their dedication in helping to achieve this excellent result.

Stuart McLauchlan,
President, Institute of Directors

IN BRIEF

We will be introducing a new membership structure with seven different categories of membership. These are Associate, Member, Chartered Member, Chartered Fellow, Distinguished Fellow, Retired Fellow and Retired. All Members, Chartered Members, and Chartered Fellows are required to commit to Continuing Professional Development

(CPD). Members will need to accrue 60 points over a rolling three-year period through engagement in a range of activities that support their currency and skill as a director. Chartered Members and Chartered Fellows are required to provide an annual confirmation of their good character and commitment to upholding the IoD Charter.

WHAT HAPPENS NEXT?

Over the next three months we will be asking members to provide information so that we can transition them into their new categories on 1 October.

- Current Associate, Distinguished Fellows and Retired members will retain the same title.
- Fellows will be known as Chartered Fellows.
- Most current Members will remain Members under the programme.
- However some current Members may qualify as Chartered Members based on their experience.

UPDATE YOUR DETAILS

In order to transition members to the appropriate category it is critical that we have correct and up-to-date information in our database. Any company names should be in full, as listed at the Companies Office.

Log on to www.iod.org.nz and click on Update my details.

FOR MORE INFORMATION

We will be continuously updating the information on our website as we approach the 1 October launch. All members have been mailed the brochure, *Chartered Director – a guide for current members*, which gives full details of the programme. This is also available for download as a PDF on our website. We will be updating you on progress through the usual communication channels.

CAN WE HELP?

If you have any concerns or enquiries regarding your membership, please contact Dr Lisa Docherty, Registrar, Chartered Director, phone 04 470 2645 or email lisa.docherty@iod.org.nz

Update

RECENT APPOINTMENTS

Victoria Carter has been appointed to the New Zealand Thoroughbred Racing Board.

Dr Allan Freeth has been appointed as chair on the board of Triplejump.

Norah Barlow has been appointed to Netball Central Zone Board.

Margaret Devlin has been appointed chair of WEL Networks.

Steve Smith has been appointed chair of Hellaby, starting in October.

John Rae has been appointed an independent director of Ngapuhi Asset Holding Company Limited.

Shelley Ruha has been appointed director of BNZ Partners.

MBIE Releases Health and Safety Guidelines for SMEs

If you are the director, owner or manager of an SME, under the new health and safety legislation you will be legally responsible for ensuring that your business has robust health and safety practices. In consultation with the IoD, the Ministry of Business, Innovation and Employment has just released *Health and safety*

leadership – a guide for small to medium business owners and company directors.

This joins the *Good Governance Practices Guideline for Managing Health and Safety Risks*, aimed at directors, published last year. Both are available to members under Publications on www.iod.org.nz

Roadshow promotes contractor health and safety

The IoD partnered with the Business Leaders' Health and Safety Forum and the Canterbury Rebuild Safety Senior Leaders' group to launch The Contractors' Initiative earlier this month. The encourages senior leaders to use their influence to improve conditions and attitudes towards health and safety in their contracting chains.

By offering practical guidelines to establish better health and safety practices in contractor chains, it has the potential to make work safer for a significant number of workers. It will also give senior leaders a head-start on complying with legal obligations towards contractors included

in new health and safety legislation.

Under the Health and Safety Reform Bill, those at the head of a contracting chain will be responsible for ensuring best practice in health and safety as far as is practicable.

Established in 2010, the Business Leaders' Health and Safety Forum is a coalition of over 100 business and government leaders committed to improving the performance of workplace health and safety in New Zealand. For more information or to join, visit www.zeroharm.org.nz

IOD BY NUMBERS*

6466

members as at 31 May 2014

85

more members in May 2014

42%

of IoD members are directors of one or more SMEs

100%

of all 2014 Director Development Courses will count towards CPD points



Scan for the latest IoD News

* Correct at time of publication

The Queen's Birthday Honours 2014

The Institute of Directors congratulates the following members who have been appointed to various levels of the New Zealand Order of Merit.

DNZM – Ms Patricia Lee **REDDY**,
of Wellington
For services to the arts and business

ONZM – Mrs Norah Kathleen **BARLOW**,
of Wellington
For services to business

ONZM – Mr William Anthony **CAUGHEY**,
of Auckland
For services to education and business

ONZM – Mr Ian Francis **KEARNEY**,
of Nelson
For services to business and the community

ONZM – Ms Lynn Jean **MCKENZIE**,
of Wellington
For services to women

MNZM – Ms Jennifer Margery **BLACK**,
of Nelson
For services to health

MNZM – Mr Donald Murray Douglas
CLEVERLEY, of Timaru
For services to business and community

MNZM – Dr Virginia **HOPE**, of Wellington
For services to health

MNZM – Mr Bryan John **JACKSON**,
of Waikanae
*For services to the motor industry
and the community*

MNZM – Mr Deryck Jonathan **SHAW**,
of Rotorua
For services to the community

QSO – Dr Graham Charles **STOOP**,
of Paraparaumu
For services to education

DNZM – Dame Companion of the NZ Order of Merit

ONZM – Officer of the NZ Order of Merit

MNZM – Member of the NZ Order of Merit

QSO – The Queen's Service Order

For further information visit
www.honours.govt.nz

Thank you for participating

A record 520 members participated in the IoD's Directors' Fees Survey recently. The survey's unique depth and coverage across different sectors makes it not only invaluable in benchmarking directors' fees but it also adds to the body of knowledge about New Zealand directors.

We will notify you when the survey is available for release later this year. The survey will be available to participants at \$350, members who did not participate: \$550, non-members: \$650.

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Changing the game for the SME generation

We are a nation of small businesses, with over 455,000 or 97.2 per cent of all businesses employing fewer than 20 people. They generate about a third of our GDP and many of our most innovative ideas. But most SMEs have a brief time in the sun – only 30 per cent of them are still trading five years after their birth, only ten per cent will make it to their ten-year anniversary. Why are New Zealand SMEs so short-lived and what can be done to improve their performance? By Katherine Robinson

If you were to rely on these statistics alone, going into business in New Zealand could sound like entering a brutal game with a one in ten chance of survival.

But numbers can be misleading – not all of New Zealand's SME business deaths represent business failure.

"You can tell, for instance, by the number of new incorporations every year. People are not terrified of going into business in New Zealand," says Stephen Nicholas, Wellington-based accounting and advisory partner at Deloitte and national leader of the Deloitte Fast 50.

Businesses can go through many changes in their natural life cycle. "Lots of New Zealand businesses are quite small, quite a few of them will merge with other businesses. This will distort the figures as it will show two businesses closing. It's true that some businesses will crash and burn but it will certainly not be as many as 70 per cent within five years."

There are many different drivers behind setting up a business. Some businesses are set up to suit the circumstances of the owner manager. For women, self-employment peaks around the childrearing years, men going into business usually leave it until later in their career. US studies have shown that there can be a spike in the number of business births in a recession as people turn to self-employment after redundancy. When circumstances change business owners may choose to return to salaried employment.

KEYS TO SUCCESS

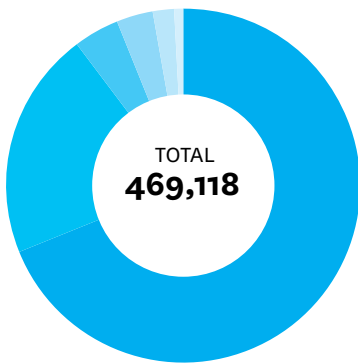
Perhaps the point is not how many businesses survive, but how well they thrive. Over 14 years of working with the Deloitte Fast 50 programme, a competition that ranks entrants by their annual revenue growth, Stephen is well-placed to observe the characteristics of successful companies. These characteristics apply across sectors and encompass all kinds of businesses – from owner operators to more complex organisations with many employees.

"A single-mindedness about where the business is heading and how fast a company should get there is a strong, contributing factor to success."

"The differentiating factor is that they are very successful in growing revenue. This doesn't always mean high profit, but as long as it is sustainable, it will eventually lead to profit. Xero is a very good case in point where revenue is racing ahead but profit may even be going in the opposite direction," he says.

Successful companies, says Stephen, will have a defined brand, a sense of purpose and clear strategy to take them where they want to go. They are innovative and either at the cutting edge of technology or at home with technological advances.

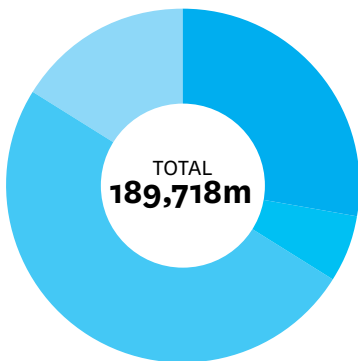
Enterprises by Employee Size Group



- More than 50 employees **4,692**
- 20-49 employees **8,519**
- 10-19 employees **15,987**
- 6-9 employees **19,713**
- 1-5 employees **97,320**
- Zero employees **322,887**

Data source: Statistics New Zealand Business Demography, Feb 2012

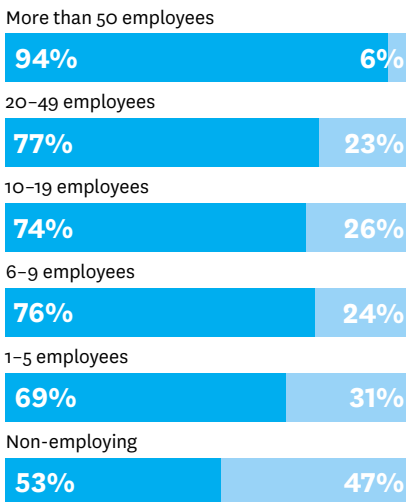
Contribution to GDP by Number of Employees (March 2010 year)



- 0-19 employees **\$52,857m**
- 20-49 employees **\$11,923m**
- More than 50 employees **\$94,541m**
- Excluded industries/other items **\$30,398m**

Data source: Statistics New Zealand National Accounts 2010

Survival Rate of Enterprises Started in 2009 by Employee Size Group



- Survived in 2012
- Ceased by 2012

Data source: Statistics New Zealand Business Demography, Feb 2010-2012

They have invested in governance, people management and management processes and will have the capability to raise capital and are probably already exporting goods and services off-shore or will have the potential to do so.

“There is some interplay between all these elements,” says Stephen. “The strongest companies will generally be strong in all areas, whereas the ones that are failing will be weak in all or some areas.”

And the most important element for fast growth? It comes down to leadership, says Stephen.

“We have noticed that leadership of the Fast 50 tends to be single-focused so they take the troops with them. A single-mindedness about where the business is heading and how fast a company should get there is a strong, contributing factor to success. Leaders that take more of a consensus view will move more slowly as they need to take side steps to accommodate everybody’s point of view.

“Of course there are ages and stages in the life cycle of a company. Startups will be fighting for survival, later on a company will have good cash flow and have built up a customer base, then it will be more about maximising opportunities. Leadership, technology and management should evolve as the business evolves,” he says.

FAST MOVERS

Paul McPadden, KPMG’s National Managing Partner – Private Enterprise, says that an SME’s strength lies in being able to capitalise on a point of difference.

“Small businesses are most successful if they can take their business into a space that no one else occupies. Some aspects of doing business as an SME are fantastic. SMEs are a hotbed of developing good ideas – they have an innovative culture. They also have the advantage over larger companies of being very nimble so they can change things quickly.”

However, this is dependent on their ability to plan ahead and anticipate changes in the market, areas where SMEs may be weak.

“The reality of being in business for yourself is that it is hard yakka. Most SME owner managers tend to live from week to week. They are in survival mode and are focusing on the needs of their

customers and basic issues like getting those customers to pay on time.

“But business that is not forward-looking will be caught out by the pace of technological change. You only have to look at a company like Kodak to see that. SMEs face the same challenge.”

They also face this challenge without the deep pockets of a multi-national.

WHAT ABOUT RESOURCES?

Lack of capital is often blamed for hindering growth – is raising capital a problem for SMEs?

Paul believes that the current economic environment is more benign for SMEs than the recent past. But he adds that funding will only ever be available to those that offer compelling reasons for investors to invest and some assurance as to when they might see a return. Investors are reassured by professionalism – a business plan, credible management processes and a governance structure.

“Many New Zealand SME owners tend to think of their business as a different type of asset, rather like their home. They are quite happy doing what they are doing and may not necessarily want to grow their business beyond their own capability of managing it. But it is important that they do grow because it has knock-on effects for the community, creating jobs and capital,” he says.

“It comes down to making a conscious choice of what is the purpose of the business. If it is about lifestyle, having a business that fits in with your family, then that’s fine. It’s not a bad thing, but for the NZ economy it is not necessarily getting us to where we should be because it is not driving productivity in the way a Fast 50 company might do,” says Stephen.

TAKING ON ADVICE

Stephen says it can be commonplace for businesses to plateau or stagnate.

“An owner who has successfully taken a business to a certain level and is running it very tightly by themselves, may think ‘well, I am running faster but I am not getting any further down the track’.

“If they have an advisory board, it can rejuvenate the whole business. Having professionals around the table who can challenge and push owners to try different

options can be the key to further growth. There can be some crunchy conversations. Sometimes it will benefit the business if the owner steps back from the leadership role.”

“A board will drive the conversation back to those issues of strategy, purpose, planning, management processes and accountability. If they have been running a business themselves for years, this can be a challenging situation for some owners – but it can be necessary,” he says.

MORE ADVICE

If you are an owner manager who is looking to set up a board or a director of an SME, the IoD has resources to help you. Look for First Boards or the Advisory Board Toolkit on our website.

Also check out the Undressing Governance roadshow and branch events – there are many of particular interest to SMEs.

For information, visit www.iod.org.nz

WHAT DOES IT TAKE FOR AN SME TO GROW?

For the last 14 years Stephen Nicholas and his team have interviewed leaders of businesses entered into Deloitte Fast 50 programme. They asked them ‘what makes you different from other companies in this country?’

These are the winning qualities:

Purpose/strategy – a business must know where it is going and how it is going to get there in order to grow.

Governance – there is a board or an advisory board.

Capital – one of the biggest challenges that a growing company faces. Businesses need cash flow and capability around capital.

Innovation – not just a new product, it can mean delivering a product in a different way.

Process – back-office systems and procedures, such as human resources and finance, should be well mapped out.

Brand – it should be clear to the customer what you stand for.

Exports – New Zealand is a small market, so most Fast 50 companies seek customers overseas.

Technology – growth companies usually leverage technology to be competitive, either in their products, services or internal systems.

People – a growing company needs to attract and retain good staff from an early stage.

Visionary leadership – the person who is at the head of a growing business should be focused, visionary and able to communicate the goals of the company.



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JOURNEYS

Bridging the gap

If the owner managers of SMEs can only draw on the sum of their own experiences to run their companies – how do they know how to manage them effectively? How do they know how to grow them? These were the questions that prompted David Irving to set up The Icehouse 13 years ago. By Katherine Robinson



“When you have conviction, you just don’t see anything as hard,” says David Irving of his work in co-founding and running business incubator/SME training ground, The Icehouse.

The former CEO of Watties and adjunct professor at Auckland University’s School of Business, David was heading the Competitive Auckland initiative in 2001 when he became aware of the particular challenges of managing an SME. It was a revelation.

“That experience made me think about who runs SMEs, and how they had to be owners as well as managers. That was more than I was doing as a corporate manager and I had executive management training at Stanford. I asked myself how do managers of SMEs learn to run a business?”

David reasoned that if SME managers were drawing only on the sum of their own experiences then their knowledge base could be quite narrowly focused. He convinced colleagues and university management that a training programme for managers of established SMEs needed to be set up with university backing but outside the campus. An incubator for startups was added to round out the offer.

“We raised \$2 million by bringing in eight significant companies who had an

interest in SMEs. With the help of the BNZ we were able to identify businesses and owner managers who would be able to benefit from the programme.”

Thirteen years later The Icehouse has worked with over 4,500 Kiwi business owners. The owner manager programme alone counts alumni from 600 businesses. “We’ve got quite a strong alumni because they don’t like to leave. They stay together as a cohort and meet annually”

IT’S ALL ABOUT SME

One of the programme’s strengths is how much participants learn from each other.

“Honestly, we could put them all in a room and leave them. These are all owner managers of very successful companies but it can be very lonely running an SME. You do not usually get a chance to share experiences with other managers. If you are managing a large corporate you have more support – there’s an HR department and a CFO and a board.”

The Icehouse fills in the knowledge gaps – and these can be quite significant gaps because, David says, “they don’t know what they don’t know”.

He gives the example of two business owners who came to see him after creating a particularly useful invention. “It was a

“At a certain point a company needs some discipline – it’s the marriage of entrepreneurship and best practice management.”

simple piece of technology that would be used in every home and they had sold the rights to a multi-national. They thought they had only sold the Australasian rights but they had unwittingly sold the global rights at an Australasian price. They had taken the contract to a lawyer who knew nothing of global rights. The multi-national had of course used a lawyer who specialised in IP.”

“It’s an unfair game – they could create the invention but didn’t know how to create the commercial product,” he says.

KEEP THE SPARK

Sometimes, he says, the most yawning of knowledge gaps lie in the management of people and processes.

“A manager runs out of his ability to manage unless he grows with the company. At a certain point a company

CASE STUDY



In Shoe Business

Ten years ago, Overland was in good shape. The shoe store chain was overseen by a board, it had a solid management structure, and a keen focus on sales targets. But there was something missing, says managing director and shareholder Shane Anselmi

needs some discipline – it’s the marriage of entrepreneurship and best practice management. If you don’t know how to do that as a manager then you will run out of steam because you won’t know how to delegate. Of course, once you have delegated then you need to put in processes and practices so you can be informed because previously you just relied on catching up with people.”

He sees the trick for SME owners as being able to create greater predictability in processes and outcome, but still keep the spark of inspiration that started the company in the first place.

Typically, he says, managers who are unable do this will sell.

“I hope that the work we’ve done here will have allowed people and companies to grow,” he says. “The biggest word that I’ve heard around here is ‘confidence’. Owner managers often go away saying, “I know what my role is”, “I know what my company can do and how to it there” and also typically, “If only I had known all this before”.

His conclusion, prompted by the HR presentation at an Icehouse course, was that staff were not as happy as they could be. Results of a 360 degree survey of staff later confirmed that “there was not a lot of joy in the workplace” and not enough recognition given for work well done.

Company-wide discussion created a set of values that all staff felt they could agree to and that the business should embody. These were accountability, excellence, proactivity, inclusiveness, innovation and integrity.

“Many companies might carry out an exercise such as this, then forget about it. The important thing for us was to put systems in place so that behaviours around those values were recognised.”

These systems include calling for nominations from the 400 staff members for co-workers who have done something that reflects those values. These are published in the weekly newsletter.

“We get 70 to 80 nominations a week,” says Shane.

Overland also pays more than 25 per cent of net profit to staff via incentives and bonuses each year and conducts 360 degree feedback throughout the organisation twice a year.

It is very much a family business, Shane’s grandfather sold shoes in the King Country, and his father set up Shoe Town in Hamilton in the 1980s.

The company is now in the process of rebranding as Merchant 1948, and has 48 Overland and Mi Piaci stores in New Zealand and another nine across the ditch in Australia. It has twice been the winner of the Kenexa Best Workplaces award.

Shane believes that encouraging a healthy workplace influences customers. “I think on the whole there is a certain warmth from staff,” he says.

“People make buying decisions not so much on need but on emotion and one way to appeal to people’s emotions is to tell stories. The store managers are all good at making emotional connections with our customers.”

UNDRESSING GOVERNANCE

David plays an active role in The Icehouse Owner Manager Programme.

This year he teamed up with the IoD to go on the **Undressing Governance** roadshow, presenting to SME owner managers on the value of taking expert advice either from a business advisor or from an advisory board.

David Irving was chairman of The Icehouse from 2003 until 2009. He is Chairman of Prolife Foods and Vet South and is a long term advisor to Stolthaven Australasia. He was an Honorary Professor at The University of Auckland Business School until 2011 and is currently an Adjunct Professor at the University of Waikato

Business School. In 2013, he was named as an Officer of the New Zealand Order of Merit for his services to business and education.

For more details on these events or information on The Icehouse programmes for startups and established SMEs, visit www.theicehouse.co.nz

CASE STUDY

Eyes on the road ahead

You know that your brand has made it in Australia when Australians start to claim it as their own. Tim Alpe, co-founder of JUCY reports that Australian tourists who hire a JUCY campervan to tour New Zealand, will often say "I didn't know you operated in New Zealand"

"We don't fly the flag with the brand," says Tim. "It's not that we are not a proud Kiwi company – far from it – it's more that we want to be seen as a global brand."

In 2008 the distinctive green and purple vehicles with their flirty fifties pin-up girl logo first hit the Australian roads. JUCY now operates 500 vehicles on the east coast of Australia and the company is expanding its share of the US market.

This is a long way from the company's beginnings as a car and campervan rental service in 2001. The Alpe brothers used to take bookings, greet customers and clean the vehicles.

With the company's fast growth, Tim and Dan were quick to overhaul the governance and management of the company.

"The company may have a funky fronting but behind the scenes it is a well-oiled machine," he says. "The most challenging part was being able to let go and trust that you have people who are just as passionate about the business as you are and don't need to be hand-held as such."

"The board is good at saying no when the numbers do not stack up. That's an important part of a high-growth company."

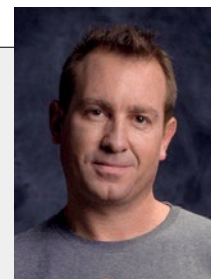
Governance was also critical, he says. On the board of JUCY, there will always be at least one, if not two, independent directors.

"We've found that there have been so many opportunities coming our way that we have got quite excited at times but the board gives some discipline to the

process. We need to build a business case as well. And the board is good at saying no when the numbers do not stack up. That's an important part of a high-growth company."

Tim and Dan put the company's success down to its people – "our main asset" – plus having a clearly defined brand supported by a clever marketing strategy. JUCY has rarely advertised in the conventional sense, instead relying on social media, word of mouth and the "mobile billboards" provided by their vehicles.

"When people pull into camping grounds and see another JUCY campervan, they will park up together, talk to each other. It's like being part of community."



"I think we all have a responsibility to continue learning because the world is changing and business rules are changing."

Hamish Aitken
CEO Premier Insulation
Graduate 2009

CASE STUDY

Not going it alone

An avionics engineer, Richard Krebs is a shareholder and CEO of hydraulics company, Hyspecs. He recalls his first year or so in the role as one of being consumed by work.



"I would head into work every morning at 6.00am, come home at 6.30pm and go to bed because I was so exhausted, wake up for dinner then the whole thing would start up again the next day. It's not a way to stay married or be friends with your children."

Prompted to go on The Icehouse's first owner manager programme, he recalls thinking "what are these academics going to know about my business?" The revelation was that it was a hell of a lot because a business is a business.

"I had been working in the company rather than on the company and I realised that I could not do it alone. The company is full of brilliant people who know how to do their jobs better than I do.

Around the same time, the company established a board with three independent directors.

"They give the business an external perspective. You have to be careful not to be too inward looking as a business."

By nature a hands-on manager he admits that giving some control away to gain more has not been easy but there are demonstrable benefits.

"The company is full of brilliant people who know how to do their jobs."

Turnover has quadrupled over the last eight years, and the company has expanded from two offices to five. But efficiencies in the running of the company have meant that staffing in the Auckland office has only risen from 17 to 19.

This impressive performance has not been at the expense of workplace culture.

"We do something unusual in that we buy lunch for all our employees and we all sit down and eat together, and share experiences."

And he has his personal life back. He does not pull any punches about what might have happened if he had not changed his management style. "I might be in a cemetery somewhere."

His advice for other owner managers of SMEs: "The stress of running a business is enormous if you shoulder it all yourself. You do have to be careful in business as it can be all consuming."

The confidence to lead and succeed

Hamish completed a Postgraduate Diploma in Business in the early 1990s and carved out a successful career in the building industry, fulfilling roles as a general manager and CEO.

But the desire to complete an MBA stayed with him, and he enrolled after identifying that a masters degree would enable him to take on international roles in the future.

"As leaders and managers we all have a responsibility to continue learning because the world is changing and business rules are changing with it. And you become stale and risk getting left behind if you don't continue to gain new skills and freshen your perspectives."

Hamish says the confidence he gained during the Executive MBA programme has enabled him to take on projects he wouldn't have previously considered, or would have sought extra resources to deliver.

And he feels comfortable dealing with companies at the highest level, in any industry across the globe.

"I now feel I can walk into any board room anywhere in the world with compatible competencies and skills to anybody else in that room. And without an MBA you probably don't have that confidence, or feel as though you might not have the necessary skills to be dealing at that level."

He says his leadership ability is something that has developed over time, and he and his team are striving to become the best in the business.

"If you're confident, your staff around you will feel confident in you, and they'll have a confidence in where you're going."

www.mba.auckland.ac.nz





Getting to play again

At its peak, social networking site, MiniMonos, drew around 1.5 million children worldwide to its virtual island. However, technological changes in the real world led to MiniMonos' entrepreneurial founder, Melissa Clark-Reynolds, having to make a tough choice



Melissa Clark-Reynolds

A serial entrepreneur, director and the self-confessed “geek girl in the room”, Melissa Clark-Reynolds had already launched several technology companies when she had the idea for MiniMonos, a virtual island paradise where children could create monkey avatars that could meet, chat, buy virtual clothes and throw virtual bananas at each other.

The Wellington-based company realised that the New Zealand market was too small, and our internet too slow to sustain the site. MiniMonos launched first in the US in 2010 and later in the UK. A quiet beginning was followed by seemingly unstoppable growth.

“Things were going well, by then we knew where we fitted in the marketplace. We had started out aiming at girls but pivoted to boys. In the toy industry girls will buy boys’ toys and watch boys’ television programmes but not the other way around, so we changed direction,” says Melissa.

Moving to London to support the business in its main market, Melissa made inroads. MiniMonos was the first New Zealand IT company to be selected for the Springboard start-up accelerator programme in Britain, there were plans for a MiniMonos programme on BBC and the team contributed to bestselling boys’ comic, Toxic. By November 2012, MiniMonos gift cards were being printed for distribution in UK supermarket chain, Sainsburys, in preparation for the Christmas rush.

But Melissa says, you do not always see when change is coming.

“As directors, strategy is something that we make up, but we don’t have a crystal ball. Startups try to make something

deeply uncertain predictable and it’s never going to be that predictable.”

The social networking site was designed for personal computers, and television advertising was one of its main channels to market. As soon as a MiniMonos ad aired children would log on to the site to buy virtual goods.

This was the company’s undoing as in Christmas 2012 the top-selling children’s presents were the iPad Mini and the Kindle Fire. Viewership of children’s television channels such as Nickelodeon plummeted as children swapped televisions and PCs for tablets and apps.

“Our primary source of good quality, high yield customers came from television, and they started to watch online. Our channel to market disappeared,” says Melissa.

A record month in December 2012 was deceptive as figures of online sales went soft in January and then into freefall. The company was forced to take a hard look at itself, and decide whether it should pivot again, sinking millions of dollars into turning the site into an app, or if it was time to call it quits.

Melissa gives the example of Rovio Entertainment, the multi-million dollar company with the hit game, Angry Birds.

“They have over 200 games and one profitable franchise. We thought ‘Could we do better sitting here in Courtenay Place? Or would it be better to take these talented people and do something else?’”

New Zealanders share a national characteristic of perseverance, she says.

“We value the virtue of never giving up,

but there is a line between perseverance and bloody-mindedness. I have been in companies at times when they went beyond where they should have been and should have been gone earlier. To quote Steve Jobs, ‘perseverance is also getting to play again.’”

Calling it quits when they did allowed for a measure of control that was easier for Melissa and the team to recover from. Suppliers were paid and work was found for staff. She is grateful for the learnings and the international contacts that she and her team can take to their next startup.

“It felt ghastly at the time but we walked away without debt, and everyone has come out of this knowing that we can reform and start again,” she says. “It was the wrong business model for the times and we knew we were making the right call.”

This article is based on Melissa’s presentation to the IOD Leadership Conference in April. To see it in full, please visit www.iod.org.nz

Recently appointed to the board of Radio New Zealand, Melissa Clark-Reynolds is a founder/director of Seven Dragons Ltd, and was founder of Fusion, New Zealand’s largest private accident compensation insurer. She is CEO of Looxie and has been CEO of several technology businesses including PayGlobal and Intax.

Better by governance

SMEs thrive under good governance, write Souella Cumming and Jon Holmes. Yet many businesses can find the concept of a board challenging

In a speech last year Prime Minister John Key highlighted the issue of business governance being critical to business success.

“Governance is vitally important for the success of any organisation. It doesn’t matter whether it is a business, government or even a school, it all starts at the top. We need to produce our own successful business leaders if we are to succeed on the world stage.”

KPMG is partnering with New Zealand Trade and Enterprise (NZTE) to introduce a new service designed to ensure growth companies have access to good governance advice.

“The purpose of our new governance service is simple.” says Ruth Macleod, NZTE’s Service Director, “and that is to help our customers understand the benefits of good governance and put them in a position where they can successfully work with the private sector to implement or develop governance in their businesses.”

KPMG works with a wide range of privately owned businesses and we understand that good governance varies significantly from one entity to another due to the size, complexity and structure of the shareholder base. Time and again we see four critical areas that growing businesses find challenging:

ACCESSING EXPERIENCED DIRECTORS

Whether it is in relation to setting direction and/or realising international opportunities, experienced directors invariably help privately owned businesses take their governance to a higher level.

One practical way of accessing a broad range of skills is through establishing an

Advisory Board. The role of the Advisory Board differs significantly from that of the statutory Board of Directors. Its primary role is one of advising on specific areas of business, in contrast to the board of directors that is responsible for governance and major business decisions. An advisory board has no power of veto, nor can it instruct management on any matter; rather it provides a vehicle for robust discussion and debate to assist management in their decision-making process. This is because it is peopled by independent parties with no vested interest, who work on the advisory board with selected members of senior management.

The outcome of the advisory board is better decision-making which means achieving commercial goals faster and therefore benefits for all stakeholders.

Often, for privately owned businesses, the advisory board plays an interim role to including independent directors on the board of directors. This allows the privately owned business owner to establish a degree of comfort in having independents providing input on their business.

RISK MANAGEMENT

In considering growth opportunities, directors need to have a broad understanding of the risks facing the business, particularly those risks that may prevent the successful implementation of strategy. This means identifying and managing a wide range of organisational risks – not just financial risks but also legislative, people, technology, access to capital and operational risks. From a governance perspective, it is critical that directors and business owners understand risk so it can be effectively managed. Understanding business risks and how they

are managed is critical for both decision-making and resource allocation and enables a business to advance its business strategy.

Risk management is a business enabler rather than an inhibitor, although this is not how risk management is commonly viewed. KPMG works with private businesses to ensure risk management contributes to improved performance, enables investment and thereby ensures strategic decisions can be made which enhance growth

LEGISLATIVE COMPLIANCE

Another important governance element is understanding the impact of, and compliance with, relevant legislation. For example legislative changes are underway which aim to improve New Zealand’s health and safety record through tougher requirements and duties placed directly onto directors.

Under existing legislation – the Health and Safety in Employment Act 1992 – directors were liable if they participated in, or contributed to, a health and safety failure – that is, a negative focus. For directors, there was no clear requirement for positive intervention or a due diligence duty over health and safety systems or performance. This legislative framework clearly placed duties on employers and managers, but not explicitly on directors.

Under new legislation, expected to be effective 1 April 2015, health and safety is set to be a key focus for directors as the legislation stipulates a due diligence duty for directors over health and safety systems and performance. This approach will require directors to take responsibility for the proactive and positive management of health and safety risks to ensure compliance with regulatory requirements. These



legislative changes will also see health and safety become fully integrated into everyday business, with directors accountable for health and safety performance. As has been the case under existing legislation, it will no longer be possible to contract out of health and safety responsibilities.

Unlike current legislation, directors will have an explicit accountability for health and safety performance. Directors will be required to incorporate health and safety into governance, and undertake regular due diligence to ensure their company complies with the duties of the Act.

BOARD PERFORMANCE

Many businesses recognise the need to broaden the diversity around the board table but require support and advice on how to achieve this. KPMG considers a range of factors (refer diagram above), to complete a Board Effectiveness Assessment. This is often an important input to recruiting new directors. It also enables a plan to be developed to address governance gaps and enhance governance oversight.

GETTING ON BOARD

NZTE's research has identified that many businesses have reservations about adopting governance primarily based around a fear of:

- perceived loss of control
- business cost
- sacrificing time on the ground running the business
- forcing consideration of a founder/CEO's own succession
- being removed from their own business
- taking a gamble by following someone else's set direction and strategy.



Souella Cumming

Souella specialises in governance, risk management and internal audit services to the public and private sectors. She's a regular speaker at conferences on risk and internal audit, and in public sector generally. Souella enjoys developing long-lasting relationships with clients based on high-quality service and is a passionate advocate for encouraging the development of women in business.

FURTHER INFORMATION

If your company has ambition for international growth and would like to find out how NZTE's governance service can help you turbo charge your business, contact your NZTE Customer Manager or call NZTE on 0800 555 888.

For details of how to set up an advisory board, look at the Advisory Board Toolkit on www.iod.org.nz

KPMG's first-hand experience in working with a range of businesses means our governance solutions are fit for purpose.

For further information please contact the authors, Souella Cumming, Partner, KPMG smcumming@kpmg.co.nz and Jon Holmes, Partner, KPMG jhones@kpmg.co.nz

The power of two

*Necessity led to many businesses pooling resources in Christchurch immediately after the earthquake. Some businesses have found that the collaborative approach has given them a competitive advantage.
By Katherine Robinson*



About 40 IT specialists and high-tech entrepreneurs were among the many displaced in Canterbury's February 2011 earthquake. With their offices red-zoned or red-stickered, they were temporarily housed together in a warehouse on the outskirts of town. Far from being a hardship, they discovered that they enjoyed the buzzy, collegial atmosphere. Being able to bounce ideas off others added to their productivity, and the communal facilities cut costs. When it came to finding a more permanent home, most chose to stay with the group as part of Epic, (the Enterprise Precinct and Innovation Campus) now located at The Sanctuary on the edge of the CBD.

"The 2011 earthquake pushed some businesses together and it has created a changing business paradigm because businesses had no choice but to work together, they had to learn how to work together. The hot word in Christchurch is business collaboration," says Christchurch Employers Chamber of Commerce CEO, and spokesperson for Collaborate Canterbury, Peter Townsend.

Collaborate Canterbury was formed two years ago to connect businesses outside Canterbury with local

companies already involved in the rebuild. The website provides a portal where companies can register and be matched with Canterbury businesses.

It is an elegant solution. Collaboration offers Canterbury businesses a way to increase their capacity and access greater resources such as staff, technology, processes and finance. For businesses outside Canterbury, collaborative ventures provide a route into the Christchurch market and a way to share the risks and minimise set-up costs.

Peter Townsend, whose championship of Christchurch and local business was recognised with a Companion of the NZ Order of Merit (CNZM) earlier this year, says that the sheer scale of the rebuild means that businesses need to work together.

He estimates that Christchurch is still only ten per cent of the way into a \$45billion rebuild.

"The smart companies have learned to work together to build scale. Companies with foresight, good strategic pathways and vision are forming these relationships. They are thinking strategically and thinking ahead to where they will be in a year or two.

"This collaborative way of working is also a good thing for New Zealand, because it will teach us how to work together more effectively across industry sectors. It will build scale in its own right, which stands us in good stead for the future – here and in the international market."

Leighs Construction was among the first to enter into a joint venture, joining forces with US firm, Grant Mackay Demolition. Together they formed a New Zealand registered company, Mackay Leighs Demolition, with each partner having a 50/50 shareholding.

The arrangement benefitted both companies – neither would have been able to tackle the job alone. The US firm brought international experience and specialised equipment to the demolition of some of Christchurch's most significant buildings. Leighs Construction could offer local knowledge of infrastructure, organisational management systems and process.

Not all joint ventures relate to the construction industry. In post-earthquake Christchurch, Davies Furniture found itself without premises and quickly entered into a joint venture with another furniture manufacturer, Southern Creations. From

Continued over





Blooming brilliant.

Congratulations to K&L Nurseries, Supreme Winner of the 2014 EECA Awards. This family-run flower business invested in new bioenergy technology that's giving them long-term low energy costs and has slashed CO₂ emissions.

The EECA Awards celebrate excellence in energy efficiency and renewable energy. Read more about Award winners, and find out how to put energy to work in your business, at www.eecabusiness.govt.nz

Congratulations to all the 2014 EECA Award winners:

Community:	Kapiti Coast District Council
Large Business:	Momentive Specialty Chemicals & Energy Plant Solutions
Small to Medium Business:	K&L Nurseries
Public Sector:	Kapiti Coast District Council Unitec
Renewable Energy:	Government of Tokelau
Energy Management:	DNZ Property Fund
Innovation:	Momentive Specialty Chemicals & Energy Plant Solutions Ngati Hine Health Trust
Energy Leadership:	Martin Fryer, Auckland International Airport
Chch Energy Champion:	CEA Tait Communications



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this has come The Design Workshop, a manufacturing space where three brands – Southern Creations, Davies Furniture and their bespoke brand Tréology are made.

The two businesses have retained their individual identity, but the arrangement allows for efficiencies, such as splitting overseeing the manufacturing and the marketing roles between the two companies.

But perhaps the most spectacular example of collaboration is the AMI Stadium, built in 100 days by multiple companies and a massive team of contractors. Significantly, those companies had already spent two years working together on Dunedin's Forsyth Barr Stadium so relationships, bonds and trust had already been formed.

Jim Hands, Construction Manager at Pegasus Engineering, oversaw the entire steel component of the project, working with several other sub-contractors.

He believes that any companies serious about being part of the rebuild project will need to work alongside competitors. "It's all about people. Finding the right people and going for it."

Although there is a long roll call of successful collaborations Peter feels that

more Christchurch businesses should be open to joint ventures. His office deals with steady flow of enquiries from many businesses outside Canterbury who are eager to be involved in the rebuild.

"We know a lot of companies from outside Christchurch who want to work with Christchurch firms but still not enough local companies that want to work with outside businesses."

Peter believes is that this resistance stems from a lack of comprehension at the scale of the job ahead.

"They are not thinking strategically. If they were thinking far enough ahead they would be looking at collaborative models now because it takes time to build up a new relationship and get to know and understand how a new partner works.

"We are not going back to how things were in Christchurch before the earthquakes, we are going somewhere new and it will require new supply chains and new business models."

For more information, visit www.collaboratecanterbury.org.nz

CHECKLIST

Any business going into a joint venture should consult legal, financial and business advisors as early as possible. Collaborate Canterbury provides this as an initial checklist:

- has a feasibility study or business plan been prepared?
- will confidential information be disclosed during negotiations? Has a confidentiality agreement or information exchange agreement been put in place?
- is each party still free, pending its signature, to negotiate with third parties regarding arrangements that may be alternatives to the joint venture?
- is a letter of intent or memorandum of understanding appropriate to establish points of principle?
- are any of the parties a publicly listed company with announcement obligations or stock exchange requirements for shareholder approval relating to the venture?
- what material authorisations, consents, licences or other conditions precedent will be required for the joint venture to commence?

directorVacancy noticeboard

The noticeboard 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.



STOP

Role: Two directors

Location: Christchurch

Applications will remain open until the positions are filled.

TE URI O HAU CHARITABLE TRUST

Role: Trustee

Location: Auckland/Northland

Applications will remain open until the positions are filled.

MOUNT MAUNGANUI LIFEGUARD SERVICE

Role: Independent director

Location: Bay of Plenty

Applications will remain open until the position/s are filled.

ALZHEIMERS WELLINGTON INC.

Role: Executive Committee members

Location: Wellington

Applications will remain open until the positions are filled.

HE HUARAHI TAMARIKI TRUST

Role: Trustee, treasurer

Location: Porirua, Wellington

Applications will remain open until the positions are filled.

AUCKLAND COUNCIL

Role: Appointed member, Audit and Risk Committee

Location: Auckland

Applications will remain open until the positions are filled.

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

KOVACS
DESIGN FURNITURE





Ranfurly Settee made in New Zealand by Kovacs.
Photographed at Gustav's; model dressed by EnCompass; The Tannery, 3 Garlands Road, Woolston, Christchurch.



To tweet or not to tweet

You are the director of a listed company and you have a Twitter account. What should you consider before you tweet? By Jessica Hill

On August 12, 2013 Nasdaq-listed investment company Icahn Enterprises issued a release advising that its chairman, US billionaire and activist investor Carl C Icahn, would use his personal Twitter account to post their investment position on companies. In this release, Icahn Enterprises encouraged investors to keep an eye on Carl's personal Twitter account as well as the company's investor relations website and press releases.

Next day, Carl tweeted from his personal account, "We currently have a large position in Apple. We believe the company to be extremely undervalued. Spoke to Tim Cook [Apple's CEO] today. More to come." Business media reported that, as a result of this tweet, Apple shares rose five per cent by the close of that day.

Nevertheless, Carl's tweet conformed to US Securities and Exchange Commission (SEC) guidelines regarding social media announcements, but if Icahn Enterprises were in New Zealand, they would not have been able to tweet their announcement first.

In the US, listed companies must provide information to the SEC on particular forms, but there is no specified platform for release of other material information to the SEC. The regulator's view is that companies can use social media to announce information so long as investors have been alerted about which social media will be used.

The situation in New Zealand is quite different. Listed companies are required to release information via NZX's Market Announcement Platform (MAP). Provided an issuer uses MAP to release information first, they can disseminate that information later over other forms of media including social media. For non-material information, it is up to the company where they release it. In fact, NZX is generally encouraging of innovation and more frequent communication.

The Financial Markets Authority (FMA) agrees that any announcements that could affect a company's share price must be made via the NZX's MAP first. Directors of listed issuers must not disseminate material information prior to when their company has

released it via MAP, regardless of whether they are using traditional or social media.

Social media is rarely used for investor relations in New Zealand, possibly due to a perception that investors are not interested in it.

Even in the US, a 2013 American study by the National Investor Relations Institute found that 72 per cent of corporate investor relations officers do not use social media professionally. However, almost half of these officers said they would reconsider using social media this year. Perhaps they should – a related study by Corbin Perception Group with institutional investors found that 52 per cent use social media as part of their research process.

Annabel Cotton, owner of investor relations consultancy Merlin Consulting Limited, says that she did not think corporate use of social media in New Zealand or Australia is anywhere near as advanced, nor looking to be as advanced as the US.

In Australia, as in New Zealand, material information has to be announced through their securities exchange (ASX) first.



And when it comes to directors using their own social media channels, Annabel advises caution. “Listed companies should have a small group who are authorised to issue communications that relate to the company. Those people are usually the CEO, the CFO, at times the chairman on certain matters, and/or the Investor Relations manager.

“These people will be named in the company’s disclosure and communications policy which should be part of the set of governance documents. So it’s not an approved role for a director to be posting or communicating on behalf of the company.”

“Before a director posts anything, they should get clearance from the appropriate person within the listed company. And even when posting something as straightforward as a link to a release that has been lodged on MAP, I would not recommend that directors engage in any debate on social media in relation to that announcement.”

She adds that this includes responding to comments on their own posts.

If a director is posting on their own behalf, she says, it may be seen to be on behalf of the company and interpreted as an official statement.

In contrast, chairman of the Marketing Association Board, and board member of the NZ Angel Association, Debra Hall, says she is an active social media user. She notes the situation varies by organisation, with listed companies and government boards at the much more sensitive end of the scale.

“I do have personal ‘rules’ about what I say and where. I do tweet about the organisations I’m involved with, but obviously not about governance-confidential issues. I certainly tweet about and from events held by those organisations – though not board meetings, obviously!

“If I think my Facebook friends would be interested, I even very occasionally post about one of the organisations I’m involved with on Facebook. I’m not an avid poster to LinkedIn, but again the fact that I’m on the board of an organisation wouldn’t stop me from commenting or posting about something in relation to that organisation.”

APP-DATE



Air Display 2 \$12.99

Turn your iPad into your laptop’s second monitor when you’re away from your office. If you haven’t worked with two monitors yet, the main advantage is displaying two windows simultaneously so you can flick your eyes back and forth between them without minimising either window.

We tested this app on an iPad. It can also be used on an iPhone and is available for Android as well.



Scanner Pro by Readdle \$8.99

Use your iPad as a scanner with this quick and easy app. It has an intelligent selection feature (i.e. it automatically selects the dominant element in its camera view and gives you the option to crop to include only this element). You can choose colour or black and white. You can then email your scan as a JPEG or PDF.

We tested this on an iPad. It can also be used on an iPhone.



Basil Logan

Farewell to an IoD President

The IoD would like to offer its sympathy to the family of Basil Logan who died on 16 May 2014, aged 78.

Basil Logan had a long distinguished career in business and in public service.

He was a Past President and Distinguished Fellow of the IoD, Past President and Life Fellow of the New Zealand Institute of Management, and Past President and Life Member of the American Chamber of Commerce in New Zealand. In December 2006 he was appointed a Companion of The New Zealand Order of Merit (CNZM) for Services to Business and Government.

Following an early career as a chartered accountant, he spent 30 years with IBM, becoming chief executive and chairman of IBM New Zealand, where he was, as an ex-IBM colleague noted "an inspirational leader who mixed with everyone in the company with ease"

He later became assistant general manager, IBM Asia South Pacific Area, based in

Hong Kong. Mr Logan was also chairman of Opus International Consultants Ltd.

His many directorships included the ANZ Banking Group and Bancorp Holdings. His public service included membership of the Courts Executive Council and government specialist review panels, including that of the Department of Justice.

Ebos chairman, Rick Christie, who knew Basil well through his work on the Wellington branch committee, said, "Bas will be missed by his many friends and fellow directors. He was always a pleasure to work with."

Mr Logan is survived by his wife Judy and his three sons.

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Raising the bar

We may have felt a little of what a movie director might feel after producing a blockbuster. Last year's inaugural IoD Leadership Conference was a resounding success, setting expectations high for the 2014 event. But if there was concern about meeting high standards we need not have worried. According to a survey of conference delegates, the 2014 IoD National Conference was even better

Delegates were asked to fill out a survey on their levels of satisfaction with the conference. 53 per cent of delegates took the opportunity and we are able to share the results, including some of their comments.

High point for some was IoD UK Director General Simon Walker's speech on managing reputation. Described as offering a 'mix of wit, intelligence, and powerful delivery' by one delegate, his message was clear. If you or your company make a mistake, more damage can be done in attempting to cover it up than in the mistake itself.

Others singled out well-respected Australian chair, David Gonski. A charismatic speaker, he spoke with authority on the role of the chairman and why boards should think long-term. He offered, as one delegate put it, "great, high-level perspective and wonderful wisdom".

Also from across the Tasman, Paul Cooper, former Chair of Centro, shared his experience of every director's nightmare. He was appointed as chair just as Centro plunged into a four-year-long corporate crisis, culminating in a court case. Paul was able to offer "some huge lessons about risk, mitigation, communication and perseverance" and "a heartfelt, deep insight into a high risk situation" according to delegates.

Closer to home, Trade Me's Chief Operating Officer, Mike O'Donnell, shared lessons from the frontline of e-commerce. Though as he put it, "There is no such thing as e-commerce, only commerce."

Panel discussions on diversity, iwi commerce and health and safety all offered fodder for discussion both within the official sessions and in lunch and coffee breaks.

New this year were the break-out sessions allowing for smaller groups and more focused workshop discussions. Topics covered were intellectual property, integrated reporting, global risk, and business ethics.

We have been asked, and are currently considering, when we will be holding the next conference. We will keep you informed through this magazine and other IoD communication channels.

MISSED IT?

If you were unable to attend, or you were at the conference but would like to refresh your memory, we have a selection of presentations now available for members to view on www.iod.org.nz under Conference/Speaker presentations.



CONFERENCE BY NUMBERS

Approximately 53 per cent of conference delegates completed the conference survey. These are some of their responses.

Around
96%

were satisfied/quite satisfied with the conference overall

93%

rated the quality of speakers as good to excellent

91%

believed that the conference offered good to excellent value

87%

found the topics relevant

88%

were satisfied with the organisation of the event

A cyclist in a yellow and blue jersey is riding a road bike on a paved road. The cyclist is seen from the back, pedaling. The background shows a sunset sky with orange and blue clouds, and a green field in the distance. The road is paved and curves to the right.

Meeting the Australasian governance challenge

Australia is making a serious investment in lifting the quality of its governance culture and will enjoy a competitive advantage against New Zealand if we do not move fast. By Roger Wallis

The turning point came with the formation of the ASX Corporate Governance Council in August 2002, comprising all of the relevant industry and sector organisations. The Council put out its first *Corporate Governance Principles and Recommendations* booklet in 2003, updated it in 2007 and has just released its latest update after an extensive public consultation that began in August last year and attracted 69 submissions.

The new guidance, consisting of eight principles with 29 supporting recommendations, will take effect for listed companies next month, with application in their first full financial year after 1 July 2014.

It is not prescriptive but any failure to follow a recommendation must be identified and explained on an 'if not, why not' basis. Our nearest equivalent to the ASX publication is the handbook put out by the (now defunct) Securities Commission in 2004 with its nine principles and 48 guidelines.

Despite the ten-year age difference between the two publications, there is a very large measure of agreement in the advice they offer. That is to be expected given that the basic constituents of good governance are essentially timeless and also given the strong cultural resonances between Australia and New Zealand. But, where there are differences, the more contemporary Australian product is superior – more forward-looking, more reflective of the lessons of the Global Financial Crisis, more relevant.

To use a motor analogy, they're driving a fuel-economic H-reg with all the latest gadgetry – Blind Spot Information and Intelligent Driver Information systems, crumple zones at front and rear, a safety cage etc. And we're in an A-reg – solid, reliable but a bit tatty and with a few kilometres on the clock. They've got GPS. We've got a map in the glove box.

SOME COMPARISONS

The regular updating provides a natural opportunity to refresh the ASX Listing Rules. So, for example, the Council was able to assume supporting changes to the Listing Rules in recommending that listed issuers make their governance

disclosure on their website rather than in their annual reports (as a means of streamlining the annual report).

Equally, the Council has strengthened its gender diversity guidance by stating that, where organisations choose to report progress in terms of the respective proportions of men and women on the board and in senior executive positions, they should disclose how they have defined senior executive for this purpose.

The Securities Commission handbook is silent on the issue of diversity and the NZX diversity rule, which was introduced on July 2012, has not been changed since and is weaker than the Australian version.

The Australians are also beginning to contemplate a wider approach to diversity encompassing matters of age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity – although the Council is at this stage presenting these as suggestions rather than recommendations.

Another major point of difference is that the Australian advice is much more preoccupied with the need to proactively to manage risk. Boards are urged to establish a dedicated risk committee, charged with developing a comprehensive risk management strategy which is reviewed at least annually.

This framework should identify any material exposure to economic, environmental and social sustainability risks and how these will be managed.

The other innovations in the 2014 document reflect the great comfort that security holders derive from the appellation independent director and the importance that this not be applied lightly.

Length of service has been added to the factors for determining independence and it is recommended that boards regularly assess whether a director who has served for more than 10 years may have become too close to management to be still considered independent.

Both the ASX and the NZ Listing Rules, and both the Securities Commission and the Council's governance guidelines, state that

the roles of chairperson and chief executive should not be held simultaneously by the same person in a listed company.

The Securities Commission, however, is much more nuanced over whether the CEO should go on to chair the board, saying that – with New Zealand's relatively small pool of qualified and experienced directors – there is a risk that seeking independence at the cost of all else will lead to missed opportunities to appoint the best talent.

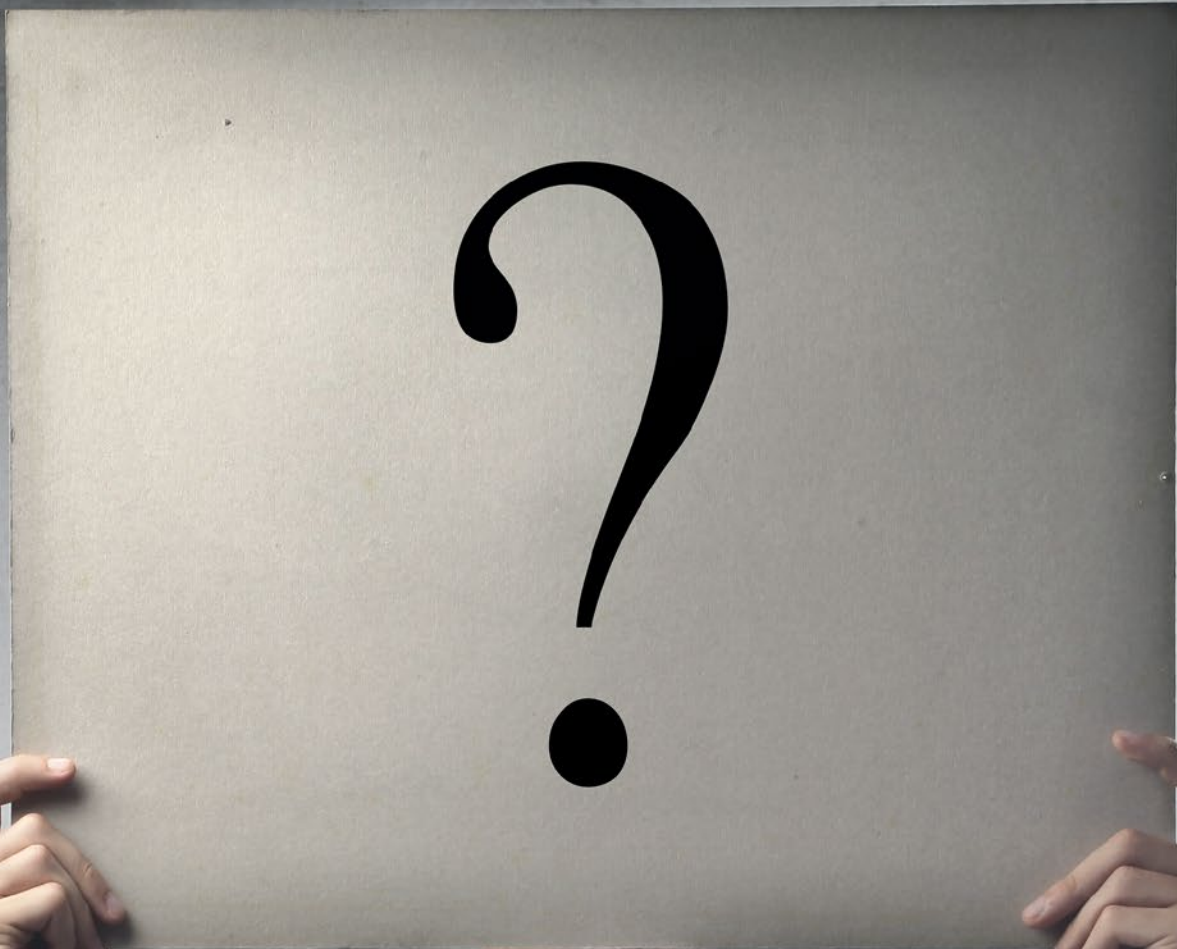
But surely the relevant measure is not size but proportionality and one wonders if the mood among shareholders is still so tolerant after the finance company collapses and the excesses of the GFC.

Obviously, given the large measure of commonality between the two jurisdictions, we can borrow from the Australians when the Financial Markets Authority updates the Securities Commission publication. But the better solution, surely, is to replicate the Australian model.

We need to set up a New Zealand version of the ASX Corporate Governance Council – a broad-based organisation capable of providing a comprehensive guide to boards which captures best international practice adapted to the New Zealand context.

Member organisations of the Council are: Actuaries Institute, Association of Superannuation Funds of Australia, ASX, Australian Investor Relations Association, Australian Council of Superannuation Investors, Australian Institute of Company Directors, Australian Institute of Superannuation Trustees, Australian Shareholders Association, Business Council of Australia, CPA Australia, Financial Services Council, Financial Services Institute of Australasia, Governance Institute of Australia, Group of 100, Institute of Chartered Accountants Australia, Institute of Internal Auditors Australia, Institute of Public Accountants, Law Council of Australia, Property Council of Australia and the Stockbrokers Association of Australia.

Roger Wallis is a partner at Chapman Tripp specialising in corporate and securities law.



New directors should add a question on Health and Safety to the checklist

Directors' responsibilities regarding health and safety in employment are to change profoundly. Robin Gunston says that directors being invited to sit on a board should add this new due diligence question to their list: "What induction, information and assurance processes does your board have in place so that I may discharge my new responsibilities under the Health and Safety in Employment regime?"



Until now, a director's induction into an organisation may have consisted of a portfolio of official company documents, a chat with the CEO and key managers, and maybe a walk around the head office or a major plant.

For a real understanding of the company's hazards and risks this induction will need to be broadened. A hazard becomes so much more evident when it comes straight from the operator who faces it every day, rather than from browsing through a hazards register. It would be worthwhile for a new director to attend the same health and safety briefing that new employees get when facing the common hazards and risks in the organisation.

The induction process should give directors a solid grounding in the dangers and health and safety practices of an organisation. This will give a context to the information on health and safety that will be regularly presented to the board.

From personal experience of leading health and safety in a high hazard operation, I found that those directors who were given this level of onsite briefing gained a far greater understanding of how the company actually made its profits, and of how quickly they might lose those should hazards not be properly controlled.

VITAL INFORMATION

Pertinent, timely and clearly presented, concise information is the life-blood of directors and boards.

A safety and risk sub-committee of the board would likely deal with the detail in a company with significant operational hazards. But it would be important in any possible future investigation by health and safety authorities for every director to show that they have approached their responsibilities diligently.

Best practice would see every board with health and safety as an important

agenda item at every meeting, including the AGM. This should include:

- key performance indicators
- new initiatives or reports to be considered
- the chair of the safety sub-committee to report on any significant points discussed at their last meeting
- company secretaries should indicate that particular directors asked questions to show their active participation in the health and safety debate.

Directors may want to keep a diary of the dates they visited company premises and participated in any form of engagement with the workforce on safety matters.

ASSURANCE

At the onset of new legislative changes and responsibilities, directors may require a far greater level of assurance about health and safety matters, than they have had in the past, to help them sleep more soundly. This process would definitely be far more preferable than trying to sleep in a double-bunked cell at one of the country's prisons!

Such assurance, as with all financial matters that directors are familiar with, normally arrives at the board table via two sources – the internal and external audit. An internal audit informs directors that their health and safety management system is or isn't working as designed, and what could be done to bring it back in line. However, it misses two essential factors that an external audit brings.

Firstly external assurance can bring unbiased objectivity that can look through the lens of a board's health and safety responsibilities. Secondly, it should be able to provide a benchmark of the company's health and safety governance processes against those of its peers.

There is no magic pill to sleep soundly at night, neither will there be any insurance to cover any fines and penalties imposed



Robin Gunston

on directors and office holders. It will require board processes to be fine-tuned for this new environment we head into this year, as all of us do our part to govern the improved health and safety outcomes for our workforce.

Robin Gunston is a member of the IoD, a director of Airways Corporation, Chair of the SafeHere Trust and an owner/director of BoardSafe Limited.

MORE INFORMATION

There are three levels of information that those who seek to govern health and safety matters effectively will find that they need. This information relates to:

- the structure and state of the health and safety management system that will keep its workforce safe and well. (<http://www.hse.gov.uk/managing/> is a good source on such systems)
- the type and current situation of the company's health and safety culture and its fit to the strategic objectives and plans. This is a complex behavioural area where specific advice may be required to implement properly. For a starting point, visit (<http://www.business.govt.nz/worksafe/tools-resources/health-and-safety-workplace-kit/safety-culture-snapshot>)
- the measures being used to show compliance with health and safety legislation and the indicators of achieving the health and safety objectives set by the board and office holders every year, for example, 'zero harm'.



The Health and Safety Reform Bill: ticking more boxes, or an opportunity to create value?

The health and safety reforms are a hot topic of debate. Concerns have been expressed that this is another shift toward a nanny state. At the very least, it could become an onerous compliance burden for both large and small organisations – the latter of which are well represented in the high-risk construction, adventure tourism and forestry sectors. By Shelley Major

The Health and Safety Reform Bill says one should take ‘reasonably practicable’ steps to minimise harm. ‘Reasonably practicable’ includes an assessment of the cost associated with eliminating or minimising the risk, including whether the cost would be ‘grossly disproportionate’ to the risk. That could be a slippery slope to reputational damage: to argue the cost of a life.

Some have observed ‘dumb stuff happens’ or ‘nothing is foolproof to a sufficiently talented fool’. However it could be argued that such a sentiment is an abrogation of directors’ and officers’ obligation to keep everyone safe.

To date, the focus has been on the high-risk industries, with the Government’s well-publicised target of reducing deaths and serious harms by 25 per cent by 2020. Those figures are in the context of 50 to 75 deaths and around 6,000 serious harms per year. However, a further 600 to 900 die each year due to occupation-related illnesses, and, in

the 2012/2013 year, ACC received over 178,000 new workplace injury claims.

It is important to remember that harm includes mental harm that could come from stress caused by workplace bullying or poor job design.

I have heard many people express surprise at discovering that the current Health and Safety in Employment Act 1992 contains a clause that makes it ‘unlawful and of no effect’ (cl. 56I) to take out insurance against fines. A similar clause is contained in the Health and Safety Reform Bill. In general, though, the fines are commensurate with one’s ability to pay.

Ultimately, the best way to indemnify oneself is to have a culture that encourages people to look after themselves and each other. If you achieve such a feat, you will have ticked one important box – the one that is often included in surveys to measure staff engagement, which asks whether your workmates are also your friends.

High staff engagement has a high correlation to productivity. People are more likely to give of their discretionary effort when they have a real connection with their employer. It is also an indication that bullying or stress is not an issue.

It is the organisation’s leadership that sets the culture, aided by supporting systems and processes, but also walking the talk.

The board, as part of the organisation’s leadership, exerts a strong influence on the culture. The Pike River Coal Mine tragedy provides an example: ‘In the drive towards coal production the directors and executive managers paid insufficient attention to health and safety and exposed the company’s workers to unacceptable risks’. What gets measured gets done.

The new Health and Safety Reform Bill places a duty of due diligence on directors and officers. As a result, one might reasonably expect to see the whole board walking the talk along with the CEO, testing and validating assumptions.

A key challenge for larger organisations is likely to come from the SMEs who are in their value chain as contractors or sub-contractors. Organisations that use contractors as part of their business model may need to extend their own health and safety systems and processes into their contractors' business. Leadership and due diligence will still be required to ensure the resources to support healthy and safe work practices are adequate and being used. However, when looking through to the contractors' organisation,

it will be important not to cross the line into an employer/employee relationship.

But that is the opportunity: to use the Health and Safety reforms to create a culture that engages staff to keep their workmates and others safe, throughout the value chain. The upside is improved productivity, reduced downtime and a decreased likelihood of running afoul of the legislation. Then maybe, rather than a 'nanny state', we will become a nation renowned for its productivity.

Shelley is Managing Director of Major Consulting Group Ltd, a company specialising in health and safety compliance and culture change. She is a provisionally accredited member and past National Councillor of the IoD. She has also been an elected board member of the Human Resources Institute of NZ and holds professional accreditation with that body.

CALLING ASPIRING AND EMERGING DIRECTORS

Do you aspire to follow a directorship path, or are at an early stage of a governance career?

Can you demonstrate a commitment to career development and a high level of integrity?

Are you committed to development of governance roles and abilities?

Benefits of the award differ from branch to branch but may include a mix of complimentary IoD membership, free attendance at selected events plus funding towards a Director Development course. Some branches offer mentoring or a chance to observe a board.

Canterbury, Bay of Plenty and Wellington branches are calling for applications.

APPLICATION CLOSING DATES

Aspiring Director Award
Bay of Plenty Branch, 30 June 2014
Canterbury Branch, 4 July

Emerging Director Award
Wellington Branch, 20 August 2014

For more information, please visit the branch pages of iod.org.nz or contact your branch manager.

Are your personal assets and interests protected by your Directors & Officers Liability insurance?

In our experience, insurance for the exposures of an organisation's boards and management in New Zealand is still often treated as a footnote to the organisation's insurance programme and decisions regarding placement are made solely or primarily with cost in mind. In other jurisdictions, risks affecting personal assets of directors are a board's key agenda item. By Frederic Boles

This concerns us as professional advisors, given that the financial and personal ramifications for individuals from poor insurance purchasing decisions or ignorance of the workings of insurance can be more far-reaching than for companies. After all, a company may be legally compelled to pay damages

or a fine, but unlike its directors it cannot be sent to prison if legal action is not successfully defended.

See if any of the following features listed below reflect your own experience when considering your personal exposures and Directors & Officers (D&O) liability insurance. If you find that they do then

the odds are that, should you find yourself facing a personal legal liability claim and need to rely on liability insurance, then you could be in for some surprises when you come to draw on the cover.

TICKING THE BOXES *Do any of these descriptions sound like you?*

You know the company buys D&O insurance for you and that's about it.

D&O Insurance is a complex and evolving form of legal liability coverage against the backdrop of risk.

Good coverage may be all that stands between you and the sale of your house. It can also help fund a legal defence. This could potentially make the difference between the ignominy of a guilty verdict leading to imprisonment or worse in some jurisdictions overseas.

Your input into decisions regarding the placement of the D&O insurance consists of signing off the D&O premium each year – you leave everything else in the hands of management.

The priorities that the insurance reflects may not be the same as yours; albeit directors are traditionally intended to be the primary insureds under this kind of insurance. The company may have more cover than you do.

You may find that certain fundamentals of modern D&O cover have been overlooked, for example, being given the option to purchase locally admitted insurance for overseas operations (to ensure compliance with different countries' tax and regulatory requirements) because the insurer or the broker is not set up to offer a global programme.

You have no input into the disclosures made to potential D&O insurers on your behalf prior to contract formation or variation.

You have personal duties of disclosure to potential insurers. If you breach them the insurer can void your insurance – treating it as if it never existed and refusing to pay claims. If your wording is poor, another person's breach of duty can also void your insurance cover.

When insurance broking services are tendered you make no distinction between respondents' offerings in

respect of D&O issues and coverage vs covers affecting the organisation, for example, property cover

There are very few insurance brokers operating in the New Zealand that understand D&O insurance.

You have never met the broker placing your D&O insurance.

It's easy to spot a broker who doesn't understand what they are selling if you meet them face-to-face.

You (or management) have a long-standing relationship with an existing broker that you feel must place you in good stead in the event of a claim.

The type of claims that fall under D&O insurance policies are often complicated, long and expensive. Strong advocacy skills and an insurance contract negotiated with the requisite level of skill and expertise offer a far greater chance of enjoying the full benefit of D&O insurance – where insurers reach for their lawyers as a matter of course.



Frederic Boles

You have little or no idea what your duties to your D&O insurer might be to qualify for cover or what to do/who to contact in the event of a claim against you.

D&O policies contain a number of conditions that you must satisfy before cover is available.

Although you may have reassurance about the competitiveness of the premium you don't have any feel for whether the coverage being provided is comprehensive, average or poor.

The variation in scope of cover in the New Zealand market is enormous. The base wordings are ALL different and this variance is multiplied by the endorsements that insurers add for specific risks that can significantly change the scope of cover. Insurers are well known for only offering what brokers request and have been known to provide quotes to unsuspecting brokers and their clients that offer little or no cover of practical value.

You've never heard of the Steigrad/ Bridgecorp court cases or had an option tabled to split off some defence costs that previously fell under your D&O policy.

You may not be able to access your defence costs cover if a statutory charge is invoked against your D&O policy.

The concepts of Side A, Side B and Side C cover are unfamiliar to you.

You may have less cover for yourself than you realise.

WHY YOU SHOULD WORRY ABOUT YOUR D&O LIABILITY INSURANCE

D&O insurance in New Zealand regularly responds to claims and substantial settlements are paid. We are living in an increasingly litigious environment with increased legal costs. New Zealand directors are also exposed to overseas jurisdictions – opening up new areas of risk in our increasingly borderless world. Globalisation means that overseas law, regulations and risks can leave unexposed board members with substantial risks to their own personal assets or liberty. Cyber and environmental risks, closing tax loopholes, over-reaching regulators are prime examples of new risk trends to keep in mind.

D&O Liability insurance is important because:

- D&O risk is on the rise and constantly evolving. Standard policy forms are unlikely to address the specificity of your circumstances.
- D&O policies are not created on equal terms and cover can vary enormously; particularly when insurers endorse cover.
- Board members are the key beneficiaries of D&O policies alongside the company but priority of payments between them may not be clear. In some instances cover for claims against the company may have the capacity to erode or exhaust cover for individuals.
- While covering the company's assets, D&O insurance has always been primarily intended to protect individual's personal assets. Are board members satisfied that their own assets are well looked after? Directors need to understand D&O and the options available to them.
- It takes between seven and ten years from notification of a claim to settlement. This requires careful consideration of what is an acceptable policy limit (particularly given it will generally be shared with a number of other insureds) and its ability to cover tomorrow's legal costs.
- Facing the threat of litigation is very stressful and traumatising. This is not the time to be having insurance worries as well.

If you have any questions about your D&O insurance or would like to discuss your policy please contact Fred Boles on 09 928 3125 or frederic.boles@marsh.com.

Sharpening the mind – what have we got to learn?

Directors have already amassed a depth of experience and knowledge to draw from by the time they reach the board table. Many will already have tertiary qualifications. So why is it important to keep learning? Breanna Cullen explores the value of lifelong learning with course leaders and participants

“It’s easy for boards to focus on what has gone before,” says the IoD’s Professional Development Manager, Helena Gibson.

“While experience helps when you’re driving an organisation forward, it’s important to maintain a future focus. A conscious and personal commitment to ongoing learning enhances your board perspective by helping you to think about issues in new and innovative ways.

“Directors are deeply pragmatic. When they go to a workshop or participate in other learning opportunities, they want to gain skills that they can immediately apply. One of the best ways to achieve this is by providing interactive experiences where participants have an opportunity to contribute to the discussion and the development of the thinking in the room.

“Participants appreciate hearing other people’s war stories, networking, and sharing ideas in a non-threatening

environment where they’re not going to break anything,” says Helena, who has a background in learning and development across both the public and private sectors.

“It’s about open sharing and trying to help each other, and that all goes to our vision of promoting excellence in governance in New Zealand. It is by that sharing with others as well as getting experienced directors to input as facilitators that you learn together, in pursuit of that vision,” she says.

Jeff Ashford, director of Victoria University’s Centre for Lifelong Learning, says that the speed of progress has made learning agility a critical skill for executives.

“Every industry is changing incredibly fast. Technology is changing the way you communicate with your customers, your bankers and your suppliers, as well as the tools you use to conduct your core business.

“Any organisation that thinks it can maintain its competitive edge by sticking to its current way of operating is out of touch with reality, because it’s not going to happen.”

Jeff also points to an approaching shift in workforce demographics. “As we live longer, people will be working until their seventies. Now, when you’re in your mid-fifties, you’ve got 20 years of work ahead of you. We don’t even know what work will look like in ten years’ time, so you have to carry on learning new skills to ensure you remain relevant.”

SAFE LEARNING

Darlene Joyce-Reweti has just been re-elected to the board of Papakura Marae. She says that she has been able to use the knowledge and experiences shared by others in her courses to improve her own organisation and mitigate risk.

“Challenging people’s ideas is important those whose ideas are fixed in concrete are the ones who aren’t going to be in business in five or ten years’ time.”

“And not only the experiences, but the mistakes. Having others share their mistakes and what they learnt from those mistakes was just wonderful. It made us feel like we weren’t the only ones that have made mistakes.”

“The Chatham House rule made me feel safe. We could share serious issues and know they would not be divulged outside of those walls.”

Darlene says that the course environment facilitated real connection between the participants. “I loved the human aspect – the meeting, the faces and the making contact. And I learnt that there are a lot of really helpful, willing people who are only too happy to be of service.”

Experienced director Peter Ellis is of the same mind. Having held roles across sectors as varied as banking, health and FMCG, he considers the connections he builds through team exercises to be the most important take-away from professional development.

“It gives you access to people with skills that you might not have on a board.”

A strong believer in the power of networks, he often seeks the counsel of those he has met through professional development and says that the advice he receives is invaluable.

In addition to building networks, Peter believes that the teamwork involved in professional development builds self-

belief. “I think people come away with more confidence in their own capability – I know I do. You’re gaining experience, and it motivates you to do a better job.”

CREATING A BUZZ

Eastern Bay of Plenty Chamber of Commerce CEO Gerard Casey is a study in upskilling. He has had a long and successful career in business, but wanted to complement his practical skills with a formal qualification. This led to him enrolling in the University of Waikato’s G3 Governance course last year.

“For me, it was a huge step. My eldest daughter was in her first year at Waikato and there I was, also in my first year.

“It was to walk in and have your mind expanded. To know that even at 56, you can learn, and you can be stimulated and invigorated by the discussions that are going on, that was a huge buzz.”

Does he feel better-equipped for the board table? “Absolutely. I’ve already had three or four situations where I’ve been able to implement strategies from the course.”

CHALLENGING THINKING

Fellow G3 graduate Penelope Peebles, says that continued learning is essential to keeping her skills sharp and challenging her own thinking.

“You’ve got to continually see things from different perspectives to be able to add value at the board table. To

do that, you need to put yourself in interactions that can sometimes be a little bit uncomfortable and really make you reassess how you are approaching things.

“We all strive for best practice, but governance isn’t static – the world changes around us. Lifelong learning is vital to keeping up,” she says

Jen Crawford knows this well. Chair of The Arts Centre of Christchurch Trust Board and a partner at Anderson Lloyd Lawyers, she says directors operate in a dynamic environment. “On top of director duties and responsibilities, we must keep up with changes in the legislative environment. Boardroom best practice is constantly evolving.”

Jeff says that the benefits of professional development are not confined to capabilities and connections. Learning builds resilience, with an openness to change ensuring that executives are nimble enough to navigate an ever-changing business environment.

“Challenging people’s ideas is important. A lot of people do have really fixed ideas... but those whose ideas are fixed in concrete are the ones who aren’t going to be in business in five or ten years’ time.”

“Boards must be able to hold onto their core values while adapting the way they operate. And one of those core values should be lifelong learning.”

Director Development – plan your course



Professional development is key to keeping up in a fast-changing world. It offers the chance not only to gather new information, but also to take time out and see the world from a different perspective. Sharing the learning experience with others not only deepens the learning process but widens networks.

The IoD offers a portfolio of courses designed to suit directors at all stages of their careers. For more details and to register, visit www.iod.org.nz or use the QR code below

New Finance Essentials facilitator joins the team

We are pleased to welcome Catherine McMillan to the IoD team of facilitators leading the Finance Essentials course. With an honours degree in commerce and a diploma in teaching, Catherine has experience in the public sector, corporate business and education, in both senior management and governance roles.

A member of the IoD, she currently has her own consultancy practice which focuses on professional and executive education, strategy development and business re-structuring.

Like most of our facilitators she is a current, working director. Catherine has had a number

of governance roles and is currently a Trustee with the MainPower Trust and Deputy Chair of Wellbeing North Canterbury Community Trust.

An experienced facilitator, for many years Catherine led the team responsible for developing the New Zealand Institute of Chartered Accountants professional competence programmes (Foundations and Professional Accounting School) and has been involved with facilitating workshops. She currently lectures within the University of Canterbury Executive Development Programmes.

Getting a grip of finance

Court cases over the last few years will have brought it home in a most chilling way. A director must be financially literate – it is a core requirement of director's job description. If you are a little hazy on the detail of financial reporting or would like to brush up your skills, we would recommend that you look at the Finance Essentials course.

It examines the directors' role in relation to financial reporting, demystifies financial terminology to enable you to operate confidently in the boardroom and enables you to understand financial reporting and analysis. Like all Director Development courses, it gives examples through

case studies to help you apply the analysis and interpretation tools commonly used in determining an organisation's financial health.

There are at least ten Financial Essentials courses scheduled for the rest of the year in all the main centres and some regional centres.



Scan for more on
Director Development

CPD Points

All Director Development courses carried out in 2014 will earn CPD points as part of the Chartered Director programme. To see how many points are allocated to a course, please visit www.iod.org.nz

Risk Essentials

Being able to identify and manage risk is one of the key roles of a board and vital to running a successful company. Managing risk is not just about avoiding pitfalls but also being able to perceive opportunity. Risk Essentials will provide a greater understanding of the role of the board in overseeing the management of risk so that you can carry out your governance responsibilities more effectively.

It is currently unique in the IoD's portfolio of courses as it is delivered in a three-part interactive webinar over six weeks, followed up by a one-day practical workshop. For more information, including an FAQ on webinars, visit www.iod.org.nz

Auckland

Webinar dates: 2 July, 16 July, 30 July

Workshop: 20 August

Queenstown

Webinar dates: 9 September,

23 September, 7 October

Workshop: 28 October

Focus on Health and Safety

Health and Safety Online Module

Refresh your knowledge of best practice in health and safety with this hour-long online module. Register online at www.iod.org.nz from 16 July 2014.

New Boards in Action workshop

Advanced Health and Safety is the theme of this one-day workshop for senior directors.

Issues to be discussed include emerging due diligence duties contained in the Health and Safety Reform Bill, risk mapping, developing an appropriate assurance framework and governance during a crisis.

Auckland: 13 August

Wellington: 12 November

Extra Governance Essentials

Owing to high demand, we are pleased to add another Governance Essentials course to the calendar. This will be held in **Christchurch on 6 August at Peppers Clearwater Resort.**

Company Directors' Course

The Company Directors' Course is a five-day residential course that has been the bedrock of governance training for New Zealand directors for some years.

It covers governance best practice, strategy, understanding finance, a director's legal obligations and board dynamics. One of the hallmarks of the course is its relevance to governance today as it draws on the talent and experience of facilitators who are current practising directors.

We proudly show graduates of recent courses.



Queenstown, May 2014

FRONT ROW: (Left to right) Kim Dorling, Glen Broomhall, James Hoseason, Darryn Webb, Janet Selwood, Matt Eaden, Megan Hopper.

MIDDLE ROW: Bernie Graham, Peter Taylor, Gretta Theobald Stephens,

Emma Thompson, Mark Phillips, Calum Haslop, Srinath Wikramanayake, Peter Ellis

BACK ROW: Karl Harvey, Peter Nixon, Don Morrison, Tony Dunstan, Derek Martin, Kaila Colbin, Peter Kelly, Karl Armstrong, Cory Franklin



Auckland, May 2014

FRONT ROW: (Left to right) Paul Washer, David Rae, Catherine Thompson, Rachel Wotten, Paula Earl-Peacock, Chris Knox, Alan Riwaka

MIDDLE ROW: Jenny Kaka-Scott, Fady Mishriki, Hishaam Mirza, Bruce Turner,

Virginia Watson, Jen Scoular, Barbara Phillips, Suzanne Sinclair, John Porima

BACK ROW: Eugene Berryman-Kamp, Jacob Wolt, Scott Alman, Chris Small, Kyle Berryman, Mark Collins

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BetterBoards is an online evaluation tool that helps boards identify their strengths and weaknesses, assess their performance and determine opportunities to become better at what they do.

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BetterBoards is the only board evaluation tool that shows how your board is performing against the *Four Pillars of Governance Best Practice*.

Contact us at
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to talk about your board
evaluation needs.



simple set-up • accessible • comprehensive

Board Services

Talent – how to find it and keep it

Knowing that retaining effective board directors is critical to an organisation's success, the IoD has services to make it easier for you

You've cast the net wide, you've scanned the horizon and, after an extensive search, for example, using the IoD's DirectorSearch service, you are now satisfied that you have found the right directors for your board.

Your preferred candidates demonstrate the right balance of skills and experience and you are satisfied, from recent interviews, that they are the right fit for your organisation.

Now you need to know what to pay.

With increasing demands being placed on directors to perform, it is important that the reward is appropriate for the skills and experience of the individual and for the tasks and risks that are to be undertaken.

You need to know that you are rewarding directors appropriately. With access to best practice remuneration policy, benchmarking data and survey information, DirectorRem can help you to:

- determine the right directors fees with tailored benchmarking
- attract, motivate and retain the best people
- drive growth and performance for your board

We can offer boards two options:

DirectorRem tailored report

The tailored DirectorRem report provides detailed analyses of comparator director fees and director hours of work. Your organisation's current fees will be benchmarked against these comparators and a final recommendation on appropriate fees (or range of fees) will be provided.

We will look to find appropriate comparators for the organisation under review. This involves understanding the complexity of the environment within which your organisation operates and the sort of demands facing the board. We will work with you to gather this information, so that we can provide a remuneration recommendation that is tailored to your specific circumstances.

DirectorRem – SnapShot

Aimed at the SME and not-for-profit sector, this cost-effective report provides a snapshot of current director fees in the market you operate. It is an excellent guiding overview of market conditions. Benchmarks are provided in a variety of areas specific to your organisation – for example, the industry you operate in, your organisation type and size.

The report also provides an overview of general director fee trends and some further information to assist you to set appropriate director fees for your organisation.

**For more details, please visit
www.iod.org.nz**

“Setting director remuneration is a sensitive task for any board.

Recognising the value of directors' skills, experience and time must be done in a way that instils staff and stakeholders with confidence that the board is acting in the best interests of the organisation. Receiving independent advice is crucial to achieving that. The IoD DirectorRem report, tailored for our organisation, provided us with recommendations based on comprehensive benchmarking information.

The IoD was a pleasure to work with – informed, responsive and efficient – I would recommend the service to any board.”

**Luc Shorter –
Director, Ed. Collective**

branchnews



AUCKLAND

Meridian Energy chairman Chris Moller gave the inside story on the SOE's initial public offering, speaking in favour of the mixed ownership model and covering issues faced along the way.

At a lunch workshop, new and aspiring directors discussed the path to directorship and heard from Steve Walsh of Marsh on directors' liabilities



WELLINGTON

Dr Andrew Pearce, chairman of HB Regional Investment Company Ltd stimulated a discussion around the governance of the Hawkes Bay Rutaniwha Water Project and whether it is a wise investment for the Hawkes Bay Regional Council.

Anna Guenther, founder of local crowdfunding platform PledgeMe, offered her experience in moving to a full board at a FirstBoards event.

Newly awarded Officer of the New Zealand Order of Merit, Norah Barlow spoke of her path as CEO and Chair

of Summerset Group Holdings Limited and the journey of the business.

EBOS chairman Rick Christie spoke on mergers, acquisitions, and the EBOS story at a dinner for senior directors.

Wellington members were able to hear from guest speakers Elizabeth Valentine, Murray Wills and Robin Johansen on technology governance.

Industry leaders attended The Contractor Initiative in Wellington on 17 June to brush up on matters of health and safety.

WAIKATO

Minister of Finance Hon Bill English addressed a lunch function in Hamilton, held in conjunction with the Waikato Chamber of Commerce. Following the Budget in May, Minister English shared his thoughts on managing a growing economy.

Sarah Morton-Johnson took home the Emerging Director Award for 2014.

Chairman Bruce Sheridan spoke on Wise Group's success at a lunch function on 14 May, telling Hamilton members that culture 'eats strategy for breakfast'.

Diplomat Patrick Reilly, in Wellington with the British High Commission, spoke on the relationship between New Zealand and the United Kingdom at a breakfast function on 18 June.



- 1 | Warren Dalzell, Professor Gregor Coster, Susan Paterson, Rob Frost, Brent Impey (Auckland)
- 2 | Anna Guenther, Shelley Major (Wellington)
- 3 | Laura Humphreys (Wellington)
- 4 | Brian Steele, Gregory Millen (Wellington)
- 5 | Mary Cave-Palmer, Sarah Morton-Johnson, Margaret Devlin (Waikato)
- 6 | Waikato branch members at the Bruce Sheridan event (Waikato)

- 7 | Trish O'Reilly, Colleen Joblin, Sam Mackenzie (Waikato)
- 8 | Rawinia Kamau, Dayle Hunia (Bay of Plenty)
- 9 | Paul Bell, Peter Williams, Darren Mark (Nelson-Marlborough)
- 10 | Alan Young, Lou Miller, Bob Major (Nelson-Marlborough)
- 11 | Domenic Romano, Martin Hall (Nelson-Marlborough)

- 12 | Michelle Read, Ngaire Dixon (Otago-Southland)
- 13 | Bridget Irving, Frances Anderson (Otago-Southland)
- 14 | Bob Lineham, Sue Wells, Brian Wood (Canterbury)
- 15 | Paul Rhodes, Dr Anthony Brien (Canterbury)
- 16 | Keith Land, Shenagh Gleisner, John Skipper (Canterbury)



BAY OF PLENTY

Rotorua members attended Ngahi Bidois' leadership presentation, 'The Boardroom Taniwha', on 7 May. An engaging speaker, Bidois connected well with the audience.

New Bay of Plenty members attended an enjoyable dinner and quiz.

Errol Brain, director of workplace drug testing specialists NZDDA Bay of Plenty, addressed events in Tauranga, Whakatane and Rotorua. He spoke on employment, risk, health and safety, and changes to the Employment Relations Act.



OTAGO SOUTHLAND

Dame Rosanne Meo outlined the development of her governance career, offering some sound advice for aspiring directors.

John McGill presented on what motivates CEOs in the NFP sector in the second of the Not-for-Profit Passion and Purpose series. Diana Hudson gave a practical presentation on general employment issues, noting the importance of developing and recording the delegations to the CEO.

In the third of the Not-for-Profit Passion and Purpose series, John Gallaher, Dr Jennifer McMahon, Russell McGeorge and Carole Melville held a panel discussion focused on governance in different types of NFP organisations.

The Contractor Initiative was held in Dunedin, Invercargill and Queenstown between 18 and 19 June.



NELSON MARLBOROUGH

Members attending a cocktail function in Nelson enjoyed a panel discussion on the development of a productive relationship between management and boards, facilitated by Jane Huria.

Professional director Bob Major presented 'Governance Experiences in NZ and Asia' at a function in Marlborough. His advice for success was to ensure both parties had a common, clear objective; knew what they were each bringing to the table; and had a mutual trust and respect for each other.

Well known broadcaster Peter Williams discussed changes in the media industry over the last 30 years at an event in Nelson, telling members that the internet is the future of media.



CANTERBURY

Shenagh Gleisner advised Canterbury members to pay close attention to board papers and the thought process around decision making.



Stephen Reindler, chair of the Safety and Sustainability Board Committee for Meridian Energy, discussed workplace safety and the practical and legal implications for directors.

A lunch was held in Canterbury for our new members to meet their branch committee and get to know each other.

branchevents

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 or use the QR code



Scan for the latest Branch Event updates

AUCKLAND

Contractor Initiative

Members are invited to attend the Contractor Initiative, organised by the Business Leaders' Health and Safety Forum and featuring Dr William Whittaker, Don Stock and Julian Hughes.
7:30am – 9:00am, 26 June, The Northern Club, 19 Princes Street, Auckland



David Hisco

Lunch function with David Hisco

Members are invited to hear from ANZ New Zealand CEO David Hisco at a lunch function.

12:00pm – 2:00pm, 9 July, The Northern Club, 19 Princes Street, Auckland

Next Generation Directors evening workshop

Designed for those new to the board table, this workshop aims to build governance capability in an interactive environment.

4:30pm – 7:30pm, 15 July, BNZ Partners Business Centre, Deloitte Centre, Level 7, 80 Queen Street, Auckland City



Rod Drury

Breakfast with Xero CEO Rod Drury

Meet one of the decade's outstanding entrepreneurs.

25 July, time and venue TBA



Rob Everett

Breakfast function with Rob Everett

New Financial Markets Authority CEO Rob Everett gives a regulator's view on directors' duties.

7:30am – 9:00am, 6 August, The Northern Club, 19 Princes Street, Auckland

Lunch workshop for new and aspiring directors

A discussion for those aspiring to directorships, convened by experienced directors.

12:00pm – 2:00pm, 14 August, The Northern Club, 19 Princes Street, Auckland

WAIKATO



Trevor Thornton

Lunch function with Trevor Thornton

Grant Thornton consultant Trevor Thornton discusses the power and impact of statutory management.

12:00pm – 2:00pm, 16 July, Radio Sport Lounge, Waikato Stadium

Minister of Finance Hon Bill English

Minister English shares his thoughts on managing a growing economy. This event is offered in conjunction with the Waikato Chamber of Commerce.

12:00pm – 2:00pm, 8 August, Verandah Café and Function Centre, Hamilton Lake Domain, off Ruakiwi Road, Hamilton

TARANAKI

Contractor Initiative

This important initiative aims to help reduce workplace deaths and injuries among New Zealand contractors.

12:00pm – 1:30pm, 3 July, 13 Devon Street East, New Plymouth

BAY OF PLENTY

Lunch function with Adrian Orr

New Zealand Superannuation Fund CEO Adrian Orr discusses the Fund's role in meeting future commitments.

12:00pm – 1:30pm, 30 June, Dixie Brown's, 38 Roberts Street, Taupo

Directors and corporate reputation

Experienced PR practitioner Fiona Fenwick is an expert on reputation and personal brand. She speaks on the importance of corporate reputation.

5:30pm – 7:30pm, 14 August, Tauranga Club, Devonport Towers, Tauranga

Bay of Plenty Aspiring Director Award

The Bay of Plenty branch recognises up-and-coming directors in their region. Guest speaker Tamati Coffey.

5.30pm – 7.30pm, 24 August, Tauranga Club, Devonport Towers, Tauranga

WELLINGTON

Breakfast function with Vicky Robertson

Treasury deputy CEO Vicky Robertson talks independence, partnership and performance: maximising value from the Crown's assets.

7:15am – 9:00am, 24 June, The Wellington Club, Level 6, 88 The Terrace

Workshop lunch function with Liliias Bell

Executive search specialist Liliias Bell helps members design or update their CVs for governance roles.

12:00pm – 2:00pm, 2 July, Institute of Directors, Mezzanine Floor, Tower Building, 50 Customhouse Quay

Lunch function with the Hon Bill English

Minister of Finance and deputy Prime Minister Bill English shares his thoughts on managing a growth economy.

12:00pm – 2:00pm, 23 July, The Wellington Club, Level 6, 88 The Terrace

After work event with WorkSafe

NZ chair Gregor Coster

Professor Gregor Coster outlines WorkSafe NZ's priority areas and implications of the proposed new legislative framework for directors.

5:30pm – 7:30pm, 6 August, The Wellington Club, Level 6, 88 The Terrace

NELSON MARLBOROUGH

Contractor Initiative

Contractor safety – the leadership challenge.

12:00pm – 1:30pm, 24 June, Trailways Hotel, 66 Trafalgar Street, Nelson

Lunch function with Murray Sherwin

Productivity Commission chair Murray Sherwin discusses New Zealand's productivity conundrum: what is it and what can we do about it? This event is held in conjunction with NZICA.

12:00pm – 1:30pm, 13 August, Trailways Hotel, 66 Trafalgar Street, Nelson

CANTERBURY

Directors Dilemma Workshop

Presented by Richard Westlake, this interactive workshop will consider an issue that most directors will face in their career.

5:45pm – 7:45pm, 21 July, The George, 50 Park Terrace, Christchurch

Farmlands CEO Brent Esler

Brent Esler will join us in Ashburton to share his governance experience, particularly in the area of health and safety.

5:30pm – 7:30pm, 30 July, Ashburton Event Centre, 211 Wills Street, Ashburton

Sponsors lunch with Duncan Cotterill

12:00pm – 2:00pm, 1 August, Copthorne Commodore, 449 Memorial Ave, Burnside, Christchurch

Grant Murdoch

Experienced Brisbane-based director Grant Murdoch will share his governance experiences.

Prospective members are invited to attend this function at no cost.

5:45pm – 7:45pm, 11 August, The George, 50 Park Terrace, Christchurch



Grant Murdoch

SME Function

Join speakers Tracey Chambers and Jackie Edmond for a panel discussion on governance in the NFP sector.

5:45pm – 7:45pm, 25 August, Copthorne Commodore, 449 Memorial Ave, Burnside, Christchurch

OTAGO SOUTHLAND

Otago Southland Aspiring Director Award

The Otago Southland branch recognises developing talent in the director profession, with Mr Martin Dippie as guest speaker.

5:30pm, 23 July, The Dunedin Club, 33 Melville Street, Dunedin

Cocktail function

Members are invited to a cocktail function and site visit to Abacus Bio.

5:30pm, 6 August, Ground Floor, Public Trust Building, 442 Moray Place, Dunedin

Governance Wisdom Breakfast

7:00am, 20 August, The Dunedin Club

AUCKLAND

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Director Development Course Calendar 2014

	JUN	JUL	AUG	SEP	OCT	NOV	
THRESHOLD	Governance Essentials	19 ^{JUN} WLG	1 ^{JUL} AKL	6 ^{AUG} CHC	9 ^{SEP} WLG	14 ^{OCT} CHC	19 ^{NOV} AKL
		24 ^{JUN} NPL	22 ^{JUL} WLG	19 ^{AUG} TGA	9 ^{SEP} DUN	28 ^{OCT} NAP	
					16 ^{SEP} AKL		
	Finance Essentials	11 ^{JUN} CHC	3 ^{JUL} AKL	5 ^{AUG} AKL	10 ^{SEP} DUN	21 ^{OCT} AKL	20 ^{NOV} AKL
		18 ^{JUN} WLG	9 ^{JUL} NEL	21 ^{AUG} TGA	18 ^{SEP} AKL	29 ^{OCT} NAP	
		25 ^{JUN} NPL	24 ^{JUL} WLG		23 ^{SEP} WLG		
	Risk Essentials	17 ^{JUN*} WLG WORKSHOP		20 ^{AUG*} AKL WORKSHOP		28 ^{OCT*} QTN WORKSHOP	
	Strategy Essentials		2 ^{JUL} AKL	20 ^{AUG} TGA	11 ^{SEP} DUN	22 ^{OCT} AKL	
			23 ^{JUL} WLG		17 ^{SEP} AKL		
	Not-for-Profit Governance Essentials	9 ^{JUN} WLG		6 ^{AUG} AKL		2 ^{OCT} WLG	11 ^{NOV} HAM
Governance Development Programme	5 JUN, HAM - 16 OCT					1 OCT, QTN into 2015	
ACQUISITION	Company Directors' Course	8-13 ^{JUN} WLG		3-8 ^{AUG} AKL	14-19 ^{SEP} AKL	12-17 ^{OCT} WLG	9-14 ^{NOV} AKL
		22-27 ^{JUN} AKL		24-29 ^{AUG} WLG	21-26 ^{SEP} QTN	19-24 ^{OCT} AKL	23-28 ^{NOV} QTN
		29 ^{JUN} -4 ^{JUL} CHC					30 ^{NOV} -5 ^{DEC} NAP
	Audit and Risk Committees	19 ^{JUN} WLG			2 ^{SEP} AKL		
EXPERIENCE	Chairing the Board	3-4 ^{JUN} WLG			3-4 ^{SEP} AKL		

AUCKLAND (AKL)
WELLINGTON (WLG)

HAMILTON (HAM)
NELSON (NEL)

TAURANGA (TGA)
CHRISTCHURCH (CHC)

NAPIER (NAP)
QUEENSTOWN (QTN)

NEW PLYMOUTH (NPL)
DUNEDIN (DUN)

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- Review of governance structures
- Strategy formulation

■ **betterBoards**

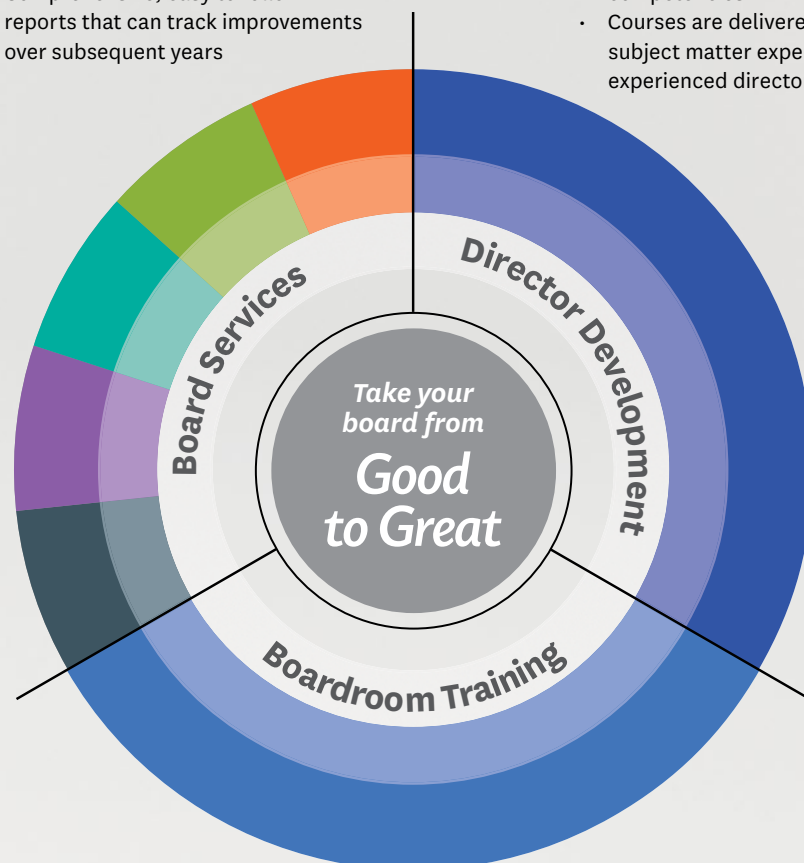
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OPINION

Public Company Directors: who makes the cut?

If your ambition is to be a director of a public company, what would be helpful to have on your CV? David Ware shares the results of research on the background of those directors who were appointed to a New Zealand public company board last year

So you want to join the major leagues and become a public company director? To be honest I have no idea why – these days you sign up for a lot of hard work and a fair degree of personal risk for relatively little reward. And you really need to know what you are doing. But details like that don't seem to be of concern to many of you because a question that I am frequently asked is 'have I got what it takes to be a public company director?' To answer this question I've popped on my researcher's hat and taken a look at the backgrounds of everyone who was appointed to a public company board last year. What I found was a bit of an eye opener.

In 2013 some 78 new board appointments were made by listed companies. By far the easiest way to snare one of these is either to list your own company (like I did) or become the CEO of someone else's firm. The next easiest way is to become a major shareholder in a public company in your own right or work for someone who is. More than a quarter of the new directors followed this path. But I'll assume you haven't got time to change your career path or build a business so let's focus on the 56 independent appointments.

My research shows that when it comes down to it in the majority of cases our public company boards are looking for directors with some combination of the following attributes: CEO experience, international experience, finance skills and related industry experience. If you can tick a number of these boxes you're on your way to first base.

Serious executive management experience is the attribute that really matters; some 82 per cent of directors have held a top job such as a CEO role or a country manager for a multinational firm. Generally speaking straight general management experience does not cut it no matter how big the organisation in which it was obtained. The fact of the matter is running a firm is quite different to holding a senior executive role or even running a government department. If you haven't been there you simply will not appreciate the difference. Boards understand this and they need that CEO expertise.

International experience is also very helpful, over half of the new directors had worked in senior roles off-shore. Indeed living off-shore can also be seen as positive with eight of the new appointments living overseas.

With Audit and Risk committees increasingly moving to centre stage and with boards being forced to get more involved in capital raisings it's not surprising that top flight finance people are in big demand. Some 48 per cent of new independent board members have a strong finance or investment background. Less than 20 per cent of directors had law in their background and even less were practising.

Previous listed company experience is also valued. Being continually in the public eye, dealing with brokers and analysts and navigating the NZX's listing rules are some of the things that add an extra dimension to the public company director's role – so

it's not surprising that half of this year's appointments had previous public company experience. My research and personal experience suggests that we are not talking 'old boys' club' here, this public company governance experience is really important.

Related industry experience is also useful – but perhaps not as much as you would expect, just 50 per cent of directors had previously worked in the same industry. Working your way up through the ranks is very rare, last year just one person crossed the Rubicon and moved from a senior management role onto the board in their company.

Even if you are not a CEO or a hot-shot finance person with previous board experience there are still opportunities out there, particularly if you are a woman. 30 per cent of listed board appointments last year were women and a fair proportion of these were not finance or CEO types. Boards do recruit specialists, doctors and nurses appear in health and retirement related businesses, for example, and it is quite common to find IT gurus on the boards of tech firms and an HR person.

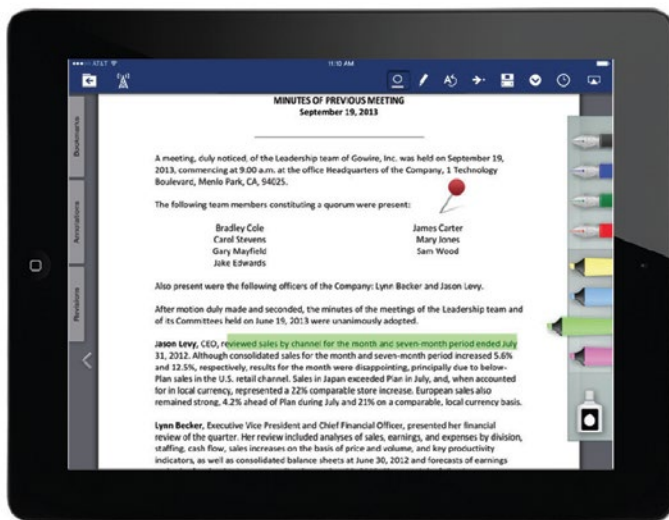
David Ware is the founder and Managing Director of NZX-listed company TeamTalk. When not working he acts as chauffeur to his two daughters and studies towards a PhD in governance at Victoria University.

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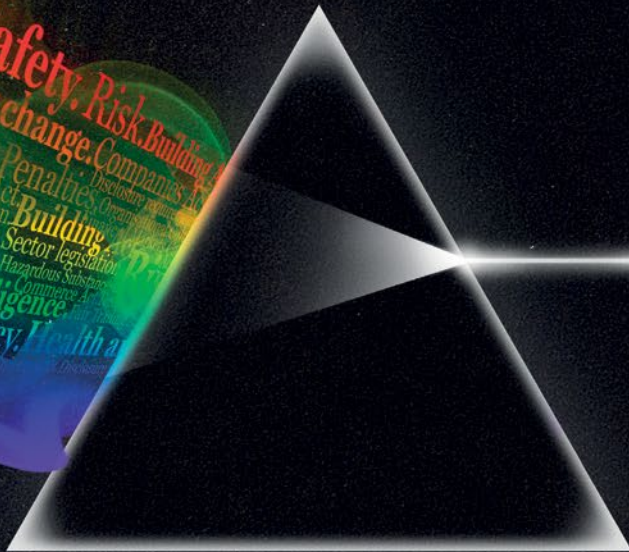
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