

# boardroom

## ANGELS AT THE TABLE

*Start-ups call for special skills in directors*

**IoD DIRECTORS' FEES SURVEY RESULTS – HOW MUCH DO YOU PAY A DIRECTOR?**

**NEW LEADERSHIP AT THE IoD**

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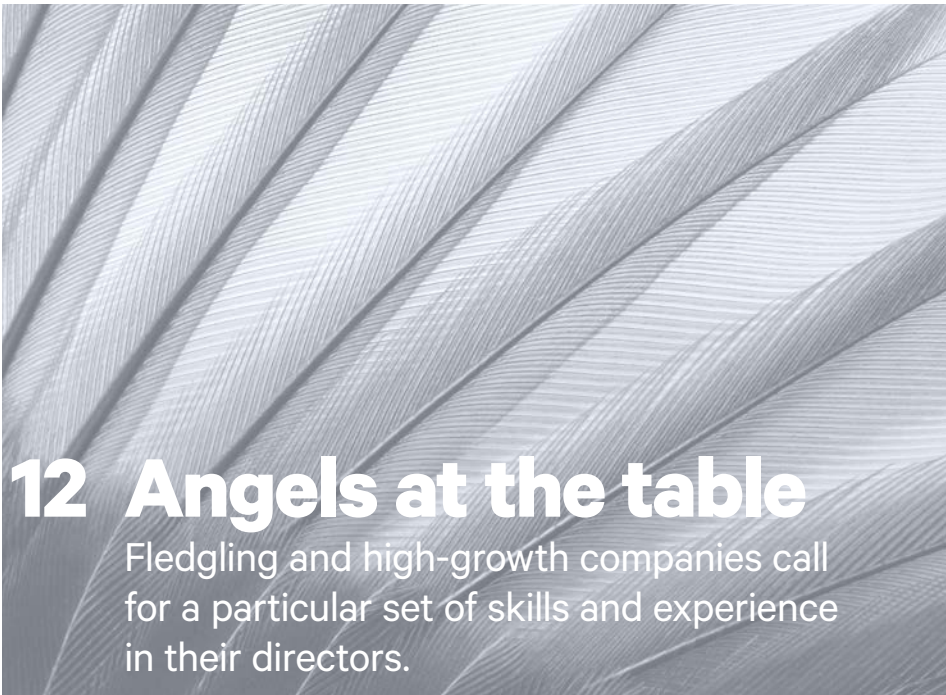
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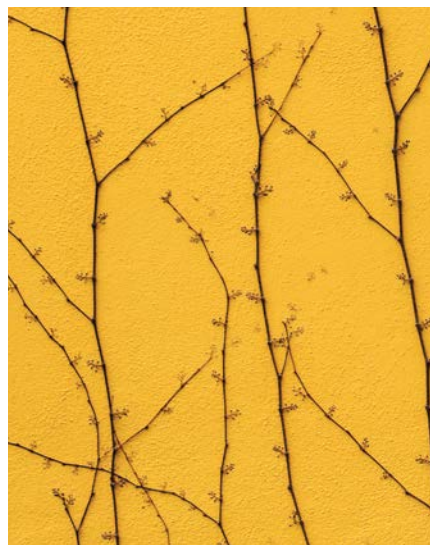
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## CEO REPORT

# Unsung heroes

*It's the work behind the scenes that makes all the difference*



## ECONOMIC BACKBONE

2015 has carried with it a theme of unsung heroes. As the backbone of confidence in the New Zealand economy, the directors' work is often unsung and it is a role performed largely behind the scenes. New Zealand's prosperity is built on strong, long-term performances from organisations across our business and community sectors, and directors are at the heart of this.

The value of directors comes into stark focus as we release the annual IoD Directors' Fees Report. The results make for interesting reading. The median fee for a director in a New Zealand-owned firm is \$37,000. Compare this to \$99,625 for an overseas-owned organisation. This comes at a time when the compliance and liability framework seems increasingly complicated, and we see a 41% increase in the median time commitment for directors.

Director remuneration is a contentious subject, sometimes occluded by assumption and conjecture. Some negative commentators know the price of a director but not much about the value of governance. We pay directors to do the right thing, not the commercially safe thing, and a good director is worth

the fee. New Zealand needs directors who are courageous but for whom the risk and reward balance makes sense.

## STRONG SUPPORT

A professional association like the IoD has members at its beating heart. Those members have shared resolve about the importance of professional standards. They require a strong voice in governance supported by professional development opportunities of the highest quality.

It's critical that directors keep pace with change, and the IoD needs to be relentless in asking what a modern membership entity should look like and what delivering value back to members should represent.

Interest in our new Leading in a Digital Era course has been strong and we've already added several more courses across the country. The key to this course is not just the 'hot button' issue of cyber risk, but also understanding what 'digitising' your business might look like. What is a digital director for the modern era?

The IoD is duty-bound to support good governance practices and we have just released the Cyber-Risk Practice Guide, to help directors monitor cyber-risk. This guide is publicly available from [iod.org.nz](http://iod.org.nz).

*"A professional association like the IoD has members at its beating heart"*

We're also seeing a real hunger for governance expertise from the rural sector. Our Rural Governance Essentials course recently piloted in Invercargill. We added an extra course and had fantastic feedback from our first participants. We're looking forward to rolling this out across the country, with courses in Hamilton, Christchurch and Palmerston North next. The best thing about these courses is they are driven by farmer demand. People are calling the IoD to ask for this in their region.

## OUR OWN UNSUNG HERO

Members consistently tell us that **boardroom** is one of the membership benefits they value most highly. That it is so highly regarded is a tribute to the talent of **boardroom** editor Katherine Robinson. The work that goes into publishing a magazine of this calibre is considerable, and it could not go to print without Katherine's hard work.

# Update

## MOVING ON

*The IoD congratulates the following members on these board appointments:*

David Flacks has been appointed to the board of the New Zealand Venture Investment Fund Ltd (NZVIF.)

Chartered Fellow Linda Robertson has been appointed to the board of King Country Energy Ltd and KCE subsidiaries.

Elaine Cook and Jeremy Hood have been appointed as directors of the Southern Dairy Hub.

OTPP New Zealand Forest Investments Ltd has appointed Chartered Fellow Jane Taylor and Traci Houpapa to its board as directors.

Associate Member Richard Alderton joins the SeaDragon board.

Chartered Member Bevan Killick FRSA has been appointed to the board of the Royal Society of Arts, Australia and New Zealand and reappointed to the board of Southern Response Earthquake Services Ltd.

Anne McLeod has been appointed to the board of SBS Bank.

Chartered Member Helen Robinson has been reappointed Chair of Network for Learning, while Chartered Member Mark Yeoman has been reappointed Deputy Chair. Also reappointed are Chartered Member Rick Shera and Members Linda Tame, Martin Wylie and Jack Matthews.

Chris Bishop joins IoD Members Rob Lee and Bennett Medary on the board of NZTECH.

Chartered Fellow Graham Crombie has been appointed Associate Member of the Commerce Commission.

Dr Kathie Irwin has been reappointed to the Te Wananga o Aotearoa Council.

Chartered Member Jackie Lloyd has been appointed as a council member of the combined WelTec Whitireia Polytechnic Council.

Sue McCormack has been reappointed as a member of the University of Canterbury Council.

## Outstanding Business Leaders

*The IoD lost three outstanding business leaders recently and we would like to offer our sympathies to their friends and families.*

### Craig Norgate

Chartered Fellow Craig Norgate died in London on 7 July, aged 50. Craig is probably best remembered as CEO of Fonterra but he also headed Kiwi Co-operative Dairies, PGG Wrightson and Chartered Accountants Australia and New Zealand. Among his many governance roles, he was a director of Port Taranaki, Sealord Group and the New Zealand Rugby Union.

### Sir John Ingram

Distinguished Fellow Sir John Ingram died in Auckland on 1 April, aged 90. An engineer, Sir John's many directorships included appointments to the boards of IBM and the National Bank. He was a pro-chancellor of the University of Auckland, and a president of the Auckland Manufacturers' Association.

### Sir John Todd

Distinguished Fellow Sir John Todd died on 29 July, aged 88. Chairman of his family's charitable Todd Foundation for 24 years, Sir John will be remembered as one of the country's top philanthropists and a leading patron of the arts.

## IoD BY NUMBERS\*

**674**

IoD members participated in the Directors' Fees Survey

**19**

mentees in the 2015 Mentoring for Diversity programme

**777**

IoD members under 40 at 31 July

**683**

new members in 2015

**100%**

of Rural Governance Essentials participants would recommend the course to others

\* Correct at time of publication

## Congratulations to Emerging Directors

Winner of the Waikato Emerging Director Award was James Yearsley, who impressed the judging panel with both his business acumen and involvement in community activities. James is owner/director of ICARAS and founded the Tamahere Dad's Army – a non-profit group that undertakes work at the school and the community.

Bryan Graham has been named winner of the Bay of Plenty Aspiring Director Award, recognising him as a future talent at the board table. Bryan is a Science Leader at Scion, the Crown research institute charged with driving innovation and growth in forestry.

Richard Thomas became the first Queenstown recipient of the Otago Southland Emerging Director Award. Richard is currently Skyline Enterprises Ltd director and deputy chair of the Queenstown Chamber of Commerce.

*boardroom* will be catching up with all the IoD's Emerging Director Award winners in a later edition this year. **For more details see [iod.org.nz](http://iod.org.nz)**

## Rural governance a winner

The new Rural Governance Essentials course piloted in Invercargill last month has proven a great success. The one-day course, which demonstrates the practical value of a board for those working in agribusiness and farming, is scheduled to roll out across the regions. We can confirm three new dates:

**Christchurch:** 27 October

**Palmerston North:** 10 November

**Hamilton:** 24 November

**For more details and to register, visit [iod.org.nz](http://iod.org.nz)**

SAVE THE DATE

## IoD Leadership Conference

12-13 April 2016, The Langham, Auckland

## directorVacancies

### MARITIME NEW ZEALAND

**Role:** board members

**Location:** national

**Applications close:** 28 August

### CANCER SOCIETY – WELLINGTON DIVISION

**Role:** board members

**Location:** Wellington

**Applications close:** 28 August

### NETBALL NEW ZEALAND

**Role:** appointed director

**Location:** Auckland

**Applications close:** 18 September

### AUCKLAND DIVING COMMUNITY TRUST

**Role:** two trustees

**Location:** Auckland

Applications will remain open until position is filled.

### AOTEAROA NEW ZEALAND

#### ASSOCIATION OF SOCIAL WORKERS

**Role:** board member

**Location:** national

Applications will remain open until position is filled.

#### HALLOWAY GROUP LTD

**Role:** two directors

**Location:** Auckland

Applications will remain open until position is filled.

#### COUNSELLING SERVICES CENTRE

**Role:** board member

**Location:** Auckland

Applications will remain open until position is filled.

### SAFE (SAVE ANIMALS FROM EXPLOITATION)

**Role:** three board members

**Location:** national

Applications will remain open until positions are filled.

### MARLBOROUGH HOSPICE TRUST

**Role:** trustee

**Location:** Blenheim

Applications will remain open until position is filled.

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

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



**IN BRIEF**

Michael Stiassny has a long and distinguished governance career in both private and public companies. He is currently Chair of Vector Ltd, TOWER Ltd and Ngati Whatua Orakei Whai Rawa Ltd; and director of NZ Windfarms Ltd and DNZ Property Trust Ltd.

He is senior partner for KordaMentha, specialising in restructuring and forensic accountancy. He is a founder member of the 25 Percent Group and Future Directors. A Chartered Fellow, Michael was Vice President of the IoD from 2013 to 2015. He holds a BCom and LLB from the University of Auckland.



## NEW LEADERSHIP

# Agent for change

*A progressive voice in governance, Michael Stiasny was elected President of the IoD in June this year. He talks to boardroom about the IoD's transformation to a modern professional body and his plans to take the organisation to the next level*

A senior partner at KordaMentha, Michael Stiasny has a reputation for being someone who is able to spot what is wrong with an organisation – and fix it. Restructuring is his specialty and he has been involved in many complex, high-profile assignments. He can draw on over 30 years of governance experience and as a long-term member of the IoD's National Council, including a recent term as Vice President, he has been a strong supporter of moves to modernise and professionalise the IoD.

“In essence, the IoD used to be a club – an old boys’ club. And it is still perceived as a club to a certain extent outside the organisation. Within the IoD, we may think that we have made progress and eradicated the old boys’ club, but we need to ensure that this is well communicated to the outside world,” he says.

He sees the establishment of the Chartered Membership pathway last year as a dramatic step forward, transforming the organisation from ‘club’ to professional occupational body.

“We’ve made progress, but we need to make far more progress. The IoD made a huge change with the Chartered Membership pathway – it’s so big a step that I don’t think anyone really appreciates the magnitude of the changes that it will bring.

“I am usually in a hurry but I am well aware that this is something that will take time. Chartered Membership needs to bed down for it to have real longevity,” he says.

Part of Chartered Membership’s success hinges on its benefits being effectively communicated to membership. Communication in general, he believes, is an area where the IoD should be stepping up to take more of a leading role in advocating on governance issues.

“This is already happening to some extent. We have the genesis of advocacy with the establishment of the Governance Leadership Centre last year, but I would like to see the IoD speak out on more issues relevant to directors.

“We must adhere to our professional values and only promote those things that relate to governance. Unfortunately, some of our membership may want us to advocate for them rather than for the profession, so to speak – there is a distinction,” he says.

Health and safety reform is a case in point. Michael’s long experience working in hazardous industries has made him acutely aware of the need for workplace health and safety.

“I think improving health and safety is something we should all do for the betterment of New Zealand – every employee deserves as safe a workplace as is reasonably possible. However, that means that the responsibilities and obligations of directors will increase, and not all directors are in favour. The IoD’s role must be to promote health and safety but in such a way that it allows everyone to grow into it rather than feeling that they are forced into it.”

Both within and outside the IoD, Michael has been a driver for change, particularly on diversity. He has been a regular mentor on the IoD’s Mentoring for Diversity programme, is a founder member of the 25% Group, and in 2013, he founded Future Directors with Sir Stephen Tindall and Des Hunt of the New Zealand Shareholders’ Association.

“I am committed to diversity of thought because it leads to better decision-making. I do support getting more women on boards but it is only one of many kinds of diversity. Gender was the obvious place to start, but the discussion must be widened to look at what diversity really means.”

Programmes such as Mentoring for Diversity or Future Directors benefit boards as much as the emerging directors they are designed to help, he says.

“Ultimately, these programmes will break down the club mentality in the boardroom. Long-term change comes about by people understanding and believing in that change.

**“Long-term change comes about by people understanding and believing in that change.”**

If a senior director mentors a young person or someone of different ethnicity, they will realise that other people have many things to add to the discussion.”

Greater diversity could also widen New Zealand’s small pool of independent directors.

“New Zealand is a village, really, with relatively few directors. We do need to think very seriously about people who sit on more than one board together. It can mean that you become too comfortable with each other’s thought processes and you don’t challenge each other the way that you should. Boards also need to understand what is happening out in the wider world.”

And that’s never been more imperative than now, with disruptive technologies reshaping the way we live, work and do business.

“These are the most exciting times for our generation, we are witnessing a revolution. Directors need to understand the key drivers in this so that they can play a significant role in maximising the benefit to shareholders and ultimately New Zealand Inc.”

There’s no doubting that Michael cares about governance and the long-term future of New Zealand. As chair of Ngati Whatua Orakei Whai Rawa Ltd, he believes in the Maori model of planning ahead for the generations to come.

“On a personal and social level, I believe in that mindset of making decisions for mokopuna or grandchildren. I think we would all wish to make New Zealand a better place than we found it.”

# A voice for good governance

*Simon Arcus, the IoD's newly appointed CEO, steps into the role with a solid foundation of experience to draw on and a mandate to raise the IoD's profile.*

Putting theory into practice is how you could describe the IoD's newly appointed CEO Simon Arcus's journey at the IoD. A lawyer and qualified company secretary, Simon first joined the IoD four years ago to update our publication, *The Four Pillars of Governance Best Practice*.

On its completion, he took up the role of Board Services Manager, facilitating board reviews and consulting with directors in the corporate, public, iwi and not-for-profit sectors.

"I've enjoyed the people contact. We have an incredible membership at the IoD – highly diverse, from all sectors and backgrounds. It's been a privilege getting to know them," he says.

Simon went on to establish the IoD's thought leadership hub, the Governance Leadership Centre (GLC), becoming GLC manager when it launched last year.

"We live in a world where you can google corporate governance on the internet and find data of varying quality, but through the GLC, our objective is high quality resources targeted to help New Zealand directors do their job. It's practical. Our members aren't theorists – they are out in the field. I found that there was plenty of support for the GLC. One thing that I have really appreciated about the IoD is its appetite for change."

Change is never without challenge, and the most demanding time for Simon came as a lightning bolt shock when he took on the role of Acting CEO after the previous CEO, Dr William Whittaker, died suddenly last November. William was not only the CEO but also a friend. "It was an enormous test of leadership because it came without warning or precedent – I don't know of anyone who has been in a similar situation.

"We live in a media age where the IoD community knew about William's death in hours. The imperative is to be fast-moving and responsive. One thing that really hit home for me was having to juggle the personal and the professional response.

We are a small, close-knit team at the IoD; many staff were deeply upset. On the first day back we closed the office at midday, but I was struck by how most people stayed on and worked through."

Simon sees opportunities in building on strong foundations laid down by initiatives such as the Chartered Membership pathway. "It has the power to transform governance in New Zealand by offering credible benchmarks for expertise and experience. Our focus is to keep on communicating what it will mean for directors and stakeholders, as we will with other IoD offerings.

"We have led the way on so many issues relevant to directors – diversity, health and safety reform, cybersecurity and rural governance. These are current governance challenges – and we are able to offer good solutions."

Simon has represented directors' interests at select committee hearings, and has often been in the media spotlight since taking up the reins as CEO.

"I believe in the director value proposition. Directors play a pivotal role in instilling and sustaining confidence from the market and shareholders. A board not only holds management to account but keeps management in check from short-termism and self-interest.

"Economies are about confidence. Directors are the backbone of that confidence. I am not afraid to say that directors are worth it."

Simon's firm belief in good governance stems from a career that spans the insurance and communications industries, and the public sector.

An ex-Head Boy at Wellington's Scots College, Simon says that challenging leadership roles have tended to find him. He graduated with an LLB/BA from the University of Otago, and went on to work for the ACC in the contentious medical treatment area.

***"Economies are about confidence. Directors are the backbone of that confidence. I am not afraid to say that directors are worth it."***

"I was dealing with cases that were front page news, and taking calls from people in dire situations. There were heartbreaking personal stories, but the role was character-forming," he says.

A move to Sydney followed, where roles included a position with the Law Society of New South Wales. He returned to Auckland to work as National Liability Claims Manager for Marsh just as the GFC was unfolding.

"It gave me an insight into just how critical governance is to the success of any venture. Systemic market failure beats a well-trodden path back to systemic governance failure."

Simon has first-hand governance experience through a board position on the Cancer Society of New Zealand, which he has held since 2012.

"The insight into the other side of the table has been invaluable. Our courses talk about 'noses in and fingers out' on a board but new directors need to learn that discipline, especially where they are problem solvers and action-oriented."

Based in Wellington where he lives with his husband Dr David Paterno, Simon is frequently on the road spreading the IoD message at branch events across the country.

"Spending time with membership matters but readers will know the diary is a juggling act. Governance is really about good planning, strategic vision, processes and systems. It's an enduringly good message, and one that I've noticed people are keen to hear."



#### IN BRIEF

In 2014, Simon Arcus established the IoD's Governance Leadership Centre, which incorporates research, policy and advocacy on governance issues. He also works for the IoD's commercial arm, providing boardroom training and governance advisory services. In 2012 he re-wrote the IoD's foundation guide to governance, *The Four Pillars of Governance Best Practice*. Simon has an LLB/BA from the University of Otago and a Postgraduate Diploma in Business from Massey University. He is a Senior Associate ANZIIIF and a Chartered Company Secretary. Simon has held management roles in the insurance, regulatory and public sectors and is a director on the board of the Cancer Society of New Zealand.



# Angels at the table

If there is a risk a company might fail and it almost certainly won't have any spare cash for the first few years, who would take a seat as a director? Why, angel investors of course. Amy Williams reports on the emerging start-up sector

This is the scenario. You're a director on a start-up company that has the potential to go global, but it's crunch time. A big order the company needed to break even this month has fallen through. You ask the chief executive and manager to wait another month for their pay.

Former Kiwibank chief executive Sam Knowles is actively involved in growth company governance, and this type of situation is why he works only with founding entrepreneurs who are prepared to work for nothing and will not leave a director stranded.

"It can be highly risky. You can expect at some point to be worried about what you do relative to the risk of whether you can meet payroll next week," Knowles says.

"It's a different playing field. If you don't like risk, don't do it. You've got to be totally comfortable operating around ambiguity of futures and risk."

Knowles says directors of fledgling and high-growth companies need different experience and skills to directors of established companies.

Certainly, not all companies get the right advice. Business incubator The Icehouse released results from a survey last year that showed a lack of external advice is leaving Kiwi businesses vulnerable and creating a higher potential for failure if they try to launch overseas.

Nearly two thirds of the 346 companies that took part in the Businesses of International Quality Barometer received a red light for governance and the strength of the advice they were receiving.

Although the area of governance among start-ups is growing, it is still an emerging and rare skillset.

*"The human side of growth companies is far harder in governance than in a mature company. It's far easier to be objective and dispassionate if you're dealing with a management team of professionals"*

The Angel Association New Zealand (AANZ), for instance, has more than 600 members. Each year, they invest around \$50 million in about 100 deals. Many of these angel investors take positions on boards, after investing through clubs and funds. Typically, a club of angel investors will raise around \$500,000 each capital-raising event, with individuals investing between \$20,000 and \$100,000.

The angel investor clubs have 10 to 150 members and of them, those who are the best qualified will take on board positions.

#### THE JOB DESCRIPTION

A job description for a director of a start-up or high-growth company would likely mention being comfortable with taking on different roles at different times.

The chairman of the AANZ, Marcel van den Assum, says it is active governance (he is a director of Flick Electric, CropX, MerlotAero and SimplHealth).

"It's not passive governance, you have to roll your sleeves up and engage with early adopters and shareholders," he says.



Debra Hall

*“If you haven’t done it before, you don’t understand that when you’re growing fast you’ve got to fundamentally reinvent the organisation about every 18 months”*



Marcel van den Assum

innovation and a culture of managing risk is important for a company’s growth.

“The primary role of governance in start-ups is to increase the probability of success by systematically reducing the risks,” says Knowles.

He uses four C’s to describe the different risks facing these start-ups – capital, capability, culture, and commander.



Sam Knowles

“There is significantly more uncertainty so the classic risk management that you would use for a big company isn’t applicable, in that most decisions are risk management decisions. In a mature company you’re doing small things to change revenue and cost.”

Start-ups generally have cost and no revenue certainty. Knowles also says a commander (founder CEO) is all-important in that they often do everything to start with, but may not be the right person to take the company through the next phase.

“A commander may not have had that experience and that’s where governance comes in. Probably the biggest challenge of governance is getting the people in the organisation to understand they haven’t got the capability and experience to do what’s required for the next phase, and going out and finding the people who are needed for that phase.”

With regard to capital, Knowles says it is about directors making sure they have enough funds to execute the next phase; capability is about finding people with the right experience and skills before the company needs it.

Knowles says he hasn’t had to shut any companies down, but at times it has

gotten close to the wire and he has asked commanders to work without pay.

That’s particularly tough when the chairman might then have to tell this same founder they are not the right person to lead the company into its next stage of growth.

“The human side of growth companies is far harder in governance than in a mature company. It’s far easier to be objective and dispassionate if you’re dealing with a management team of professionals who understand that you restructure every couple of years and people lose their jobs,” Knowles says.

Van den Assum agrees, saying sometimes companies need to be wound up and that also requires wisdom, including knowing when to call time.

“In failing, again, you’ve got to do that with good governance. You’ve got to fail the right way. It’s really important.”

#### ON THE GROUND

Only one in ten start-ups succeed significantly, with the rest breaking even, failing or making some return for investors.

A high-growth company will typically have double digit monthly growth in revenue, user numbers or transaction numbers.

Knowles says this type of expansion requires specific skills and experience around the board table.

“The more we get into it, the more we learn that the general all-round skills that a director has are only a very small part of a requirement of a fast-growing company.”

He says growth company boards need people with skills in the company’s industry, strong financial expertise, general governance experience, and someone with experience building a company and managing risks.

“My expertise is how do you manage the risks of going from five people to 200 people and what processes do you get in place to actually get bigger,” Knowles says.

“If you haven’t done it before, you don’t understand that when you’re growing fast

“The fundamentals of good governance apply across the board and the Four Pillars that the IoD refers to [determination of purpose, an effective governance culture, holding to account, and effective compliance] are just as relevant in start-ups as they are in established companies.”

Because start-ups are less mature, entrepreneurs need more mentoring and coaching as there is usually a gap in their capabilities.

Directors also need to have a good appetite for risk, and know how to manage it judiciously. They need to know how to raise capital for a company and get the right experience and skills on a board for each phase of the business.

Knowles says his experience in Kiwibank, which he grew from scratch to profit within five years, showed him that

you've got to fundamentally reinvent the organisation about every 18 months."

Fellow start-up director Debra Hall says this overhaul extends to the boardroom. She's a director at lingerie firm Rose & Thorne Design, and sits on the advisory board at Data Insight.

"The company is moving so fast that the skill set required from the board changes really rapidly. The early stage board has a very different role compared to subsequent boards."

Hall is actively involved in the early stage investment community and is a former member of the advisory board of ICE Angels and the national council of the AANZ.

Governance is something Hall became interested in after selling her own business in 1992, having taken it from

start up to one of the country's leading market research consultancies.

She says her entrepreneurial experience is useful on these high-growth boards. "Those skills have been really transferable into providing support. Those skills go with you, but there are mechanisms for learning core governance skills."

Hall says directors of high-growth companies are always looking to raise money, and this could be via selling equity to private parties or by publicly listing the company.

"We do all the important things that directors have to, but the lens that we do them through is really overlaid by this primary objective to grow fast and get out for the early investors," she says.

As for the question of remuneration, directors of start-ups are rarely paid

for the first few years. More often than not, directors are paid in shares until the company can afford to pay cash.

The angel investment community is therefore filled with people who want to give something back to help others and the wider business sector.

Hall says she is in growth company governance because it is exciting and challenging, and she likes the idea of being involved in companies that may shape this country's future growth.

#### MORE INFORMATION

**If you are looking to establish an advisory board or a full board for your business, visit [iod.org.nz/](http://iod.org.nz/) FirstBoards for resources, including toolkits and case studies.**

## Take it to the next level – a public listing

*What is involved in being on the board of a public company? What are the differences between operating as a private company and as a listed company? How can you avoid a disclosure breach? To answer these and other questions, the IoD, with global law firm DLA Piper, is launching a new one-day workshop and webinar, Public Company Directorship.*

Aimed at new or aspiring directors wanting to grow into a public company directorship as well as directors in organisations considering listing, the course introduces directors to the regulatory environment in which a public company operates and the distinct characteristics of a public company.

"A public listing is highly complex. This course will empower directors with a good working knowledge that they can build on. If they are looking to publicly list their business, or if they are seeking appointments to listed company boards, this programme will help them achieve their business and career goals," says IoD Professional Development Manager Helena Gibson.

The course is supported by NZX and the FMA, and like other Director Development courses, involves experienced listed company directors. Mark Verbiest, chair of Spark NZ, Transpower, and Willis Bond Capital Partners, and Joan Withers, chair of Mighty River Power, TVNZ and a director of ANZ NZ, will be sharing insights and answering questions at the Auckland event.

#### PUBLIC COMPANY DIRECTORSHIP

Key areas covered include:

- **1 hour webinar:**
  - the IPO process and IPO preparation
- **Full day workshop:**
  - choosing the right advisors and understanding their roles
  - information for investors
  - managing the relationship with the regulators
  - board readiness – governance and diversity

#### Course dates

The webinar is to be held 3 November, 2:30pm - 3:30pm. The one-day workshop is to be held in Auckland on 12 November.

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



# Board evaluation done better

*Best practice boards commit to evaluation for continuous improvement.*

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.

It is simple to set-up, easy to use, and accessible across mobile web platforms. The evaluation reports are comprehensive, easy to follow, and accompanied by an overview to assist the chair in leading post-evaluation discussions.

Additionally, boards can choose to have an IoD facilitated discussion to explore the board's current situation and determine future direction.

BetterBoards is the only board evaluation tool that shows how your board is performing against the IoD's comprehensive reference guide for directors, the *Four Pillars of Governance Best Practice*.

Contact us at  
[boardservices@iod.org.nz](mailto:boardservices@iod.org.nz)  
or phone us on 04 499 0076  
to talk about your board evaluation needs.



simple set-up • accessible • comprehensive



# Directors' Fees Report reveals more work for the money

*The Institute of Directors' 2015 Directors' Fees Report shows directors' fees have risen moderately this year but workloads have almost doubled, reflecting an environment where boards are facing more scrutiny and regulation than ever before*

IoD CEO Simon Arcus says although the median non-executive directors' fee increased by four per cent, most directors (88 per cent) saw a median increase of 41 per cent in time commitment.

"Finding the right balance between risk and reward is critical to attracting skilled, competent and diverse talent to your board table," says Simon.

"We think there could be pressure on director remuneration levels in an era of increased liability and compliance. Our members tell us the burden of compliance has grown. What New Zealand needs is highly skilled, fairly remunerated directors. It's not enough to say there are plenty of directors lining up out there: New Zealand needs a focus on quality not quantity."

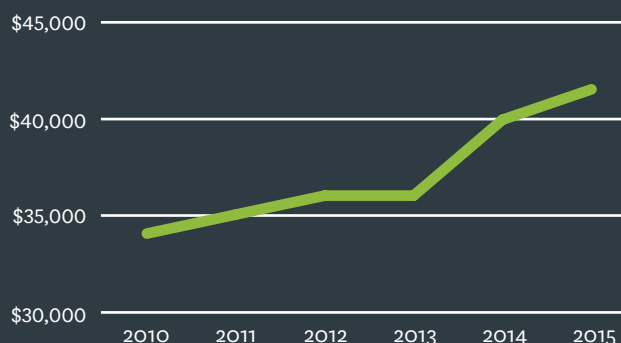
This is the first year that the IoD has worked with EY to undertake the annual IoD Directors' Fees Survey, and this year saw a 27 per cent increase in survey participation, making it the most comprehensive in our history.

"We pay directors to do the right thing, not the commercially safe thing," says Simon. "That can involve taking risks. New Zealand needs directors who are courageous but for whom the risk and reward balance in remuneration makes sense."

In comparison, the survey showed a big jump in fees for non-executive directors on the boards of overseas-owned companies – the median fee for those surveyed rose from \$85,000 to \$99,625 per year.

**The IoD's 2015 Directors' Fees Report is available to survey participants at a reduced rate of \$350; IoD members: \$550; non-members: \$650.**

## MEDIAN FEE NON-EXECUTIVE DIRECTORS



## MEDIAN FEE NZ-OWNED / OVERSEAS-OWNED (NON-EXECUTIVE DIRECTORS)



**\$37,000**

**\$99,625**

**8** THE AVERAGE NUMBER OF  
BOARD MEETINGS A YEAR

**4** years  
AVERAGE LENGTH OF  
DIRECTORSHIPS



**6**   
THE AVERAGE NUMBER OF  
DIRECTORS ON A BOARD



# How to be a bird not a dinosaur

*Disruptive technologies are driving change at an extraordinary pace. And directors who are plugged into the digital world are in hot demand for their innovation and creativity. By Amy Williams*

*“If I was sitting on a board with plenty of governance experience in my current board structure, I would trade that off for a director with digital skills if I couldn’t find the complete package”*

The world sat up and noticed when taxi drivers took to the streets in France to angrily protest against Uber’s ride-hailing app, which allows users to be picked up by uncertified drivers.

It is this kind of disruption to the status quo from new digital business models that will reshape the way business is transacted in the future.

So where does this leave companies that want to be at the steering wheel, driving change rather than burning their tyres in protest?

Many forward-looking companies are looking at what digital skills they have around their board tables and see a gap for the new version of a digital director.

The role has moved from simply knowing about the internet, to being completely plugged into the digital world and able to give insight on a full range of governance issues.

Executive search agency Russell Reynolds Associates says over time, digital acumen will become a standard expectation in boardrooms and C-suites.

It says evidence shows that companies that embrace digital transformation outperform their peers across an array of financial measures.

Last year, the agency analysed the backgrounds of all board members of 300 large companies in the United States, Europe and Asia Pacific, and found digital directors are still an exclusive club and a number of sectors are just beginning their journey.

Only 10 per cent of boards in the study were highly digital (had at least two

digital directors), while 80 per cent had no digital directors. Not surprisingly, the highly digital boards were concentrated in the technology and consumer industries.

#### TAKING STOCK

Kiwis are traditionally early adopters of technology, and given that tech companies are more likely to be leading the digital charge, it is logical to expect Spark, the country’s biggest telco, to be part of this digital revolution.

Spark’s board is chaired by Mark Verbiest, a strong advocate for board diversity. He also chairs Transpower New Zealand and is a director of ANZ Bank New Zealand, to name a few.

Mark says there won’t be many areas or sectors in the world that will be left untouched by disruptive digital technologies.

“The power of super-computing is enabling people who have no connection to a traditional business model to enter that business quite easily, or a portion of that business, and doing very well before you can blink,” he says.

“We see that very readily in the telco space and you’re starting to see that in other industries but I don’t think there is sufficient awareness of how quickly things are changing and will change going forward.”

He believes that’s why it is critical for just about every significant business in New Zealand to gain digital skills at the top level.

Kiwi consumers are certainly able to adopt new technologies – the most recent national figures show four out of five households have access to

an internet connection, and about 70 per cent of mobile users in New Zealand have a smartphone that enables them to access the internet.

Mark says the risk of not being part of the digital transformation is that a business can become irrelevant almost overnight.

“That’s where you start to see companies failing because in a nanosecond things will change so rapidly they won’t know what hit them.

“It’s something I talk about a lot, I almost try to scare people into it because in some areas I just don’t think people are thinking about these issues and there is, in my view, insufficient emphasis placed on the rate and extent of change that’s going on.”

Last year Ido Leffler joined the Spark board. He’s a US-based entrepreneur with experience developing digital brands and extensive networks in the start-up communities of Silicon Valley and Australasia.

Leffler is among a handful of digital directors appointed to Kiwi firms recently, including SKY TV, which now has high profile entrepreneurs Derek Handley and Geraldine McBride on its board.

#### VERSION 2.0

The Russell Reynolds Associates study describes digital directors as those who have had a significant operating role in a digital company, a digital operating role in a traditional company, or have had two or more non-executive board roles at digital companies.

Craig Richardson has noticed the changing role of digital directors as part of his position as managing

director of the serious crime fighting software firm Wynyard Group.

“What we are seeing at a board level is a realisation that that’s more than just a marketing capability and infrastructure capability. It’s about recognising the value of digital assets and that on a board there needs to be someone who recognises all the dimensions of that,” Craig says.

A digital director’s role takes into account policy, privacy, marketing, technology, legality and security.

“It’s bringing together a whole bunch of skill sets and that’s unusual to find in one person – on a board it would be a number of people,” he says.

These digital savants are able to help a business spot opportunities, starting with a company’s digital assets.

“You can’t be the follower of a trend, you’ve got to be the exploiter of gaps. In our case the big trends that crossed over were big data and serious crime, and that created an opportunity for us.”

The Russell Reynolds study found digital directors are also often younger, more likely to be female than non-digital directors, and likely to emerge from just a handful of sectors.

Enter Geraldine McBride, who is best known for her high profile career at the business software giant SAP, during which she was chief executive and president of the firm’s Asia Pacific, North American and Japanese regions.

On her return to New Zealand, Geraldine set up her own digital company, MyWave, and says it helps her to keep up with the pace of change.

“If I’d just been a director and wasn’t still busy in the digital world, I think I would’ve gotten stale quite quickly,” says Geraldine.

“I’m in the middle of all of those trends and also experimenting within them and working with major enterprises across many different industries. That gives me a very useful perspective to be able to bring to board roles that I’m on now.”

As a director on the boards of SKY TV, National Australia Bank, Fisher & Paykel Healthcare and MyWave, Geraldine focuses on making sure the businesses are part of this digital revolution.

“The digital world is really just another reflection of the natural world in which we live. I look at patterns and help companies figure out how to be a bird rather than just another dinosaur in the ground.”

And a key aspect of this is the customer’s change in role from a passive end user to an empowered consumer.

“If you’re not centred on your customer and you don’t know them or have any data on them, then you will be out of business.”

She sees her role as teaching companies to think about customers differently (“not stalking customers or being creepy and spying on them”) and to build a physical and digital relationship with them based on the norms of a human relationship – permission, trust, having two-way conversation, transparency and mutual value.

“If you can’t tick the box on those five things, then again you are at risk of being disrupted.”

She says digital is about new business models.

“That’s what I talk to all my boards about and that’s what I do in my daily life. This is the new digital revolution that’s going around the world right now.”

#### TALENT POOL

It’s little surprise that Geraldine’s skills are highly sought after – she is frequently asked to join boards.

Another company that has successfully attracted good digital talent is online listed accounting software firm Xero.

Xero Managing Director Victoria Crone says companies need to be open when it comes to attracting digital skills to the boardroom.

“When you think about people who have this kind of experience, they may not have chosen to have followed a governance path and they may be a little bit younger and may not have led a company,” Victoria says.

“I think boards really need to think a little differently about how they bring that digital experience in.”

She says companies looking for digital skills for their boardroom could go digging for talent in the thriving entrepreneur tech centres, as well as looking overseas.

“If I was sitting on a board with plenty of governance experience in my current board structure, I would trade that off for a director with digital skills if I couldn’t find the complete package,” Victoria says.

“It’s better to have those digital skills than try and look for someone that may not fit my view of traditional governance experience.”

Victoria says digital directors are a new breed of leader.

“We have an opportunity to shape and reshape the world because we are in a digital revolution.”

Who wouldn’t want to be at the steering wheel right now?

#### GAINING DIGITAL SKILLS

It’s not a case of if but when your business will be disrupted by new technologies. This year the IoD launched an interactive workshop discussing the key drivers in the digital age, working through practical case studies which will enable you to understand digital business cases presented to your board.

The workshops have been hugely popular but there are still places on these dates and centres:

1 October, Auckland  
21 October, Wellington  
1 December, Christchurch  
8 December, Wellington

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

#### MANAGING CYBER RISK

Greater connectivity means that no business is immune to cyber risk. This is a governance issue just like any other risk to an organisation. To find out how to identify, assess and manage cyber risk, see the IoD Governance Leadership Centre’s recently published Cyber-Risk Practice Guide.

For more information or to download the guide, visit [iod.org.nz](http://iod.org.nz)

# Governance Leadership Centre update

*Felicity Caird discusses two emerging issues that have been a recent focus for the GLC.*

## Corporate tax governance

An increasingly borderless digital economy is changing the way we do business, and the international tax environment is changing accordingly. Governments across the globe are facing pressure to find more tax revenue in the wake of the global financial crisis, and multinational companies like Google, Apple and Starbucks have been lambasted for not paying their fair share.

In a globally-connected world, directors should expect global information-sharing and greater tax scrutiny. Risk to reputation is higher than ever before and boards must be across tax issues and clear about their role in, and approach to, tax governance.

The OECD has developed the Action Plan on Base Erosion and Profit Shifting (BEPS) to reform the system. BEPS is the term used to describe tax planning strategies that take advantage of gaps and mismatches in tax rules, for example, by diverting income to countries with low corporate tax rates.

The plan, endorsed by G20 finance ministers in July 2013, sets out 15 areas of work across a range of tax issues, including the digital economy, transfer pricing, and coherence of corporate income taxation, as well as the transparency, certainty and predictability of taxation.

The Business and Industry Advisory Committee (BIAC) to the OECD issued a Statement of Tax Principles for International Business in September 2013 that provides voluntary guidance for businesses to promote good tax behaviour.

In the UK, the Chancellor of the Exchequer announced in the Summer Budget that the UK Government would introduce a voluntary code of practice on standards of behaviour to help 'tackle evasion, avoidance and aggressive tax planning by large businesses'.

Closer to home, Inland Revenue says it would prefer a business-led approach

to improving tax behaviour over more regulation. Its International Revenue Strategy Manager, John Nash, says that the vast majority of corporates do the right thing and comply with New Zealand's tax laws. But he says this is not always visible, which can reinforce negative perceptions about whether major companies are paying their fair share. He suggests adoption of the BIAC principles and greater public disclosure would increase transparency and lead to a better understanding of company tax policies and tax governance by shareholders and the general public.

***The Governance Leadership Centre's July directorsbrief, which focuses on emerging issues for audit committees, covers this and other issues in more detail, and is available for members at [www.iod.org.nz](http://www.iod.org.nz).***

## New governance arrangements for Māori land owners

The Government's reform of Te Ture Whenua Māori Act involves significant reform of Māori land law and will result in greater tino rangatiratanga for Māori over their land.

With respect to good governance, the ultimate aim of Te Ture Whenua Māori Bill is to produce capable governors and stewards with an appropriate level of oversight. The bill introduces new governance arrangements and aims to clarify the duties and responsibilities of kaitiaki (guardians or governors).

While the form and substance of governance may differ because of the business structure or the

sector in which practices occur, the ultimate purpose of governance is the same – to create and add value.

The need for robust, transparent and accountable governance of Māori land was a common theme of the submissions that led to the drafting of the bill, alongside the need for the duties and obligations of trustees and other governance bodies to align with the laws that apply to general land and corporate bodies.

The introduction of new governance arrangements, and the role of kaitiaki, are important developments in the good governance and stewardship of Māori land. The Minister of Māori

Affairs has asked for feedback on the draft bill. The IoD's submission focuses specifically on the powers, duties and responsibilities of kaitiaki and suggests further clarity on duties and liabilities is needed – for example, in relation to kaitiaki of different types of bodies, e.g. trusts or body corporates.

There will be further opportunities to submit on Te Ture Whenua Māori reform when the bill is introduced into Parliament.

***Background information and the IoD's submission are available at [www.iod.org.nz](http://www.iod.org.nz).***





# Playing the game

*Sport and business – they have been close partners since professionalism took hold in elite sport. Are they a perfect match or are there still some issues to smooth out?*

*By Katherine Robinson*

As the New Zealand Rugby Union (NZRU) chair who co-led our country's bid to host the 2011 Rugby World Cup, the late Jock Hobbs had a compelling way of ensuring that the board stayed on task.

"Jock insisted that the board spent a lot of time going through the NZRU Charter – which was based on the IoD Charter," says Chris Moller, NZRU chief executive from 2003 to 2007.

"He required every director on the board to sign it. It would sit in the middle of the board table each meeting. When necessary Jock would point to it when he felt that self-interest was getting in the way of the game's best interests.

"It was the symbolism of signing the charter that made it work. All listed companies have charters but I have never ever seen them used in this way. Normally, it's not necessary. In business, it's understood that the board must act in the best interests of the company – in sport this can be blurred."

In part, this stems from sport's passionate tribalism – perhaps ironically one of the qualities that makes sport so attractive to business. Sport engages emotions and generates deeply felt allegiances to teams. Big gladiatorial contests such as the upcoming Rugby World Cup attract massive global

***"I believe that we should have as strong as possible a contest on the grass, but when you get on the concrete it should be about cooperation across the sport in the long-term best interests of the game as a whole."***

audiences – the 2011 Rugby World Cup drew an estimated audience of 3.9 billion over the course of the tournament.

It's a potent combination reflected in the top dollar paid in broadcasting rights, sponsorships and advertising for our most popular sports. The revenue in turn allows sporting associations to pay players and reward top performers, just as any business would reward its employees. In the recent Cricket World Cup, for instance, teams played for their cut of a \$13.58 million pot. The Australian winners took home \$400,000 each; as runners up the BLACKCAPS earned \$200,000 from the tournament.

### WHAT CAN SPORT TEACH BUSINESS?

If business brings revenue, businesslike structure and objectivity to sport, what can sport bring to business?

Plenty, says psychologist Sara Chatwin, who teaches winning strategies to both sportspeople and businesses.

“One of the key points about sport is that you have to be proactive and organised. You have to work out what your goal is, how you are going to achieve that goal and you have to work hard to achieve it. Organisation is such a key element to success – this is equally applicable in business,” she says.

She says that sport creates a drive to excel – the motivation is always to win. “In business, the motivation may be to do well, but elite sports people want to be the best.”

World champion squash player and New Zealand Race Relations Commissioner Dame Susan Devoy agrees:

“In sport, I tend to believe that if you put effort into the process and the detail, the outcome will inevitably follow. A training programme is a bit like a business plan, but you have to also have self-belief and discipline. If you are constantly worrying about what the outcome is going to be, it is highly likely it will not go smoothly,” she says.

Dame Susan says that sportspeople might also have the edge in business as they are used to facing the possibility of very public failure.

“It does help when it comes to making hard decisions,” she says.

“Like business and sport, human rights is ultimately about people, what drives us and what inspires us

to be better entrepreneurs, better athletes and better people.”

Ex-Black Cap and business leader Martin Snedden says teamwork is the obvious quality that sport brings to the business world. As CEO of Rugby New Zealand 2011 Ltd, a key part of his role was to persuade disparate people and organisations to work together as one team to deliver a successful event. Subsequently, as CEO of Tourism New Zealand, he tried something similar with the country’s multiple tourism interests.

“It takes a lot of emotional effort to get people through the enormous barriers that exist by default and get them to work together to create something that works collectively. With the Rugby World Cup, there was a central focus – the Cup was coming up whether we were ready for it or not – whereas tourism is made up of multiple, competing businesses and it is ongoing. It became a case of offering strategic guidance rather than being pushed in a specific direction,” he says.

He believes that sport’s winner takes all approach sharpens the competitive edge in business.

“It’s that real competitive spirit. I have had several career changes over the last decade or so but I can’t walk into anything and treat it like a day job. To me it becomes a mission to succeed and that comes from my sporting experience,” he says.

“In sport, you know that only a small percentage of elite sportspeople are going to succeed. You know that you are on a hiding to nothing. There is no such thing as instant success in this stuff. The real success is when you last the distance and find success periodically.”

### PROFESSIONALISM AT THE TOP

Elite sport is not just business – but big business. There’s professionalism on the field and a complex commercial operation to manage in the back office, but do sporting associations reflect this with professionalism in their governance? Not as much as they could, according to Chris. “Just speaking generally, the challenge is that the governance model in sport still tends to be based on a representation model which doesn’t make it particularly easy to always act in the way a business might operate,” he says.

“I believe that we should have as strong as possible a contest on the grass, but when you get on the concrete it should be about cooperation across the board in the long-term best interests of the game as a whole.”

It’s not a problem confined to any particular sport or to New Zealand, he says. And he acknowledges that many codes, including cricket, rugby and swimming, have reviewed their governance structures and adopted a more businesslike governance model with at least two professional independent directors on the board.

“You need to have a mix of skills on a board – people with a background in the sport and people with a commercial background as well. Sporting associations are also waking up to the need for diversity in gender and ethnicity to reflect the grassroots of this country. The sporting bodies that acknowledge this will be amongst the most successful.”

He says that one of the challenges in sports governance is to get high calibre people willing to apply for governance roles.

“It’s hard to get the right people to put their hand up. Sports governance at the top level can be very demanding in terms of being constantly under the media spotlight and answerable to the whole country. Cricket New Zealand, for instance, took more of my time than any large listed company.”

Currently chair of Meridian Energy, the New Zealand Transport Agency and SKYCITY, Chris recalls being recruited as CEO of the NZRU after New Zealand lost the hosting rights for the 2007 Rugby World Cup to Australia in 2003.





Chris Moller



Dame Susan Devoy



Martin Snedden



Dame Therese Walsh

“They said they had enough rugby people, what they wanted were more business people,” he said.

#### ON THE EMOTIONAL ROLLERCOASTER

One of those business people was Dame Therese Walsh, recently honoured with a damehood for organising two of the biggest sporting events hosted by New Zealand. As Chief Financial Officer and the General Manager of Corporate Services for the NZRU, she was a key part of the team in behind the 2011 Rugby World Cup. She went on to head the organising committee for the 2015 Cricket World Cup. Dame Therese is also a director on the boards of TVNZ, Westpac Stadium and the NZX. Do boards of sporting organisations have a distinct culture?

“There is much that is the same – monthly board papers and financials to review – but there is more of an emotional

rollercoaster attached to decision-making in sport, so being very aware of that emotion is very important.

“You know that you will be judged on a very black and white, finite result. If you are on the board of a listed company and the share price goes up or down that’s a tangible result but there is some fluidity. If a team loses a match it can be pretty much do or die at that moment,” she says.

When it came to working towards the Cricket or Rugby World Cup, decisions were made under the pressure of a looming deadline. A countdown clock ticking the days down to zero was put in a prominent place for all to see.

“You don’t get another chance or another budget so it’s quite intense in pace. If you add the intensity of pace and emotions together, it’s quite an interesting place to be.

***“You know that you will be judged on a very black and white, finite result. If you are on the board of a listed company and the share price goes down... there is some fluidity.”***

“You learn to be very creative and very determined about getting something to the finish line. If you don’t have the whole country behind you, it’s never going to work. And that’s quite a hard ask because your stakeholders are the whole country.”

## CALLING 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.

#### APPLICATION DATES

**Auckland**, apply now, applications close 18 September

**Wellington**, apply now, applications close 18 September

**Canterbury**, apply now, applications close 28 August

For more information, please visit the branch pages of [iod.org.nz](http://iod.org.nz) or contact your branch manager.



# Surviving the perfect storm

*Five years ago, boardroom interviewed communications consultant and Ideas Shop Partner Anna Kominik on how to lead during a media crisis. To say much has changed since then is an understatement. Social media has swept through the communications landscape, reshaping the nature of media and a media crisis. By Katherine Robinson*

***“From a governance perspective, don’t put rose-coloured glasses on – you must be aware that things will happen. You need to work out the inherent risks to your organisation and plan for how you are going to manage those risks.”***

“We are at the tipping point now where social media drives a lot of our news – and how mainstream media reacts to it. All media outlets routinely monitor social media as part of their newsgathering process,” says Anna.

As we’ve seen recently, a story that might have once been of minor, local interest, such as a classroom speech by a Napier schoolgirl lambasting her teachers, can blow up into a global news story once it’s posted, shared and reshared on Facebook.

And it happens at speed. In the pre-digital era, crises would break in what now seems a quaint, orderly fashion through radio or television news bulletins or in the morning paper. This allowed hours or even days for organisations to prepare a considered response. Now response times are down to a matter of minutes, says Anna.

Media storms can wreak enormous damage in business disruption and brand reputation. According to Anna, a recent US study showed that even a minor social media blip might last about 20 minutes but could cost a company US\$53,000, and that cost will mount exponentially for every 20 minutes afterwards. “So you can imagine the impact of a major crisis that lasts days or a week,” she says.

Anna doesn’t believe that a low profile guarantees immunity. Powerful search engines, free cloud storage and data analytics make information readily available on virtually everyone.

As reputations become more fragile, so they become more precious. US authors Michael Fertik and David C Thompson argue in the bestselling book *The Reputation Economy* that reputation is an organisation’s or an individual’s most valuable asset.

“Reputation is currency. It’s as valuable as your corporate balance sheet or the cash in your wallet,” they say, arguing that online reputation should be nurtured and protected.

“I think the impact of a social media crisis on brand and reputation is there for everyone at all times – no matter how big or small your organisation. Even a small business can be just one event away from an event that damages reputation and the ability to deliver a quality product,” she says.

One thing that has stayed rock solid is the preparation required for handling a crisis well.

“In any crisis, it has been an enduring principle that it is not the crisis but

# Health & Safety Reform

Are you managing your Drug & Alcohol risks?



The Health and Safety Reform Bill is scheduled to take effect this year. Directors and those in governance roles will have a due diligence duty to proactively manage Health & Safety.

Drugs and alcohol will be specifically stated as a hazard within the new Act.

The Drug Detection Agency (TDDA) is Australasia's complete solution provider for all workplace drug policy, education and testing needs. Our end-to-end services provide you with a high level of comfort in relation to achieving a safer workplace.

- National coverage with 18 offices and over 40 purpose-built vehicles offering mobile testing.
- Fully compliant to AS/NZS 4308:2008 - IANZ accredited for on-site urine screenings.
- Trusted provider to many blue-chip New Zealand companies.

Let us work with you to achieve a safer workplace.

Visit [www.tdda.com/iod](http://www.tdda.com/iod) to download a resource for Directors, about Drugs in the Workplace.



CREATING DRUG-FREE ENVIRONMENTS

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the handling of the aftermath that can make or break a reputation. Good crisis management is not about winning, it is about damage control. There is no victory in an attacking approach," says Anna.

Preparation can come down to simply being present online, monitoring websites and promptly responding to commentary, whether it is online or in the media.

"There is no way that you are going to be able to control social media but you may need to be part of the conversation. Organisations around the world have got into huge problems by ignoring a negative comment. Organisations need to be able to respond, even when it is uncomfortable. If you don't, you could get punished for it. Customers and clients can use the online world to become 'avenging angels' very quickly if companies don't show that they are listening fast enough or in a genuine way," says Anna.

"Some companies do this extremely well. They are not afraid to listen to what is being said and to answer honestly. They may say this is our point of view and these are our constraints - but they are part of the conversation," says Anna.

One of the main risks stems from both the transparency and opacity of the online world. Businesses and organisations are out in the open but online commentators often hide behind anonymity.

"On the positive side, the online world rewards those companies that are open and genuine about how they are doing business. Social media means an organisation can no longer hide the ugly bits or make claims for something unless it is true. The anonymity of the online world makes it very easy to expose companies that are not behaving well," says Anna.

A company might promote itself as being sustainable, for instance, then be found to be involved in polluting a waterway or the atmosphere. A business which presents itself as having strong corporate social responsibility will be punished online if it's found to have its products made by factories in Third World countries with bad conditions.

This watchdog role was played by the media in the past, but social media means the spotlight falls on any credibility gap more harshly and with speed.

Anna believes that the board needs to play an active role in media crisis management, both in setting an overseeing strategy and in playing their part in managing a major crisis.

"From a governance perspective, don't put rose-coloured glasses on - you must be aware that things will happen. You need to plan for the inherent risks to your organisation and how to manage those risks. There should be a crisis plan and a checklist that can be pulled off the shelf at a moment's notice. The boards that do best in a crisis are



those who have pre-planned for the different scenarios that could happen and are prepared,” says Anna.

“In a major crisis, directors often can’t just be in governance mode. They will have to make fast, significant decisions to protect the shareholders’ interests but also work to their strengths. For example, there might be someone on the board who has very good stakeholder management skills who is likely to come into play. Management are not going to be able to do everything, no matter how big an organisation is.

“It can be very scary for boards because what seems a small incident can tip over into a crisis at such speed and a board doesn’t always have full information before they start engaging with social and mainstream media. You can’t hide and you have to know how to engage and communicate safely.

“If you leave a void then others will fill it very quickly.”

On the upside, the speed of information today also means that people move on fast.

“If an issue is handled quickly and well, then there is a degree of forgiveness. Some companies have even managed to turn the tide of public opinion in their favour thanks to their handling of a potentially damaging crisis.”

## How would you lead during a media crisis?

*Find out by attending **Managing in a Media Crisis**, a day-long workshop that launched last month.*

Part of the Boards in Action series, the course has been developed by the IoD and Ideas Shop, focusing on the leadership role played by directors in setting strategy and ensuring there is a cohesive crisis plan. Aimed at experienced directors only, it includes dealing with the impact of social media and weighing up risks in a rapidly changing scenario.

Led by Ideas Shop partner and founder Anna Kominik, the course is taught in part through simulation activities.

“Course participants will be feeling it in real time as they go through the process as it gives an idea of the speed with which a crisis can break. It is based on the real life crises that we have worked with before and focuses on the need to sustain business continuity while protecting brand and reputation.

“I’ve found that participants themselves are willing to share their own experiences of crises so directors and chairs have been able to learn from their peer group,” she says.

**Managing in a Media Crisis will be held on the following dates:**

**Christchurch**, 3 November

**Auckland**, 26 November

**Wellington**, 2 December

**BoardroomTraining**

# Made to measure

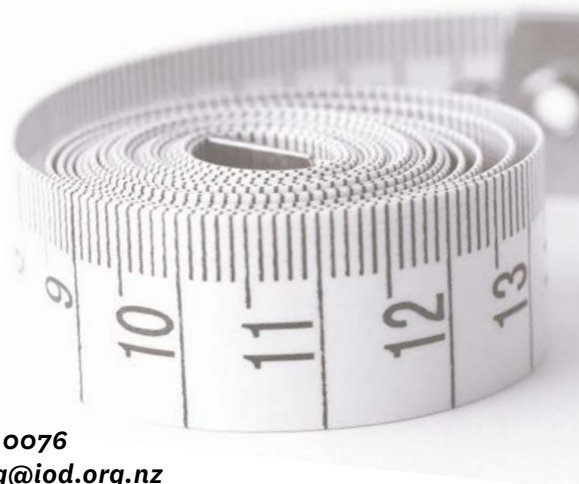
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# Digital identity and the cost of doing business

*In today's online and interconnected world, it is essential that people feel assured that their digital identity and data is protected. Developing and maintaining this confidence will require sustained effort in a climate of increasingly sophisticated risk.*

*Law changes on the horizon will affect all businesses that deal with personal information, especially those selling into the EU or performing data processing outsourced from the EU. By Justin Graham and Tim Sherman*

Public faith in the integrity of New Zealand's privacy practices is not high. A survey this year by the Insurance Council found only 29 per cent of New Zealanders were confident in the ability of New Zealand businesses and organisations to protect against computer hacking and keep data secure.

This is not surprising given the recent run of high profile privacy breaches and the rickety nature of the regime created by the New Zealand Privacy Act. This dates back to 1993, which makes it 22 years old in calendar years, 154 in dog years and positively ancient in IT years, pre-dating the emergence of social media and e-commerce.

The activism and energy of the Privacy Commissioner's Office have mitigated the Act's weaknesses to some extent. But the reality is that it is not well-designed for the age of bulk data, where a single privacy breach can have thousands of victims and where the focus needs to be on early risk identification and management rather than on post-breach remedies – although they will always be important.

These facts are well-acknowledged by the Government and a reform bill is being developed but the process has been very slow. A Law Commission report containing 149 recommendations was tabled in 2011 and Cabinet signed off on a package of changes in March 2014, yet here we are, in the second half of 2015 and still waiting.

Minister of Justice Amy Adams, in a statement provided for this article, said she has been taking time to consider whether there are any other issues in the privacy area that should be included and that work is "ongoing".

Ongoing it most definitely will be, because even as the Minister puts the finishing touches on New Zealand reforms, the European Union is raising the benchmark in the new EU Data Protection Regulation, which it expects to be adopted by the end of this year or early next year.

We are currently the only Asia Pacific country to have EU Adequacy (meaning that we meet the EU's data protection standards and that personal data can

flow without impediment from the EU member states to New Zealand for processing). Once the new regulation is in force, pressure will mount to update our own law to match. At this stage it looks likely that existing adequacy designations will be preserved, at least for an initial period of five years, but we will now be vulnerable to withdrawal if the European Commission decides we no longer meet the relevant requirements.

So as directors scan the horizon to anticipate how the regulatory framework around privacy will evolve in the short to medium term, it might be useful to think of the bill as round one and the EU regulation as round two. We note that both are still works in progress and may be subject to change (the draft regulation has been described as one of the most lobbied pieces of legislation in EU history).

#### REFORM DIRECTIONS IN THE NEW ZEALAND REFORM BILL

The principal changes which were agreed to by Cabinet last year are:

- mandatory reporting of privacy breaches – these would have to be notified to the Privacy Commissioner and, where the effects are serious and could cause real harm, loss or humiliation, also to the affected individuals. Failure to notify a breach would be a criminal offence for private sector agencies. Cabinet's thinking was that 'naming and shaming' would be a sufficient deterrent in the public sector
- stronger powers for the Commissioner to initiate investigations and proactively intervene where concerns have been raised about an entity's privacy systems and practices, including greater scope to make urgent information requests
- a new power to issue compliance notices which would be enforceable by, and appealable to, the Human Rights Review Tribunal, and
- increased maximum penalties for non-compliance from \$2000 to \$10,000.

The Cabinet paper acknowledges that the bill's penalty provisions are at the low end compared to other jurisdictions, including Australia, which provides for fines of up to A\$1.7 million for repeat and

serious offending. This is much closer to the sanctions anticipated by the EU, which would punish a failure to report a data breach by a fine of up to €1 million or 2 per cent of annual worldwide turnover, whichever is the greater.

#### REFORM DIRECTIONS IN THE EU REGULATION

A key change of particular relevance to New Zealand is that the regulation will apply to businesses located outside the EU but supplying the EU market. This covers not only businesses that collect and use EU residents' personal data, but also IT and other service providers who hold or process that data as contractors to those businesses.

The provision that initially excited most media interest is the 'right to be forgotten', which will allow data subjects to have data erased if historic or no longer relevant. But this once radical concept has since been "normalised" through a decision by the European Court in *Google Spain v Costeja González*, which allowed a Spanish national to insist that Google remove a link to a criminal record dating back 16 years.

The regulation is long, immensely detailed and still to go through a tripartite negotiation between the European Commission, the Council of Ministers and the European Parliament so we will await the final outcome before commenting in detail.

At this stage, it is sufficient to note that the proposed new administrative and compliance requirements are significant, such that the regulation will allow for a two-year transition period and that European law firms are advising their clients that they should start putting their houses in order now.

**Justin Graham is a partner at Chapman Tripp specialising in technology, media and communications, privacy and dispute resolution. Tim Sherman is a senior associate specialising in commercial law with an emphasis on technology projects, outsourcing and intellectual property.**



# How to network

*A vital social skill, networking can enhance both your professional and personal lives. Sharon Stephenson talks to some of life's natural networkers on the importance of making connections*

She might head up one of the world's top companies, but when it comes to networking, Marissa Mayer doesn't fare too well.

The CEO of Yahoo! has reportedly confessed that not only does she have to force herself to attend networking events, she also makes herself stay at such events for a certain amount of time. She is not alone. In Britain, a recent survey showed that 62 per cent of British adults have never attended a networking event. And when they did try to network, they reported not enjoying it – half of those surveyed (51 per cent) described feeling uncomfortable.

But here's the rub – ask any successful person and they'll tell you that networking is a key element in moving one's career forward. Your network is, after all, your net worth.

As Tauranga commercial lawyer and board director Kylie van Heerden puts it, the art of strategically developing relationships can do wonders for one's career and business.

"Networking is vital to develop any professional career," says Kylie. "Throughout New Zealand, and particularly in the regions, there's a strong word-of-mouth culture, with sought-after governance roles often not advertised and candidates frequently identified through existing director networks. Networking is, therefore, of particular importance to those seeking governance roles to build and maintain a profile that ensures they feature on the radar of those looking for board candidates."

Kylie, who at 33 years old is one of New Zealand's youngest directors, believes networking packs a one-two punch: "When starting out and looking to build a profile, a big part of networking is about meeting people and simply getting known. However, when looking to secure opportunities, networking should be, and needs to be, more targeted."

In addition to being a partner at Sharp Tudhope Lawyers and a joint owner/director of Tauranga's Peet Jewellers, Kylie recently completed a director placement with Comvita Ltd and has taken on directorships at Craigs Investment Partners Superannuation Management Ltd and Custodial Services Ltd. She's a strong believer in having a professional development plan that allows people to network in a targeted way that uses time efficiently and effectively.

"A plan allows you to identify your objectives, which networking opportunities are best suited to achieving those objectives, and how those opportunities should be approached – for example, identifying the key people to engage with at a particular event."

Professional speaker, author and trainer Linda Coles agrees – but she's also keen to correct the misconception that networking is only about attending professional events.

"Networking is about growing your business relationships and is something you should be doing all the time, not just at specific events," says Linda. "As the saying goes, people only buy from people they know, like and trust, so you need to be constantly networking to build that trust."



And while face-to-face interaction is networking's holy grail, Linda says social media has a key role to play in 21st century networking. "Tools such as LinkedIn and Twitter can be used to make people aware of who you are and what you do. By sending a LinkedIn invitation or message to someone who, for example, might be in a field you want to get into, you're saying 'Hello, I exist'. It's the same with Twitter."

However, a big no-no of online networking is spamming potential contacts. "If, for example, you meet someone at an event and then want to follow up with a message via LinkedIn, keep it short, mention who you might know in common and find some common ground. But don't start spamming them."

For Jackie Lloyd, a director of the Wellington Museums Trust, the Wellington Regional Strategy Committee, the State Services Commission Audit and Risk Committee and the Lion Foundation, networking in a governance context is all about making connections.

"Being a director can be quite lonely – you're only meeting other board members once a month or so and you're generally not sharing an office, so making connections with a wide range of people at various levels is vitally important," says Jackie.

Having well-developed networking skills also crosses over to the governance arena, she adds.

"It's useful at board level to be able to form relationships quite quickly, which is what networking teaches you. Good networking also requires you to be crisp and clear in your communications, which is an advantage in governance roles."

Jackie recalls someone once telling her that 'if you think you're networking, you're not', meaning that if you try too hard to network, it will often come off as false and ineffective.

"It's about being an interesting person and being interested in others. Really listen to what the other person is saying and treat everyone with respect. And, of course,

make the most of every opportunity to network, no matter how small. I've networked in the most surprising circumstances, such as walking around my neighbourhood, so get out from behind that screen and make those connections!"

There's not much you can teach Dianne McAteer about networking. The former netballer/coach/umpire, currently a director of Kitchen Studios, has spent a lifetime honing her networking skills.

Networking, she believes, is "important for any person with a desire to continually learn and develop their knowledge and skill base".

"Yes, it is helpful to have a wide base of contacts if you're looking for opportunities as a director but, more importantly, networking is an opportunity to share stories and learnings – to receive and provide support to peers and to benefit from the wisdom of those who have gone before."

"I network with peers at the same point in their governance career in order to learn from their experiences, I use them as a sounding board and hope that I'm reciprocating that support. I've also been able to provide opportunities to join boards to those keen to develop their governance career, or their employment career, and I've had opportunities come my way because of my networks – people who are prepared to recommend me or provide references."

A former managing director of Travelplan Ltd (a subsidiary of House of Travel), Dianne says her belief in the power of networking was reinforced while doing her MBA thesis on the changes in gender diversity in NZX-listed companies. "It became very obvious that 'networkedness' is important – it's who you know that can be very helpful. More often than not, governance roles are not advertised, so having people advocate for you is important."

Dianne suggests a focused approach to networking. "I try to approach each connection with a question in my mind

*"It's amazing how interconnected we are, so act with integrity, be generous and continuously develop your skills, knowledge and experience."*

of how can I help this person, how could someone I know benefit from meeting this person, and how might I benefit from this person's knowledge and experience – what can I learn? It's about having a mindset of mutual benefit or at least a 'pay-it-forward' attitude."

Her overarching tip, though: "New Zealand is a small place and it's amazing how interconnected we are, so act with integrity, be generous and continuously develop your skills, knowledge and experience."

Words to live by.

#### NETWORKING TIPS

- Harness your natural abilities and strengths – if you are better at one-to-one conversations, tailor your networking to suit your style. Networking should be natural.
- Establish realistic networking goals – commit to attending events or emailing certain people each week.
- Attend IoD branch events, get involved and offer to help.
- Think about your own network, share contacts and introduce people to each other.
- When meeting someone for the first time, make it all about them and ask open-ended questions.
- If you have made contact, follow up with a brief email or make a connection on LinkedIn.

**For practical advice on how to network, visit [iod.org.nz](http://iod.org.nz)**

# Local solution to global food safety challenge

*Like the rest of the world, New Zealand businesses face significant challenges around sustainability, food safety, health and safety and marketing.*

*In this second in a series of articles, KPMG partner Matt Prichard argues we should look to tikanga Māori to find rich, unique, New Zealand solutions that can give us an advantage on a global stage.*

The contribution of Māori business to New Zealand's prosperity is one of the most exciting opportunities of our generation.

If mainstream New Zealand business takes the time and builds relationships of trust, KPMG believes there's a huge amount to be gained for all New Zealanders from looking inside Te Ao Māori for solutions to some of our biggest challenges.

### EARNING MORE FROM THE FOOD WE ALREADY EXPORT

Much of our economic prosperity comes from our ability to nourish the world with high quality, trusted food. Our government has set us all the challenge of doubling the value of New Zealand's exports by 2025.

That growth can come from:

- increasing global commodity prices
- increasing production volumes
- owning more of the global value chain and capturing more of the price the end consumer already pays for our stuff.

Both recent experience and analysis of very long-term time series data indicates we'd be nuts to bet the farm on sustained growth in commodity prices.

KPMG does believe that there is substantial opportunity over the next decade for growth in food export volumes from irrigation infrastructure and smart science being applied to both growing and processing.

But by far the biggest opportunity we see is from New Zealand businesses controlling more of the food value chain and capturing more of the total price the world's people are prepared to pay for our food.

So what will they pay for?

### FOOD SAFETY PAYS

Lincoln University's Agribusiness and Economics Research Unit published a report on consumer behaviour and trends for "credence attributes" last year that focused on New Zealand's key markets, and the willingness of those customers to pay for product features that are not physically observable or experienced at the point of consumption.

Examples of credence attributes include food safety, country of origin labelling,

traceability, local food, recyclability and eco-packaging, eco-labelling, environmental quality, carbon labelling and reduction, organic, GM-free products, animal welfare, biodiversity and fair trade.

Their study showed that, for example, Chinese and Indian consumers were willing to pay more than a 70 per cent premium price for trusted food safety. This was far more important than other intangible attributes in both our dairy and meat exports to those consumers.

We know the global consumer is already demanding the highest standards of food safety throughout the supply chain. We also know the risk we run if the consumer loses trust in our ability to control the safety of their food.

### A MAINSTREAM RESPONSE

Our mainstream response is rules-based. Everyone wants to deliver safe food, but regulation and inspections are the necessary regulatory response to the risk to our collective reputation from a failure by an individual business.

The average lamb is processed into around 70 parts, and exported all over the world. Dairy processing was once described to me (by a plant manager) as similar to oil refining – the natural stuff from the cow is methodically broken down into its components to be made into everything from cheese to plastic.

Thousands of pages of New Zealand legislation and regulation govern aspects of the supply chain between the grower and the eventual consumer of our food. Layer on that, many more thousands of pages of Overseas Market Access Requirements applied by destination countries.

Enforcing the rules requires a small army of inspectors and testing agencies in our businesses, and at the borders and the markets in the countries we export to.

All of this process and control is needed to protect our industry. But all of it is only as strong as the people who operate it. So our food businesses face the challenge of building food safety deeply into the culture of their teams.

### MAURI ORA

Māori believe that the land holds an essential life force – its mauri. That vital essence is transferred into the grass and other plants that grow on the land, and becomes part of the animals who consume them. It connects us individually to the land, the environment and each other.

The philosophy of Mauri Ora (the healthy life essence) offers us a much deeper, richer approach to embedding food safety into the culture of our food businesses.

Culture is a much deeper driver of behaviour than process. It drives our purpose and values, and motivates people to do things because they truly believe in the reason for doing them.

The concept of Mauri Ora gives our food-producing companies the opportunity to teach their people that their roles are about preserving the mauri that lives within our food products, so that it is alive and well when it is consumed by an infant or a pensioner in Beijing, Mumbai or London.

It is a simple belief that captures all New Zealanders' connection to the land, and their good understanding of the direct link between the health of the land and waterways and the healthy food we produce from them.

Consider the stark contrast between the plant manager comparing his handling of food to oil refining, and the concept of caring for and preserving an essential life force.

This layer of culture doesn't mean we could retire the rules or the inspectors. But giving people a passionate belief that supports their roles will always beat a pure process and controls approach.

Embedding this basic Māori philosophy in our food exporting businesses can be the basis for a unique advantage on the world stage.

**Matt Prichard is a partner at KPMG. This is the second in a series of articles that explores opportunities to apply tikanga Māori to give New Zealand businesses an advantage on the global stage.**

# Living up to potential

*Five years ago, Lindy Nelson launched the Agri-Women's Development Trust (AWDT) with the aim of realising what she saw as the untapped potential of women in the agricultural sector. Now, she can count over 1,200 alumni, many of them working in multiple roles throughout the sector*

"New Zealand agriculture is made stronger and more secure if every person within the sector is able to reach their potential. Women make up 50 per cent of the population but agri-women have to deal with a particular set of circumstances that can block their development," says Lindy Nelson, founder and chief executive of the Agri-Women's Development Trust (AWDT).

Isolation, limited access to professional development, cost of training, the right business skills and a lack of awareness of existing skills can seem unassailable barriers.

Lindy, who with her husband David, owns a hill country farm in the Taranaki District, saw the solution in setting up a range of programmes aimed at not only upskilling women but encouraging self-belief. AWDT's portfolio of five programmes ranges from courses on farming business management to the Escalator programme, an ambitious 10-month course that trains women in the hard and soft skills of leadership and governance.

The IoD provides the fundamentals of boardroom training for Escalator with three day-long courses: Governance Essentials, Finance Essentials and Strategy Essentials.

"I was keen to have the IoD involved in boardroom training for the course right from the start. It's proved to be a valuable part of the programme," she says. Limited to a fiercely contested 14 places every year, Escalator now has 51 graduates, many of whom are in leadership roles in different sectors of business and the community.

"We are finding that our graduates are taking on multiple roles. They may be contributing to the management of the farm but they might also be on an agri-business corporate or leading in the community or on environmental issues," says Lindy.

Governance and leadership are part of the nature of the agricultural sector, she says. The family farm might be a multi-million dollar concern, spread over many hectares or split into different locations. As equal partners, women will often take a leadership role in its operation.

But Lindy says "phenomenal women" bring something extra to the agri-sector.

"Agri-women tend to be very comfortable leading in quite murky situations where there might be unclear structures and timeframes. Often, women will be the ones looking at planning ahead across generations and dealing with intergenerational succession issues on a farm. If you look at the regional level of governance, you will often find women dealing with multiple stakeholders where a collaborative approach is needed."

One of the most important learnings for women on the Escalator programme is that the skills they have picked up in the course of running a farm or agribusiness are transferable to other businesses and organisations.

"It's about overcoming a lack of confidence. This is huge, an epidemic among women, even the most talented women – and not just in the agricultural sector," says Lindy.

She emphasises that the programme is not only aimed at farmers but at



Lindy Nelson

women working in all areas of the agri-sector, including agribusiness.

"When women first meet on the programme they may look at each other and think 'well, how do I fit here?'" But they all do because we have chosen women with a specific quality rather than a particular skillset. You can always teach skills," says Lindy.

Praised for her "determination, passion and clever commercial thinking" Lindy won Next magazine's award for Woman of the Year 2012 in the business category.

She not only researched the content of the programmes, but enlisted support from the industry and won the backing of strategic partners such as ANZ, Beef + Lamb New Zealand, the Agricultural Marketing Research and Development Trust (AGMARDT), DairyNZ and FMG. Their support has allowed her to keep the costs to course participants down.

She also has high praise for the programme's male champions who have acted as mentors or supporters. "They understand that it is a 50/50 partnership. We have a leaky pipeline of talent here, not a glass ceiling."



Dawn Sangster

A catalyst for change is how Dawn Sangster describes the Agri-Women's Development Trust's Escalator programme. Currently a director on the Alliance Group board, Dawn was one of the first women to undertake the programme in 2011.

Dawn had spent 25 years raising three children and managing the family's 2540-hectare Otago sheep and beef properties with her husband, sister and brother-in-law.

She was also deeply involved in her community with interests ranging from being a trustee on the school board to helping to run cultural and sporting events. On reading about the launch of Escalator in Farmers Weekly, her husband told her, "you should apply for that".

Dawn holds an agricultural commerce degree, and her CV includes a spell as an assistant accountant in London and a farm advisor role for MAF. But she says years out of the corporate world left her hesitant about returning to it.

"You don't realise that those skills that you learn on the school board or managing the farm can be transferable. I think we just forget that. It takes a course or someone saying to you 'look, you can do this' to make you realise that you can. The programme gave me the belief that I can achieve at a higher level. I think others saw my potential, but I couldn't."

A straight-talking country woman, she admits that she was initially surprised by the focus on self-awareness.

"I thought I was just going to be taught hard facts but successful leaders need both the hard and the soft skills to add value and make a difference to their organisations.

"Part of the programme is about setting goals and working out how you are going to do them. If you achieve them, it gives you confidence. It teaches you that success is not about luck, it is about hard work and planning," she says.

Dawn found her particular niche in the three days devoted to teaching fundamental governance skills through the IoD's Essentials courses.

"I loved the governance component. It not only cemented and extended my existing skills but at the end of those three days I knew that I wanted to be a director," she says.

From that moment, Dawn's career was on a fast track to the boardroom.

*"I loved the governance component. It not only cemented and extended my existing skills but at the end of those three days I knew that I wanted to be a director."*

Governance roles have included a directorship on the board of Alliance Group, and membership of the Beef + Lamb Farmer Council and Mohair New Zealand.

She also became Otago Southland's Aspiring Director Award winner in 2012.

"That was a big thing for me – to be grilled by four experienced directors for an hour – and then be told that I had won," she says.

**Industry pressures, board dynamics and sector-specific risks intersect to create a unique operating environment for every board. Our team are experts at delivering tailored governance training that enables you to navigate those challenges and maximise your performance.**

**For more information, contact our Boardroom Training team on 04 499 0076 or see [iod.org.nz](http://iod.org.nz).**



## Making a smart move

*Emma Thompson's role as managing director of Nelson-based public relations agency Etc Communications often led her into boardroom meetings with client boards and CEOs. She did the Company Directors' Course (CDC) early in 2014 to better understand their needs – and found that her own governance career took off.*

***“I was a board member when I did the course, and had sat around many board tables, but doing the CDC gave me a whole other layer of understanding and confidence. It provided the foundation from which I could apply for other board work”***

A five-day residential course is a serious time commitment for the owner of any SME but Emma found that the key was to plan ahead.

“I booked the course eight months in advance. At the time, I wanted to go right away but it was good to have enough time to allow me to work around it. Even so, because I work

with the media, things can change at the last minute. But I found there was enough time in the evening or in breaks during the day to touch base with the office,” says Emma.

Early booking also meant that she was able to put in the course preparation ahead of time.

Emma often deals with other directors and CEOs; she says that having been on the course has helped her better understand her clients.

“It provided insights into boards that I hadn't experienced before, and reaffirmed learnings I had already taken on board. Having done the course also gives you a dose of credibility. Clients are engaging me for my public relations expertise but they also recognise the link with the IoD. It provides for a deeper relationship to have this common ground and common thinking,” she says.

A regular at the IoD's branch events in Nelson, Emma was offered a directorship while she was on the CDC.

“A past client bumped into my husband when I was away. When he heard that I was doing the CDC, he rang me almost immediately to say that his board was looking for a trustee and we should discuss it when I returned.”

Offers of two other board positions followed, including a position on the board of Alzheimers New Zealand. Emma applied for the role after seeing it advertised in the IoD's Director Vacancies and having met a current member of the Alzheimers New Zealand board.

She says she was particularly pleased to be appointed to a national board role with Alzheimers New Zealand, which she says has a critical social purpose.

“We are strategically positioning ourselves for the growth in dementia diagnoses in coming years, and implementing our mixed revenue model to manage this growth – a mix of corporate sponsorship, bequests, donors, grants and Ministry contracts.”



## Company Directors' Course

*The heart of the IoD's professional development programme, the five-day CDC is facilitated by experienced, current directors.*

Designed for directors with one to five years' governance experience, it gives in-depth coverage of:

- governance best practice
- strategy
- finance for the board
- risk
- the law and directors
- board dynamics and culture

### Company Directors' Courses 2015

**Auckland:** 21 – 25 September\*,  
22 – 27 November

**Wellington:** 8 – 13 November

**Christchurch:** 12 – 16 October\*

**Hamilton:** 19 – 23 October\*

**Dunedin:** 16 – 20 November\*

**Queenstown:** 6 – 11 September  
(Fully booked, waiting list operating)

1 – 6 November (Fully booked,  
waiting list operating)

29 November – 4 December

\*These courses are non-residential.

The core of the IoD's boardroom training, the CDC covers the fundamentals of governance in a supportive atmosphere fostered by the Chatham House Rule. The facilitators are all experienced directors who actively encourage discussion, debate and the sharing of experiences. Course participants get the feel of being on a real board through simulations – something that Emma was initially dubious about.

“I have never really liked taking part in scenarios or role play, but you have to put aside any misgivings you have as it is an incredibly valuable process.

Participants were divided up into teams or boards.

“None of our ‘board’ members knew each other before the CDC, so it was interesting having to quickly work out who should be chair and deputy chair, and decide how we would best work as a team,” she says.

“It also became very clear to me that diversity on a board is not just about diversity of skills but also about diversity of personality. How we operated as teams throughout the week was starkly different. There were teams that were mainly doers and those that were thinkers.

It was clear that you need both on a board, as well as the other matrix of skills.”

After such a positive experience, is Emma planning to do more IoD courses in future?

“I'm really enjoying the board work I am doing at the moment but yes, I am looking to do more, including the IoD's not-for-profit course.”

#### TOP TIPS

Emma has these tips for anyone looking to get the most out of the CDC:

- do the preparation work before the course to free up your evenings for networking and socialising, and any work you might have to do back home
- don't be fearful of asking what you might think is a stupid question – often you will be surprised at how many people want to ask the same question
- try as hard as possible to clear the decks at work so you can focus on the course
- if you don't like simulations, put that aside and join in. Putting what you have heard from the speakers into practice is how you learn.



# Rise to your potential. Company Directors' Course.

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with the IoD

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Institute of  
**Directors**





# Health and safety reforms – the key changes

*The Health and Safety Reform Bill represents the most significant reform of New Zealand's health and safety law in the past 20 years, bringing with it a number of key changes for businesses operating in New Zealand. Mark Goodey, Principal at Marsh, gives a breakdown of the expected changes*

There are a number of changes to the definition of key duties and obligations in the Health and Safety Reform Bill, which forms the basis of the Health and Safety at Work Act. These key definitions include:

- duties of a person conducting a business or undertaking
- what is 'reasonably practicable' within a business
- duties of officers and who is defined as an officer within a business
- who is defined as a worker within a business

## **DUTIES OF A PERSON CONDUCTING A BUSINESS OR UNDERTAKING**

The primary duty holder under the Health and Safety Reform Bill is a Person Conducting a Business or Undertaking (PCBU). A PCBU is an employer, a corporation, association, partnership, sole trader or in some cases, a volunteer organisation.

PCBUs are in the best position to control risks to health and safety at work as they are the ones carrying out the business or undertaking. This is why the PCBU will have the primary duty under the new law in relation to the health and safety of workers and others affected by the work carried out by the PCBU. A PCBU must ensure the health and safety of workers and others so far as is reasonably practicable.

## **WHAT IS 'REASONABLY PRACTICABLE' WITHIN A BUSINESS?**

The term 'reasonably practicable' implies what is or was reasonably able to be done at a particular time to ensure the health and safety of employees, taking into account and weighing up all relevant matters. This considers the likelihood of the hazard or risk occurring, the degree of harm that might result from the risk or hazard, the knowledge or reasonably expected knowledge of the risk or hazard, and how to eliminate or minimise the risk.

## **DUTIES OF OFFICERS AND WHO IS DEFINED AS AN OFFICER WITHIN A BUSINESS**

In the current version of the Bill, the definition of an officer includes any person who makes decisions that affect the whole or a substantial part of the business (for example, the chief executive or company director). This definition is intentionally narrower than the one used in Australia, which includes persons who participate in decisions. The due diligence duty applies to officers and senior managers who exercise governance functions, as they are the only ones who can reasonably carry out due diligence as specified in the Bill.

All workers, including senior and mid-level managers, have a duty to

take reasonable care with their own health and safety and that of others.

## **DEFINITION OF WORKERS**

A broader definition of the term 'worker' has been introduced. A worker is seen as a person who carries out work in any capacity for a PCBU. A worker includes employees, contractors, subcontractors, employees of contractors or labour hire companies, outworkers, students, volunteers and people gaining work experience.

This broadened definition has significant implications on how a PCBU must manage the health and safety of all persons engaged to perform work under the PCBU's control, including contractors and labour hire employees.

## **IMPLICATIONS FOR BUSINESS**

The Bill introduces harsher offences and penalties for breaches of the law than those currently in place, as well as a range of new and existing enforcement tools and compliance mechanisms for the regulator, inspectors and the District Court. These include improvement notices, prohibition notices, non-disturbance notices, infringement notices and enforceable undertakings.



The Bill also provides specific powers to the District Court, including the ability to make several new kinds of court orders available and provisions for prosecuting individuals within businesses.

The table below provides a summary of the new offences and penalties system as detailed in the proposed Bill, for both companies and individuals within a company.

| Nature of offences  | Duty holder   | Penalties                                 |
|---|---|---|
| Reckless conduct – person engages in conduct that exposes a risk of death or serious injury or illness without reasonable excuse (clause 42)  | Individual, for instance, a worker or a self-employed PCBU) | \$300,000 and/or five years' imprisonment |
|   | Officer of a PCBU   | \$600,000 and/or five years' imprisonment |
|   | Body corporate  | \$3 million                               |
| Failure to comply with a health or safety duty – person fails to comply with a duty and the failure exposes an individual to a risk of death or serious injury or illness (clause 43) | Individual  | \$150,000                                 |
|   | Officer of a PCBU   | \$300,000                                 |
|   | Body corporate  | \$1.5 million                             |
| Failing to comply with a health and safety duty (clause 44)   | Individual  | \$50,000                                  |
|   | Officer of a PCBU   | \$100,000                                 |
|   | Body corporate  | \$500,000                                 |

### WHAT SHOULD NEW ZEALAND BUSINESSES BE DOING?

All officers, that is, persons who make decisions that affect the whole or a substantial part of the business, must now exercise due diligence in ensuring that the PCBU complies with its duties and obligations under the proposed Bill. Therefore, people at the governance level of an organisation have a positive duty to actively engage in health and safety matters, reinforcing that health and safety is everyone's responsibility.

Due diligence means taking reasonable steps to:

- a. Acquire and keep knowledge of work health and safety matters up-to-date.
- b. Gain an understanding of the nature of the organisation's operations and the general hazards and risks associated with those operations.
- c. Ensure that the PCBU has available for use, and uses, appropriate resources and processes to eliminate or minimise risks.
- d. Ensure that the PCBU has appropriate processes for receiving information regarding incidents, hazards and risks and responding to that information.
- e. Ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under the Bill.
- f. Verify the provision and use of the resources and processes referred to in (c) to (e).

A business must be seen to be exercising their 'due diligence' or in the process of doing so before the commencement of the new reforms.

The first step a business can take to ensure compliance is to complete a gap analysis of officers within the business who exercise due diligence. All effective safety management starts from senior management commitment.

**For more information about the workplace health and safety reforms and conducting a gap analysis, contact Mark Goodey at Marsh - [mark.goodey@marsh.com](mailto:mark.goodey@marsh.com).**

# branch events

IoD members are welcome to attend branch events nationwide.  
Check out the full list of branch events at [iod.org.nz](http://iod.org.nz)



Members will be awarded  
2 CPD points per event.

## AUCKLAND

### FirstBreak evening panel

Topic: The Executive Directors

5:30pm - 7:30pm, 25 August, ASB,  
12 Jellicoe Street, Auckland

### Digital transformation: A beginner's guide

3months director  
Mark Pascall on the  
issues, challenges and  
opportunities that new  
technologies bring.

12:00pm - 2:00pm, 26 August,  
The Northern Club, 19 Princes Street,  
Auckland



Mark Pascall

### Next Generation Director evening workshop

Topic: Building governance awareness

4:30pm - 7:00pm, 13 October,  
BNZ Partners Business Centre,  
80 Queen Street, Auckland

### Fraser Whineray, CEO, Mighty River Power

Join us for a breakfast event with  
Fraser Whineray.

7:30am - 9:00am, Friday 30 October,  
The Northern Club, 19 Princes Street,  
Auckland



Shane Jones

### Breakfast with Shane Jones

Shane Jones, Ambassador for Pacific Economic Development,  
on opportunities and challenges for business in the Pacific.

7:30am - 9:00am, 16 September,  
The Northern Club, 19 Princes Street, Auckland

## WAIKATO

### Cybersecurity - who's accountable?

Tom Walton of Network Box on  
why New Zealand organisations  
need to take urgent action  
and how effective internal  
accountabilities can be established.

4:00pm - 6:00pm, 2 September,  
Waikato Stadium, Hamilton

### Moving Waikato 2020

Matthew Cooper on Waikato's  
changing sporting landscape.

12:00pm - 2:00pm,  
16 September, Radio Sport  
Lounge, Waikato Stadium

### New member lunch

12:00pm - 2:00pm, 7 October,  
Gallagher Lounge, Waikato Stadium

## WELLINGTON

### East Coast breakfast with Nicky Hyslop

Irrigation NZ's CEO on the cornerstone  
of a prosperous regional New Zealand.

7:15am - 9:00am, 27 August,  
Havelock North Club, Hawke's Bay

### Kerry Prendergast on board diversity

Wellington's former mayor talks  
conflict management and the skills  
needed around the board table.

5:30pm - 7:00pm, 1 September,  
Institute of Directors,  
50 Customhouse Quay, Wellington

### Commerce Commission CEO

Brent Alderton and Chair Mark Berry

7.15am - 9.00am,  
10 September, Wellington Club,  
88 The Terrace, Wellington

## BAY OF PLENTY

### Crown board appointments

Brian McCulloch on the appointment  
process.

12:00pm - 2:00pm, 17 September,  
Tauranga Club, Devonport Road,  
Tauranga

### Ethics - walking the line

Join us for an evening workshop on  
developing an ethical culture with  
Bev Edlin.

5:30pm - 7:30pm, 15 October,  
Tauranga Club, Devonport Road,  
Tauranga

### Employment legislation: what you need to know

Sharp Tudhope partner  
Shima Grice talks  
legislation for employers.

5:30pm - 7:30pm, 28 October,  
Whakatane (venue TBC)

### Strategy for a board agenda

Maven International managing consultant  
Joanna Lambert on prioritising and how to  
get the most out of boardroom strategy  
sessions.

5:30pm - 7:30pm, 12 November,  
Tauranga Club, Devonport Road,  
Tauranga



Shima Grice

## TARANAKI

### Governing for success

Transport industry leaders Graham Symons and Jim Ramsay on building governance best practice to allow professional management structures to grow and flourish.

*7:30am - 9:30am, 25 August, Crowded House, 93-99 Devon Street East, New Plymouth*

## NELSON MARLBOROUGH

### Drugs and alcohol in the workplace

Steve Williams of The Drug Detection Agency on directors' obligations under the incoming Health and Safety Reform Bill.

*5:30pm - 7:00pm, 13 October, Port Nelson, 10 Low Street, Nelson*

## CANTERBURY



Richard Hegan

### A banker's perspective on rural governance

Join us for a cocktail function with ASB's Richard Hegan.

*5:45pm - 7:45pm, 26 August, The George, 50 Park Terrace, Christchurch*

### New member lunch

Network with other members and learn more about the areas of the IoD that interest you.

*12:00pm - 2:00pm, 4 September, The George, Park Terrace, Christchurch*



Tony McCormick



Nicky Hyslop

### Communication in a crisis

Tony McCormick and Nicky Hyslop share their experiences managing crisis communications, both from a board and management perspective.

*5:30pm - 7:30pm, 7 September, The Grosvenor, Cains Terrace, Timaru*

### Dame Jenny Shipley

The next 25 years – a forward view on things that matter.

*5:45pm - 7:45pm, 21 October, Addington Events Centre, 75 Jack Hinton Drive, Christchurch*



Dame Jenny Shipley

### Fellows and Distinguished Fellows Dinner

By invitation only.

*7:30pm to 9:30pm, 21 October, Addington Events Centre, 75 Jack Hinton Drive, Christchurch*

## OTAGO SOUTHLAND

### Fellows' Dinner

By invitation only.

*6:30pm - 10:30pm, 25 September, Carrick Winery, Bannockburn*

### Queenstown cocktail function

Join us for a function with guest speaker

Mark Quickfall, Chair of Skyline Enterprises Ltd.

*5:30pm - 7:30pm, 23 October 2015, Queenstown Resort College, 7 Coronation Drive, Queenstown*

### Christopher Luxon, CEO, Air New Zealand

Join us for a luncheon with guest speaker Christopher Luxon.

*12:00pm - 2:00pm, 28 October, The Dunedin Club, 33 Melville Street, Dunedin*

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# branchnews

## AUCKLAND

KPMG's Ross Buckley spoke on global megatrends and their expected impacts on New Zealand.

The Auckland branch heard from GCSB director Una Jagose on cyber defence.



## WAIKATO

Minister of Finance Hon Bill English gave a post-Budget presentation to Waikato members.

The Waikato Branch congratulates James Yearsley, winner of the 2015 Waikato Emerging Director Award.

Earl Rattray interviewed Sir Henry van der Heyden about crisis management at a branch event in July. Sir Henry emphasized testing your crisis plan, stakeholder engagement, and recognising cross-cultural issues.



- 1 | Warren Sowerby, Fay Sowerby (Auckland)
- 2 | Ross Buckley (Auckland)
- 3 | Mary-Lou Hoskins (Auckland)
- 4 | David Henry, Catherine McLeod, Corrie Dark, Una Jagose, Antony Byers (Auckland)
- 5 | Dermot Ross, Rebecca Rose, Ian Gault, Mark Lowndes (Auckland)
- 6 | Hon Bill English (Waikato)
- 7 | Margaret Devlin, James Yearsley (Waikato)

- 8 | Margaret Devlin, Hon Bill English, Brent Goldsack, William Durning (Waikato)
- 9 | Jeanette Tyrrell, Anne Aitken (Waikato)
- 10 | Earl Rattray, Sir Henry van der Heyden (Waikato)
- 11 | Simon Arcus, Bryan Graham (Bay of Plenty)
- 12 | Catherine Savage, Dr Helen Anderson (Wellington)
- 13 | Horiana Irwin-Easthope, Kathie Irwin (Wellington)
- 14 | Liz Hirst, Elizabeth Hopkins, Jane Cartwright, Robyn Dunlop, Jane Huria (Canterbury)

- 15 | Dougal McIntosh, Euan McIntosh (Nelson Marlborough)
- 16 | Tracy Taylor, Robbie Reynolds, Richard Borrell (Nelson Marlborough)
- 17 | Richard Thomas (Otago Southland)
- 18 | Jarod Chisholm, Matthew Holdridge (Otago Southland)



**BAY OF PLENTY**

A Tauranga event with Sally Webb and Lesley Fraser saw members discussing how to encourage future focus, think outlandishly, value employees and live company values.

New Bay of Plenty members were welcomed at a dinner, with guest speakers Peter Tinholt and Kylie van Heerden.

The Bay of Plenty Branch congratulates Bryan Graham, winner of the 2015 Bay of Plenty Aspiring Director Award.

Mark Pascall of 3months spoke on the challenges and opportunities that technology presents.



**NELSON MARLBOROUGH**

Chris Garland presented 'Rural governance made easy', advising members to keep governance simple and contribute to discipline and professionalism within the business.

A panel discussion on the challenges and satisfaction of not-for-profit governance with Paul Steere, Simon Danson and Sarah-Jane Weir drew a record crowd.

**WELLINGTON**

Hon Sir Michael Cullen, Sir Maarten Wevers and Sir Neville Jordan presented on what governance really means in a government context.

An evening function saw members discussing directors' responsibilities with regard to earthquake-prone buildings.

Auditor-General Lyn Provost spoke on the role of strong governance in improving the performance of, and the public's trust in, the public sector.



**CANTERBURY**

IoD CEO Simon Arcus updated members on key governance issues for 2015.

The Canterbury Branch congratulates Julie Hands, who was announced as winner of the First Steps in Governance Award.

Dr John Penno, Managing Director and CEO of Synlait Milk, spoke on the importance of a company vision.

**OTAGO SOUTHLAND**

Rob Everett, Chief Executive of the Financial Markets Authority, presented 'Directors' duties: enduring principles, perennial questions' at a Queenstown event.

A panel discussion on the governance dynamics of online businesses covered start-ups, the progression to a full board, and the rapid pace of change faced by online businesses.

The Emerging Director Award night drew crowds to events in Queenstown, Invercargill and Dunedin, where Rachel Farrant spoke about her governance journey. The Otago Southland Branch congratulates 2015 winner Richard Thomas and runner-up Hetty van Hale.



## MEMBERSHIP FOCUS

# Playing a strategic game

*The IoD draws its membership from all over the country and all stages of career. Every issue boardroom will focus on one director. In this issue: Otago Southland's Tony Allison. By Breanna Cullen*

Known to walk Dunedin's George Street in a blue morphsuit as part of a promotion, Tony Allison is a director not averse to risk.

Having encountered some resistance to his proposal for staff to don the suits, the Night 'n Day Foodstores CEO decided to lead by example.

"I think if you're going to ask people to do things, now and again you've got to do it yourself."

The morphsuits have been semi-retired now but they are one of many strategic moves from a man who says strategy is his game.

"I love strategy. I like the fact that you can look at a big picture, connect all the dots, and then look for the opportunities within those."

Unsurprisingly, it was strategy that sparked Tony's interest in governance. With a bit of experience under his belt and looking to grow his skillset, he joined the Institute of Directors in 2010.

"Initially, it was just that improvement in myself and the board I was on. But once you start lifting up a level, it really gets engaging and I got a bit hooked."

He's now a Chartered Member, having made the transition last year.

"I want to be as good as I can be, so Chartered was a no-brainer for me."

Also a Chartered Accountant, Tony's path to the boardroom began at construction firm Calder Stewart, where a promotion to Chief Operating Officer saw him working with the board at an executive level.

He soon joined the board of subsidiary St Clair Beach Resort Ltd, as well as Southern Team Co, the not-for-profit overseeing the Southern Steel netball team.

Night 'n Day Foodstores came knocking in 2011, after a phase of growth so rapid that it catapulted the firm into the Deloitte Fast 50. Tony says a strategic plan has been key to managing the firm's growth as well as its risk.

"I think you've got to have a bigger picture in mind – you've got to say, 'Five/ten years out from now, what's our business going to look like?' and come back and say, 'OK, what do I need to do now to make sure when I get there, I've adjusted along the way and I'm ready to move?'"

Tony was named Otago Southland Aspiring Director in 2012, and says the mentoring that came with the win was invaluable.

"I had made a start in governance and I knew what I liked, but I've got a full-time job, I'm relatively young, and there are a lot of people more experienced, so I wasn't entirely sure how to go further. The mentoring was the part I needed and benefited from."

He's on the boards of Dunedin City Council-controlled organisation City Forests, the Otago Southland Employers' Association, and a small family business.

He's also on the Dunedin Airport board under the Future Directors programme and says it's taught him how to communicate effectively in the boardroom, and to keep his eye on the bigger picture.



Tony Allison

***"I want to be as good as I can be, so Chartered was a no-brainer for me."***

"My mentor from the Aspiring Director Award is the chair, so I talk to him about what I need to do, and then I go to the meetings and contribute.

"I can be quite detailed, so it's coming back to the high level and making sure you're concentrating on what's coming forward and the risks that we need to be addressing."

Spare time is hard to come by, but Tony manages to juggle his CEO role and directorships with time with family – he has three young daughters. He's a regular fixture at branch events in Dunedin, but also makes time for mountain biking, supporting the Highlanders, and a punishing gym schedule.

# Continuing Professional Development (CPD)

Login and go to My dashboard to view your member details and CPD dashboard.

All Members, Chartered Members and Chartered Fellows are required to complete CPD. The last of our members to be underway with CPD will begin in September.

## SO WHAT COUNTS FOR CPD?

IoD professional development courses, branch events and other formal activity is automatically recorded on your online dashboard. For informal activities such as reading *boardroom*, and activities outlined in the table below, members will need to self-assess and record CPD.

### POINTS ALLOCATION FOR INSTITUTE OF DIRECTORS ACTIVITY

| Formal activity<br>(Automatically recorded)   | Points                  | Informal activity<br>(Self-assessed and self-recorded)  | Points  |
|---|-------------------------|---|---|
| Essentials series – Governance Essentials, Strategy Essentials, Finance Essentials, Not-for-Profit Governance Essentials, Rural Governance Essentials | 8<br><i>each course</i> | Writing and delivery of a governance-related presentation   | Up to a max<br>10<br><i>each year</i>   |
| Risk Essentials, Public Company Directorship  | 12                      | Publication of a governance-related article   | Up to a max<br>10<br><i>each year</i>   |
| Governance Development Programme  | 14                      | Professional governance reading – journals, publications, online materials, <i>boardroom</i> magazine | Up to a max<br>10<br><i>each year</i>   |
| Online modules  | 5                       | IoD development activity – e.g. Mentoring for Diversity   | Up to a max<br>15<br><i>each year</i><br><i>5 points per formal meeting with mentee</i> |
| Company Directors' Course<br><i>Amortised over 2 years</i>  | 40                      | Representation on IoD professional committee  | Up to a max<br>15<br><i>each year</i><br><i>5 points per meeting</i>                    |
| CDC Refresher   | 16                      | BetterBoards – formal board appraisal and self-review   | 5   |
| Audit and Risk Committees, Leading in a Digital Era   | 8                       | Follow-up facilitated session   | 5   |
| Boards in Action<br><i>Per half-day session</i>   | 5                       | Directors' Fees Survey participation  | 2<br><br>Up to a max  |
| Chairing the Board  | 16                      | If participating in other governance-related surveys  | 4<br><i>each year</i>   |
| IoD Leadership Conference<br><i>for 1.5 days</i>  | 12                      |   |   |
| Chartered Member Assessment<br><i>both parts</i>  | 10                      |   |   |
| Branch events<br><i>Notified when promoted</i>  | 2-4                     |   |   |

#### PROFESSIONAL DEVELOPMENT WITH OTHER PROVIDERS

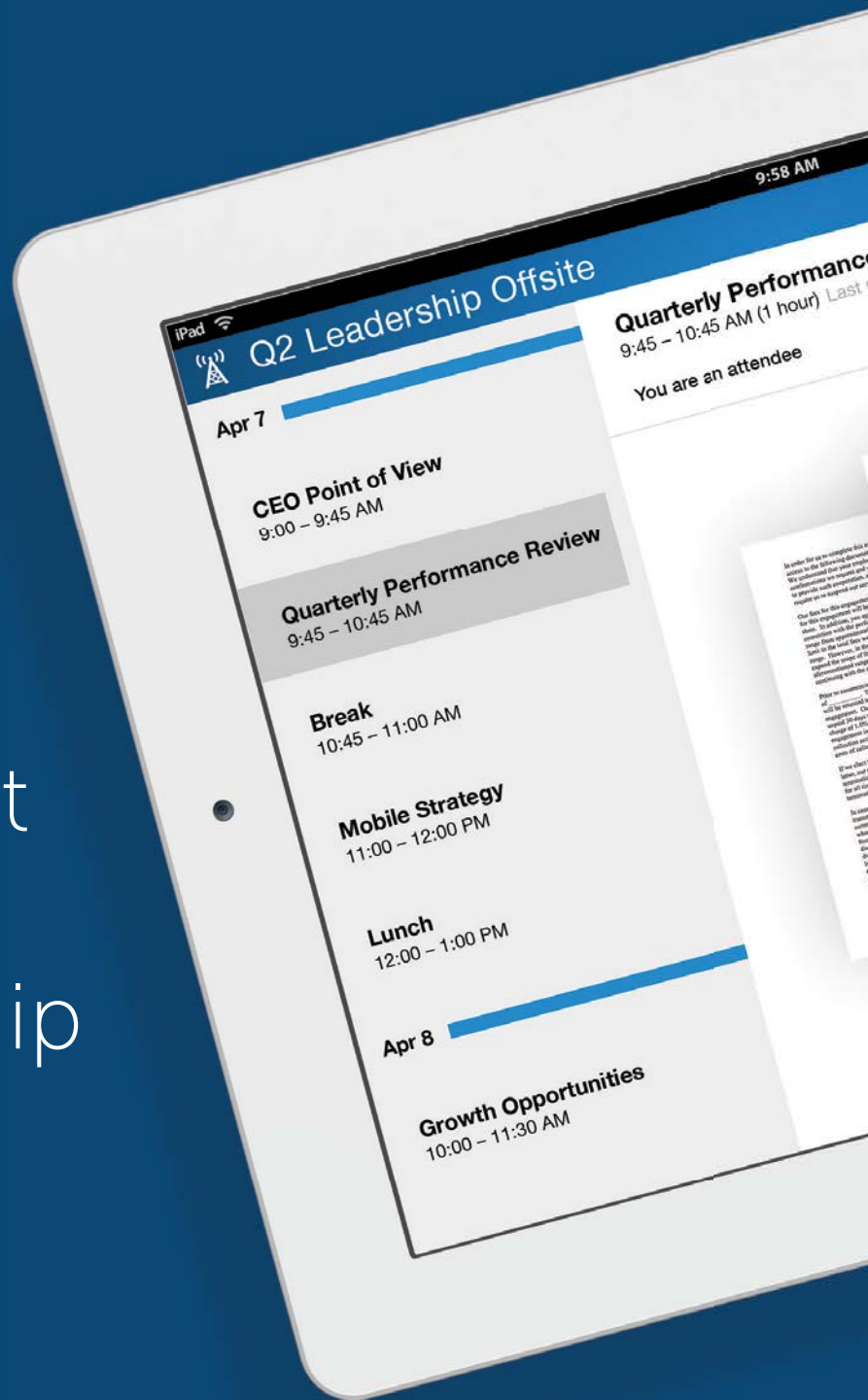
Professional development with other providers also counts, providing it relates to improving your governance performance. CPD activity undertaken with other providers attracts the same number of points as similar activities offered by the IoD. Please refer to our guide to allocating points to third parties on our website: [www.iod.org.nz/cpd](http://www.iod.org.nz/cpd)

#### WHAT IF I AM ALREADY COMPLETING CPD OR TRAINING AS PART OF ANOTHER PROFESSION?

From an IoD perspective, if the activity relates to improving your governance performance, it can count towards your IoD CPD.

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