

Magazine of the Institute of Directors in New Zealand

boardroom

AUG/SEP 2017



THE RISE OF ARTIFICIAL INTELLIGENCE

ELECTION SPECIAL

**BUILDING GREAT
ORGANISATIONS
STARTS AT THE TOP**

Building a governance
pipeline

Slavery; a
modern problem?

Building blocks for
innovation

Gender pay gap is closing

What's your value add?

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Inside this edition

As we pass the year's halfway mark, and our annual general meeting, BoardRoom is pleased to feature Liz Coutts our new President, and share more about our Chief Executive Kirsten Patterson, with a profile on each.

Our cover story is thanks to a former New Zealand journalist who is now based in Japan, who shares the rapid rise of artificial intelligence and its implications already seen over there. She looks at what's happening in New Zealand and what directors need to be thinking about.

This issue also has a strong focus on diversity, with an introduction to the 24 new mentees of the Mentoring for Diversity programme and talks to four leading directors on why their boards have a Future Director.

We also put three questions to this year's political parties. Check out who responded and what they want to say to you.



8 Building great organisations starts at the top

- 8** Building great organisations starts at the top
- 10** Walking the talk
- 12** The rise of Artificial Intelligence
- 18** Building a governance pipeline
- 22** Slavery; a modern problem?
- 24** The building blocks for innovation
- 28** Cyber resiliency for today and tomorrow
- 30** What's your value add?
- 32** A glimpse into the mind of your CEO: KPMG New Zealand survey
- 34** Gender pay gap closing: IoD Directors' Fees Report
- 36** Election special
- 41** GLC Update
- 42** Taking the plunge into formal governance

INSIDE IoD

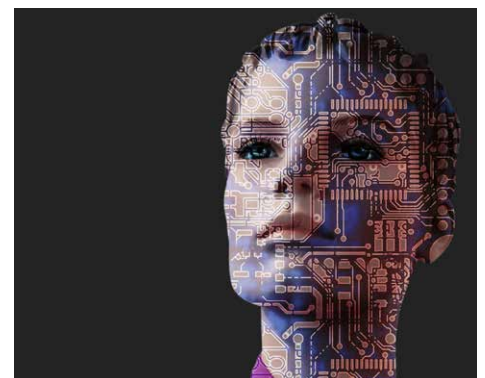
- 5** CEO Report
- 6** Upfront
- 44** Out & about
- 46** Events Diary

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10 Walking the talk

For the benefit of New Zealand



12 The rise of AI

Is AI on your agenda?

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

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

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CEO REPORT

As directors we play a significant role



Tēnā koutou

Despite our position as a small island nation down at the bottom of the world, New Zealanders are well known as a nation of travellers. For generations, much of our economic prosperity has come from sharing New Zealand with the world.

You will be aware that that the Business Growth Agenda (BGA) is to increase exports from 30% to 40% of GDP by 2025. To quote the NZTE purpose: “to grow companies internationally – bigger, better, faster – for the benefit of New Zealand.”

Soon all members will receive a new 2017 edition of our cornerstone publication, *The Four Pillars of Governance Best Practice*. The first significant update since 2014, new sections on purpose, sustainability, and human rights in business, are a reflection of the areas where the directors of today are needing to exercise choices and leadership every day.

New Zealand has an extremely attractive economic and business environment, and yet we cannot afford to get complacent or too comfortable here at home. Whether established listed companies, or a new SME taking steps to implement it's first board to start exploring the export market, there is much that good governance can do to assist “New Zealand Inc.” grow in off-shore markets.

As directors we play a significant role in ensuring New Zealand's reputation is maintained while offshore. We also must take responsibility to help build trust in our economic systems. Whether it is ensuring transparency and fair value in our remuneration systems locally, or whether it is ensuring transparency and fairness in our supply chain overseas, good governance, ethics, and integrity make the difference. While exciting from an innovation perspective, the rise of Artificial Intelligence (AI) is only going to increase the ethical debates at the boardroom table – how do we calculate and value the choices ahead?

Given this edition of BoardRoom coincides with election season, we asked all registered political parties how they would address the 3Is – Innovation, Infrastructure, and Inequality. Innovation and infrastructure are essential to achieving the BGA, for it to achieve its purpose of this growth being for the benefit of all New Zealand. We also need to ensure we all have an opportunity to share in the resulting prosperity. Nā tō rourou, nā taku rourou ka ora ai te iwi - With your food basket and my food basket the people will thrive.

Ngā mihi
Kirsten (KP)

IOD BY NUMBERS

2436

members of the IoD
are women (28.9%)

8428

IoD members

894

Chartered Members
of the IoD

275

Chartered Fellows
of the IoD

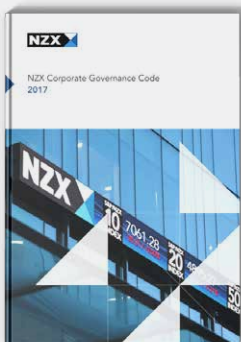
Upfront

SAVE THE DATE

10-11 April 2018

At SKYCITY Auckland

Direct 2018
IoD Leadership Conference



NZX Corporate Governance Code 2017

Consistent and open reporting on director remuneration helps build trust and confidence in corporate governance. We are pleased that the updated NZX Corporate Governance Code 2017 provides that director remuneration should be clearly disclosed and this should include a breakdown of remuneration for committee roles and for fees and benefits for any other services. The IoD has developed a Guide to Disclosing Director Remuneration in Annual Reports to support transparent and consistent disclosure. This can be used by boards of all types of entities.

APPOINTMENTS

The IoD congratulates the following members on these board appointments:

Chartered Fellow Ian Fitzgerald has been appointed chair of Public Trust Board from September

Dr Sally Davenport has been appointed as Commissioner of the Productivity Commission

Chartered Fellow Margaret Devlin and Chartered Member Brenden Hall have been appointed to the Aurora board

Teresa Ciprian has been appointed onto the Food Safety board

Chartered Fellow Nigel Gould has been appointed chair of the Tertiary Education Commission

Caren Rangi has been reappointed on the Charities Registration board

Chartered Member Roger Wallis is on the Takeovers Panel until 2018

Dr Paul Hutchison has been appointed to the Medical Council of New Zealand board

Chartered Member Carolyn Steele has been appointed to the board of Green Cross Health

Jack Matthews joins the board of Chorus.

Philip Ling joins the board of Stride Property

Chartered Member Des Brennan has been appointed to the board of Basketball New Zealand

Anna Campbell joins the board of FAB Group

Landcare Research has appointed Ngarimu Blair and Hon. Kate Wilkinson to its board

Dame Therese Walsh has been appointed to the New Zealand Antarctic Institute board



2017 edition of Four Pillars

Shortly members will receive their own copy in the mail. The updated version reflects legal and governance developments with a new section on purpose, sustainability, state sector governance, internal audit, human rights in business and directors' duties.

Distinguished Fellow Awarded:

John Palmer ONZ, DistFInstD



John Palmer ONZM has been made a Distinguished Fellow of Institute of Directors in New Zealand.

The Distinguished Fellow Award is the IoD's highest accolade. Distinguished Fellow Awards are awarded annually to members who have sustained a prominent and distinguished career as a director; or who have given outstanding participation and

services to the IoD or eminent or special contributions to the community or business.

John's career as a director has been highlighted by his tenure saving iconic New Zealand companies including as Chairman of The New Zealand Kiwifruit Marketing Board, where he was instrumental in keeping the kiwifruit industry from collapse, and setting the stage for its revival with the formation of Zespri, and as Chairman of Air New Zealand after the bailout of the company by the New Zealand Government.

John was also Chairman of Wrightson's, Solid Energy, the Foundation Chair of Horticultural Research, which today is part of Plant & Food CRI, and later AMP in Australia. His directorships encompass a range of entities from SME's, to large corporates, including Crown Owned Companies, and NZX listed companies. John's reputation as a strategic thinker on boards has seen him appointed as a

director of other entities such as Trust Bank Canterbury, Trustbank New Zealand, and Rabobank New Zealand. He has also been a mentor for both IoD's Mentoring for Diversity programme, and Nelson Marlborough branch Aspiring Director award winners. John has also given significant time as a professional presenter to high level courses and been a regular attendee at various senior director courses and local branch events, while his contributions to business include as a regular participant to government forums, annual Trans-Tasman forums, and many other initiatives to further New Zealand trade credentials. John's reputation as a skilled director is well recognised by his peers.

John will be presented his certificate later this year. Congratulations John.

FIRST AMONG EQUALS

Amongst all the candidates one is right for the position. Finding that perfect leader for your business is what we do. It's the best who get the shoulder tap.

H
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A woman with short blonde hair, wearing a black blazer and skirt, stands in a room. She is leaning against a white fireplace mantel. On the mantel, there is a gold candlestick with a white candle. To the left, there is a wooden side table with a glass display case. Above the fireplace, there is a framed painting of a landscape. The room has light-colored walls and a patterned rug.

Building great organisations starts at the top

The IoD's first woman president is keenly aware of the wider role directors have to play in building successful organisations for the future. Liz Coutts is an accomplished businesswoman, an IoD Chartered Fellow, and was made an Officer of the New Zealand Order of Merit for services to governance in the 2016 Queens Birthday honours.

IoD President Liz Coutts ONZM, CFIInstD

"I champion the organisations I am involved with"

Extensive board experience includes her current roles as Chair of Oceania Healthcare Ltd, Ports of Auckland Ltd and Skellerup Holdings Ltd. She has directorships on EBOS Group Ltd, Yellow Pages Group, Sanford Ltd and Tennis Auckland, and is a member of the Marsh New Zealand Advisory Board.

Adding president of the IoD is more than a feather to the cap; Coutts says taking the role is a privilege.

First and foremost Coutts' goal while president is to continue the IoD's vision to be the world class professional body at the heart of New Zealand's governance network. But sitting alongside that is adapting to the challenges that emerging developments will present to the business community.

"There is a lot of uncertainty in the world. That makes our jobs that much more difficult. We would love to have certainty but we live in this very uncertain world, and that's what we have to navigate.

"That takes a lot of judgement, predicting the future is hard but we're expected to do that."

Anticipating how sustainability will shape the future is on Coutts' radar. The environments, the digital world and the emergence of robotics will all challenge the way we do business.

The changes these developments represent means that a diverse workplace is needed, Coutts says, so directors need to obtain a better picture of the way their organisations operate at a people level.

"If I put all this together, what does it mean? It means that boards need to really understand their organisations' culture. We've got to be insightful and obtain a clearer picture of organisational culture and help CEOs in leading that."

Coutts pays a lot of attention to what is happening globally, considering the repercussions for the governance community in New Zealand. The importance of culture is evident when looking at stories about companies such as Uber and United Airlines.

"I've been giving that a lot of thought," Coutts says.

Coutts refers to advice from Warren Buffett- 'culture, more than rule books, determines how an organisation works.' It is with this in mind that Coutts hopes the governance community can build greater recognition of how they shape the culture of their organisations.

"It all comes back to the culture of the company. Organisations will do well if they've got a high energy and healthy culture, and this is what we have to champion."

Understanding how people tick is something Coutts has worked on throughout her career, noting the importance of getting in front of people and networking.

"You have to put time into this area early in your career. It's about more than doing the work; looking back on her early career Coutts says she often buried herself in paperwork, not realising the importance of networking.

"I should have been out there talking and listening. You have to just listen and talk to people," Coutts says.

Asked about passions outside of work, Coutts says the work she takes on become passions. "I champion the organisations I am involved in."

The role with Tennis Auckland for example is not only about hosting great international events in the city, but the flow on effects to the grassroots of the game. Coutts thinks it is incredibly important to maintain the profile of tennis as an accessible sport.

"We have a saying - "a child in sport, stays out of court" - if you can keep people busy they stay out of mischief.

"I feel very passionate about getting people out there and getting them involved. I'm fortunate to have been able to hit a ball around when I was young and then throughout life. I'm passionate about making sure things like fundraising happen and unless people get involved, it won't happen."

That sense of responsibility for making things happen is noticeable in other areas of Coutts' work. Taking responsibility is something that directors must be prepared to do, as part of securing New Zealand's reputation internationally and building strong organisations for the future.

"It all comes back to the culture of the company. Organisations will do well if they've got a high energy and healthy culture, and this is what we have to champion. It's one of the elements of raising the bar. We take responsibility for that."

Coutts says it is about how organisations react at the best of times and also when things go wrong, as they inevitably do. That's where issues around the environment, planning for a workforce that might include more and more AI and robotic technology can have an impact - how does your organisation respond to these types of challenges, and how do directors take them into consideration? How our businesses act is part and parcel with how New Zealand is perceived, says Coutts.

"It could be by your tax policies, regulation and legislation but it's more than that in terms of making sure that New Zealand's reputation is intact, and that we see that we are ethical in the way we go about our operations."

Global political and economic volatility will remain a constant Coutts says, it is the backdrop directors must work with. And the IoD will continue to support the New Zealand governance community and encourage directors to gain strategic insight, innovate and look to the future.



Walking the talk

The IoD's new chief executive talks to the BoardRoom editor about starting out in law, what growing up as the daughter of funeral directors teaches you about people and what the IoD membership can do for New Zealand.

A copy of Being Digital by Nicholas Negroponte is sitting on the coffee table leading me to ask – reading for work or pleasure?

“It’s hard to separate work interests from personal interest, which is great about this type of role.”

Patterson’s interest in the IoD and the governance space began through her work with the Rugby Union, where as general manager corporate services, her role included reporting to the board and attending board meetings. In the role Patterson worked closely with now senior directors, Chris Moller and Dame Therese Walsh, regarding both as mentors.

An IoD member since 2012, Patterson holds board roles with NZ Rugby Foundation and chairs both Hutt City Community Facilities Trust, and the Wellington Homeless Women’s Trust. Immediately prior to accepting the chief executive role with the IoD, Patterson held top roles with Chartered Accountants Australia New Zealand, including having worked with the late Craig Norgate to navigate the organisation through a merger with their Australian counterparts.

Patterson has a people and member-focused outlook, and brings that focus to the role with IoD. “I’m a firm believer that the right role will come up at the right time, the right season. This is probably the right time for me with my particular skillset and what the organisation needs.

“I haven’t got the big 90 day plan already written. I didn’t want to come in with ‘here’s one I prepared earlier’. Actually the first thing I’m doing is listening; to the members, to the staff, to the stakeholders. My role is to create an environment where the specialists and the members can have those conversations about what’s important and how we can help.”

Patterson’s career began in quite a different place - studying law at Waikato University.

“I’m a hands-on, practical person and went to university wanting to come out qualified to do something. I didn’t really know what I wanted to do. I had thought I would become a funeral director because that is what both of my parents did.”

Patterson completed her funeral directing qualifications while at law school, meeting her husband at the same time.

What does a child learn, growing up with funeral directors as parents? Patterson considers the biggest learning was in being exposed to governance and business growth issues at a young age as the child of SME business owners, and the truly 24/7 nature of the job.

“It was an interesting environment, exposed to people at their best and worst. You develop a sense of empathy and EQ that hopefully makes you a better leader in other aspects of your life. My husband still does it, he loves what he does and the contribution he can make.”

Patterson moved into employment law, because of the people side of the business, and took her first role with the Employers and Manufacturers Association Central (now part of Business Central).

“The IoD has a really impactful membership and it’s a wonderful organisation to be able to connect with business leaders and be involved in the conversation”

“As it is often where you begin your career that starts a fire or a passion in you, for me my first role out of university kick-started a passion for cooperatives and membership bodies and that has been a pattern through my career.”

The step into management roles came quite early on. Patterson moved to a role with the bus company Stagecoach and worked with operations director Darryl Bellamy, who Patterson recognises as a key influencer in the path her career took.

“He took a really big risk with me. He put me into a national, senior management role. He saw potential in me and pushed me further than I thought I could go and really as a result kick-started my career.”

Patterson was a little older than her mid-twenties at the time.

“I was incredibly black and white when I started working with him and he helped me see shades of grey – particularly with people – and I learned so much about people and negotiation and shared value.”

Reflecting on where her career began and the decision not to follow the path to funeral direction, Patterson thinks about how we value work in society and the kind of contribution different types of work make to society, including that of parents in the workplace and the way we separate our home and work lives.

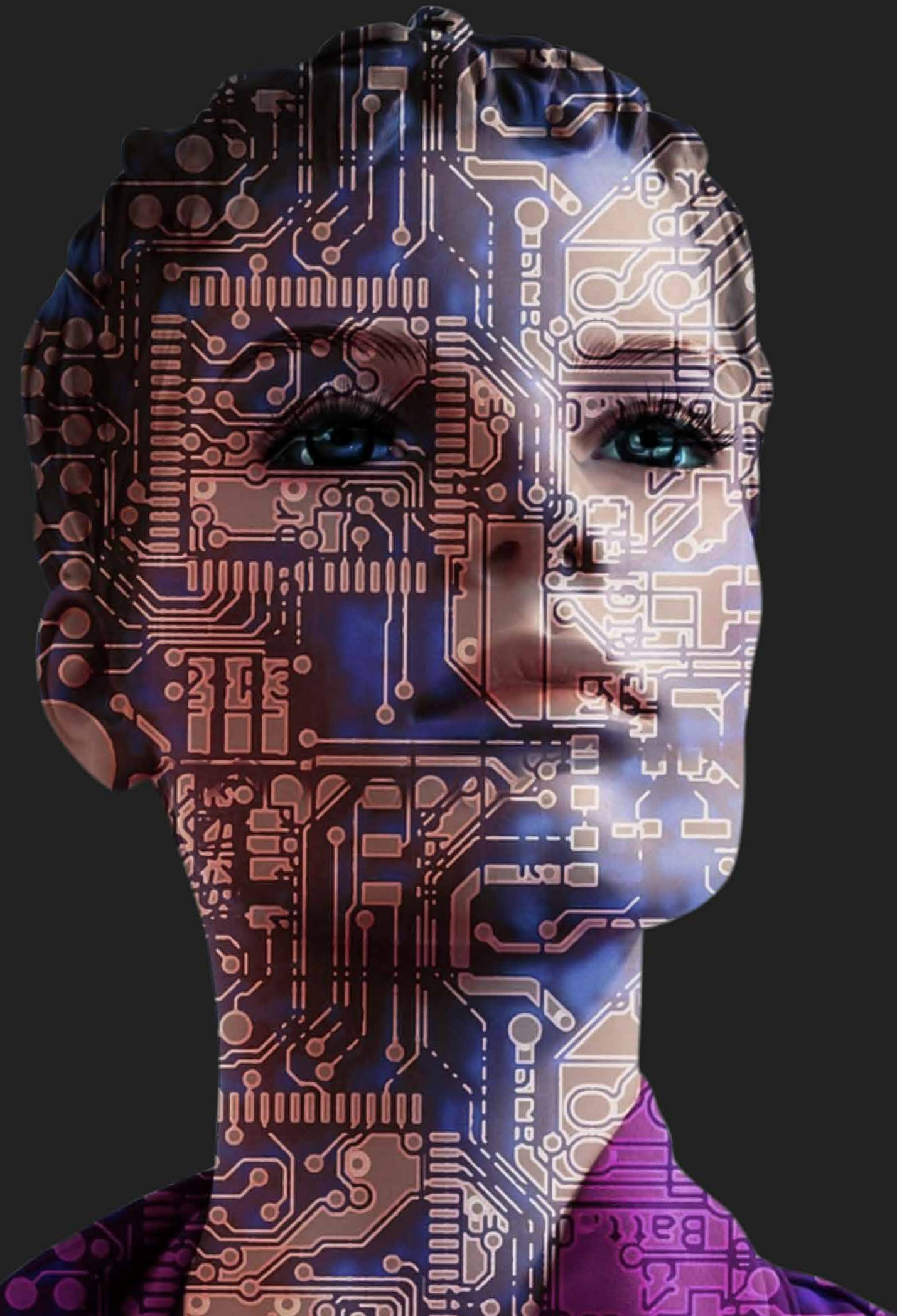
“I’m incredibly proud to be a mum – Meredith is 11 and Griffin is 8. One of the things I consciously do is talk about being a parent as part of who I am in a work context. I think we used to hide that away. This modern workforce wants to bring their whole self to work and if we’re serious about leading the cultural change that employees are telling us they want then we need to live that. So I consciously, actively and visibly parent. It’s one of those things, it’s easy for people to say something or put it in a policy, but if people don’t see the leaders living that or using it then that doesn’t make it real.”

Those types of challenges and the actions that leaders need to take to ‘walk the talk’ on issues that matter in their workplaces is something Patterson believes that members of the IoD grapple with, especially knowing how the actions of leadership influence perceptions of business.

“There are some interesting challenges and I think we are seeing some push back in the shareholder community around how we value work in the corporate arena.

“The IoD has a really impactful membership and it’s a wonderful organisation to be able to connect with business leaders and be involved in the conversation. The IoD I think is really well positioned to help lead change and is at the forefront in terms of conversations, trends and issues directors are seeing worldwide. I think there’s a real challenge that some of our society has lost trust in public organisations and governments.

“Overseas pressure is going on director communities to deliver some of the social change that previously we used to look to our communities and government for. I’m really interested in how the New Zealand director community is responding to that challenge and getting involved in that conversation.”



The rise of AI

From virtual assistants to driverless cars, technology imitating human intelligence is on the rise. But at what ethical cost and how do boards future-proof their organisations in the face of rapid change? Tao Lin reports for BoardRoom from Japan.

Earlier this year, a Japanese insurance company made headlines for doing something that company executives and directors around the world have been anticipating - and fearing - for years.

Fukoku Mutual Life Insurance made 34 of its staff redundant and replaced them with artificial intelligence (AI) system IBM Watson. Japanese newspaper The Mainichi reported the company will be using Watson to determine payout amounts and check customer cases against their insurance contracts. Other Japanese insurance companies have announced they are looking at or are already using AI for similar purposes and The Japan Times reported in April that the country's Ministry of Economy, Trade and Industry was planning to trial AI to help government workers write draft answers for questions put to Cabinet ministers.

Evidently, the future of AI is already here and technology has been changing the world at a dramatic pace. Like other innovations before it though, AI brings with it challenges and questions around job automation, ethical issues and what business leaders and company directors can do now to better future-proof their organisations.

Robot nation

One nation famed for its technological prowess is Japan. Sony Walkmans, pocket calculators and Playstations were all Japanese inventions that had a huge impact on the world. But, the Japanese economy has been characterised by deflation for the past two decades and according to the World Economic Forum, the country's aging population means it will lose 600,000 people a year by 2020, with a significant portion being of working age. It is in this context that AI is being developed in Japan.

Makoto Shiono is an ethics committee member of The Japanese Society for Artificial Intelligence and says because Japan is suffering from an increasing labour shortage, it has to find a way to use AI to maintain economic growth.

Shiono says while the Japanese government and universities are currently trying to catch up to the likes of the United States in AI development, he believes the country will come to lead in part due to its expertise in robotics.

"[The] AI world is currently shifting to 'real' or 'physical' world, like robots. And Japanese companies have long been the number one in industrial robots," he says.

Japan has a long history with robots, with the first in Japan thought to have been built in 1928. Called Gakutensoku, which means "learning from the laws of nature", the original creation used rubber tubes and air pressure to open and close its eyes, smile, move its appendages, puff out its cheeks and write Chinese characters. Fast forward to the present day and there are robots that greet customers in stores and provide information at help desks. The robotics arm of Japanese telecommunications company SoftBank released its first humanoid robot, "Nao", in 2006 and "Pepper", a robot designed to read human emotions, in 2014.

One of Japan's biggest banks, Bank of Tokyo-Mitsubishi, started using Nao a few years ago as a robot bank teller and Pepper is used in SoftBank shops around Japan to attract and greet customers and keep them entertained in-store. Nestle Japan has also been using Pepper in its stores since 2014 to attract customers, encourage conversation and recommend the best coffee machines based on their preferences. In 2015 Osaka and Kyoto universities and the Advanced Telecommunications Research Institute International released "Erica", a humanoid that uses AI to listen to and respond to

human interaction. Also in 2015 a hotel opened near Nagasaki that was named by Guinness World Records as the first robot-staffed hotel in the world. Guests arriving at Henn na Hotel are greeted by a multilingual robot and a robotic arm helps them store their luggage. Last year, Japanese company Vinclu started taking preorders for a holographic virtual assistant for the home called Gatebox. Using projection and sensory technology, users can communicate with a virtual character inside a projection tube called Azuma Hikari. For 298,000 Japanese yen (NZ\$3800), users can get Azuma, who is meant to be 20 years old and likes donuts, to do things like wake them up, welcome them home from work, tell them the weather and turn on the television. This all works through wireless internet, bluetooth and infrared.

According to a statement provided by the company, the aim of Gatebox is to provide a character who is “always with you” in your daily life through technology. But it is not all futuristic robots and talking virtual assistants for Japan, one expert says.

William Sato is an entrepreneur and part of a number of IT taskforces for the Japanese government. He says due to Japan being the first country in history to be both a rapidly shrinking and aging nation, Japanese society will be reliant on AI and ancillary technologies like automated cars and robotics in the future. But, he says the country is quite far behind in AI and machine learning development due to a lack of software programming skills being taught in schools and a lack of the big data required to build AI. The government has only really just come onboard with the measures required for furthering AI in the country, Sato says. Could the world see the next big thing in AI come out of Japan, then? Sato thinks this is besides the point.

“It’s more advantageous for Japan to address its unique issues and focus on the value-added applications that take

advantage of AI, instead of trying to create the next greatest AI engine, which it probably can’t at this point,” he says.

What about New Zealand?

Chairman of the recently established Artificial Intelligence Forum of New Zealand Stuart Christie says AI development in New Zealand is still in its infancy and mostly focused around cost-reduction solutions. However, there are some innovations in improving customer service and quality of user experience, as well as good work leveraged off the back of the film industry, he says.

For example, Soul Machines is a Kiwi company that has developed an avatar as a customer service representative that can read a person’s natural expressions and address a customer’s concerns. Another company Booktrack has a large digital library of ambient sounds and music that is synchronised and overlaid onto digital books. AI allows Booktrack to reduce the cost of production and to serve parts of the market that were too expensive to serve before.

Christie says the real opportunities lie where big data is.

“That will be in all aspects of our economy, not only in the financial services industry and knowledge economy, but also in traditional businesses, like farming and horticulture and manufacturing,” Christie says.

University of Auckland computer science lecturer Paul Ralph says New Zealand has a great opportunity to become the “Silicon Islands” that replace the Silicon Valley of today. However, he says New Zealand needs to invest more money on the right things because countries like China, Singapore and South Korea are aggressively pursuing those Silicon Island goals.

“The 21st century will not look kindly on a dairy-centric economy. Investing 4% of



Holographic virtual assistant for the home Gatebox



AI Forum of NZ chairman Stuart Christie: “AI development in New Zealand is still in its infancy”



Entrepreneur William Sato says Japan needs to address its own unique issues

GDP in research will vastly improve the average New Zealander's quality of life," Ralph says.

AI confusion

While AI is very much present already - think of Apple's Siri, facial recognition technology, medical imaging and diagnosis - it is also still very much emerging, meaning even the definition of AI can be confusing. Christie says AI is the capability of a machine to imitate intelligent human behaviour, specifically computer systems that can perform tasks requiring human intelligence.

A subset of that is machine learning, where computers are given the ability to learn without being explicitly programmed. An example of this is Google Translate, where Google puts all translated text available into a machine and uses pattern recognition to translate a fresh piece of language based on what is already in the database. The computer learns to optimise the programme by repeating this pattern recognition with new data sets as they arise.

There are a number of other subsets including cognitive computing, which involves a computer system using data mining, pattern recognition and natural language processing to copy the way the human brain works. Sensory computing is another subset and is more commonly seen in technology like autonomous cars and walking robots, where the computer sensors the environment around it in real-time.

Auckland University of Technology artificial intelligence research centre director Albert Yeap says for him, AI is about figuring out how the mind works and then working out how to reproduce it on a computer.

"Throughout our lives, we perceive and accumulate and possess and develop a lot of information in our heads. But then we die and it's all gone.

"But if we can understand how the human mind works, we just programme it and we live forever."

Yeap, who has been working on AI for 40 years, believes his vision of reproducing the human mind on a computer will come true one day.

"Think back about 100 years ago. Do you think people thought a plane could fly in the sky?"

"Everything is possible. If it's not possible, then it's only because of our imagination."

No right answer

With the increasing sophistication of AI has come some ethical issues. One of the most discussed issues right now is the moral dilemma of a driverless car. Who lives and who dies if such a car were to head into a serious accident?

In an effort to understand and figure out some of these complex issues, the University of Otago announced a three-year project earlier this year with support from the Law Foundation, with the aim of looking into the possible implications of AI for law and public policy. University of

Otago associate professor of philosophy James Maclaurin is part of this project and says the machine in the driverless car scenario must have an ethical dimension to it in order to make such a decision.

"Think back about 100 years ago. Do you think people thought a plane could fly in the sky?"

But, it is not as simple as placing the onus of making the right decision - whatever that may be - entirely on the creators of the technology, which seems the most obvious option. There is a famous business ethics case involving car manufacturer Ford from the 1970s with its Pinto model, where the car failed national safety standards on rear-end impact. Testing showed the car was a serious fire hazard should it be rear-ended, even in low-speed situations. Rather than redesign the gas tank to make the car safer, Ford went ahead with the original design for the next six years because the company calculated it was more cost-beneficial than redesigning the gas tanks. As a result of this decision, the Pinto was responsible for a number of fire-related deaths, including those of three teenagers whose Pinto gas tank exploded after a van crashed into the back of the car.

Maclaurin says based on this example, it becomes problematic to place all liability on the creators of AI technology because there might be instances where a cost-benefit calculation is made and less effort is put into training the technology and ensuring it works well. Training a machine to make ethical and moral decisions is also tricky because it is not a straightforward equation.

"People roughly use theories... but we also use cognitive architecture, including our emotions, as part of making moral

decisions. We don't sit down and do calculations," Maclaurin says.

Researchers at the Massachusetts Institute of Technology released a report last year that showed respondents to a research survey generally preferred autonomous vehicles to minimise casualties, meaning they would prefer the car to choose to harm the least number of people, even if that meant hurting its passengers. But, they also found that people were less likely to use a car that was programmed this way. The researchers noted that there appeared to be no easy way right now to design an algorithm that could reconcile moral values and self-interest in the way evidenced by the research results.

Chapman Tripp partner Bruce McClintock says where factors like safety, human judgement and transparency are required, ethical issues can be profound. He says there are clear ethical challenges where AI is used as a recruitment screening tool, an aid to judges in sentencing, an aggregator of personal information or as an employee or citizen surveillance tool.

About five years ago the Chicago Police Department started using a computer-generated list that marked certain residents, who had not done anything wrong, as likely to be involved in a future crime. Police visited these people to tell them that officers would be keeping an eye on them, effectively pointing them out for crimes they have not committed.

In 2013 American man Eric Loomis was sentenced to six years' imprisonment after he was found driving a car that had been used in a shooting. His sentence was determined in part by AI software COMPAS that is meant to predict someone's risk of reoffending. The judge used the software to determine that Loomis was at a high risk to the community.

"Companies who implement or use such AI tools for screening may need to ask: what sort of cognitive biases are built into the

tool and how can we reassure people the tool is accurate?" McClintock says.

Ralph says insurance companies are starting to use AI and genetic data to predict diseases and mortality, which effectively discriminates people who are prone to certain diseases.

"Ever seen the movie Gattaca? This is how it starts," he says.

In Gattaca, the protagonist lives in a world that is ruled by eugenics, where babies are conceived using genetic engineering and genetic discrimination dictates people's futures. Facebook uses AI to decide which stories are shared widely, but Ralph says the tech and media giant fails to identify and stop propaganda, which undermines democracy.

"You can hear a pin drop when you talk about what jobs are going to be around in 10 years' time"

"I don't think people appreciate how incredibly dangerous that is. Russia allegedly meddling in the American elections is just the beginning."

The fourth industrial revolution

As someone who works in a university, Maclaurin deals with young people all the time and he says one of the topics that always gets their attention is the future of work.

"You can hear a pin drop when you talk about what jobs are going to be around in 10 years' time," he says.

The effect of AI on jobs has been a constant source of speculation, fear and debate in recent years, although there have not yet



University of Auckland Computer Science Lecturer Paul Ralph says we have great opportunities

been widespread lay-offs in the fashion of Japan's Fukoku Mutual Life Insurance. A widely cited 2013 study, "The Future of Employment: How susceptible are jobs to computerisation?", showed jobs in transportation, logistics and office/administration support were at high risk of automation. The study found most management, business and finance jobs and roles that required social intelligence were largely low risk, as were jobs in education, healthcare, engineering, science, the arts and media.

A 2016 study by Chartered Accountants Australia and New Zealand found 46% of New Zealand jobs were at risk of automation over the next 20 years, with about 12 per cent of professional roles at risk.

A report from earlier this year by McKinsey Global Institute found that almost all occupations had the potential



University of Otago Associate Professor of Philosophy James Maclaurin says AI needs an ethical dimension

to be partially automated, but that automation would take years to eventuate fully. Researchers estimated that half of today's work could be automated by 2055, but that could happen 20 years earlier or later depending on a number of factors including development of technology, cost of technology, performance benefits and social and regulatory acceptance. The institute also found that people will need to keep working alongside machines in order to keep up growth and it expects business processes and workers to change. This idea is not entirely foreign considering the magnitude of change the developed world went through when it shifted away from agriculture and towards industry.

Sometimes called the "Fourth Industrial Revolution", the digital revolution will, like the previous industrial revolution, have both good and bad effects.

Maclaurin says just like in the past, we might like what technology gives us if we go forward enough into the future. In the short term, it could mean a lot of social dislocation.

"There certainly will be a big change in the marketplace and one that's going to require a lot of negotiation between countries and businesses and governments about how we cope," Maclaurin says.

Towards the future

As for what company directors can do now to better future-proof their organisations, there is no one answer. McClintock says diversity of thought and perspectives on boards will increasingly be a competitive advantage for companies.

With plummeting costs of usable AI, directors should be encouraging experimentation and ensure that they and senior leadership teams are learning about new technologies, he says.

The World Economic Forum's The Future of Jobs report indicated that an immediate focus for organisations should be on creating and supporting diverse workforces. It states that businesses will need to put talent development and future workforce strategy first and foremost in their quest for growth. Organisations cannot be "passive consumers of ready-made human capital".

Support for innovation in businesses is important and Christie says the three important elements that need addressing in this respect are investment, company culture and governance support. Instead of putting innovation on the backburner, it needs to be a priority.

"Have that big goal," he says.

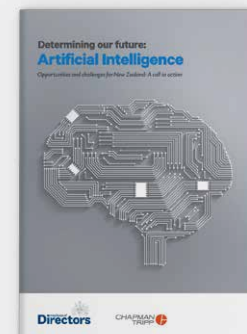
Ralph says companies need to invest in research and development (R&D) and overcome the short-sightedness that sometimes plagues corporations.

"R&D is unpopular in the short term because it takes time to produce results," he says.

Partner with universities, get the smartest people you can find working on the company's long term problems, he says. For smaller companies, Ralph says it costs nothing to do joint research with universities. Call departments and ask if anyone is interested in specific AI topics and talk to them. There are also joint grants available from the Ministry of Business, Innovation and Employment and elsewhere.

"One thing I love about New Zealand is the pervasive attitude that we're all in this together. That collaborative mentality gives us an edge over many other countries."

Tao Lin is a Kiwi journalist based in Japan.



FURTHER READING:

Last year the IoD with Chapman Tripp developed a call to action paper highlighting the opportunities and challenges AI presents.

To read this visit:
<https://www.iod.org.nz/Governance-Resources/Publications/Artificial-Intelligence>

Building a governance pipeline

Founded by Michael Stiassny, Des Hunt and Sir Stephen Tindall, the Future Directors programme has been running for five years now. BoardRoom spoke to four chairs who are involved with the programme about the governance pipeline in New Zealand and why bringing on a future director is a powerful step to take when walking the talk on diversity in boardrooms.

“It started out with helping people to be seen and get experience,” Michael Stiassny says, “but I think the biggest benefit is that it allows current directors to understand and have contributions from a different cohort. The ones that I have worked with, I learned more from them than I think I’ve taught them which is great. They’ve given me insights into things that I otherwise might not have been over.”

New Zealand’s board diversity statistics still leave much to be desired – despite an increased focus on diversity at board level the shift is taking time. IoD research showed **74%** of the top 123 NZX companies have less than 30% of women directors on their boards, with **39** having no women at all.

Future Directors aims to give young talented people the opportunity to observe and participate on a company board for a year while giving the company exposure to this talent and the benefits a young mind can bring.

The Future Directors programme began in 2012, since then 18 private sector companies and four public sector boards have taken

on 31 future directors. The benefits of the programme are two-fold, both for those gaining placements and the boards taking them on, however with only one future director per board there are many more future directors looking for opportunities and more boards needed as hosts.

“I think it’s fair to say every one of the founders would be frustrated at how slow we have been in getting take up,” Stiassny says.

“But Rome wasn’t built in a day. The best, kindest and most positive thing is that we know those who have had a future director seem to continually want to do it again and have enjoyed exactly what we thought they would.”

Speaking to top board chairs Joan Withers, James Miller and Sir Henry van der Heyden, all are in agreement that the Future Directors programme is one that has much to offer boards in New Zealand.

Joan Withers is currently chair of Mercury and the Warehouse Group, and served as chair and a director of Auckland

International Airport for more than ten years, stepping down from the role in late 2013. These three boards have hosted a total of eleven future directors – three by the Warehouse Group, two by Mercury and four by Auckland International Airport, including the very first future director - Sheridan Broadbent.

A firm believer in the mutual benefits of having a future director on the board, Withers was an early supporter of the programme, working closely with founders Sir Stephen Tindall, Michael Stiassny and Des Hunt to place Sheridan on the board in 2012.

“It makes enormous sense; we’re all looking to find out how to improve diversity or gender and age,” Withers says.

Van der Heyden agrees, noting that large boards have a responsibility to help improve the governance pipeline in New Zealand.

“Auckland Airport is one of the largest listed companies in New Zealand. We recognise that having strong governance is incredibly



Michael Stiassny CFInstD says there is immense talent out there.



NZX Chairman James Miller CMInstD says actions are concrete.



Mercury and The Warehouse Chairman Joan Withers CFInstD says it makes enormous sense.



Sir Henry van der Heyden CFInstD says boards have a responsibility.

important to the success of entities, so that's our starting point. The second is developing future directors to actually achieve that outcome. Further you are seeing more that there's a lot of literature to support diversity leading to better decision making.

"I think it's the duty of the board to develop future directors for companies in New Zealand."

"I think it's the duty of the board to develop future directors for companies in New Zealand. It's one of those things, you can send people on courses but nothing beats experience at the end of the day. It's a safe environment for someone to learn and develop but also to contribute too."

2017 marks the first year of NZX's involvement in the programme, and chair James Miller says their involvement is about stepping up and showing leadership to support diversity of the governance pipeline.

"From an NZX perspective, given who we are, we felt it was important that we were supportive of this initiative – words are easy, it's about action. Actions are concrete."

Every director starts somewhere and Withers says a board role is something you often learn on the job.

"I remember my first role and you sort of have to learn what's appropriate, what's not, how you approach things, what's the expectation around reading papers, what the expectation is of asking questions, challenging management – you learn on the job to a certain extent. I've done an MBA, been a CEO and been exposed to boards, I wasn't a rookie but it's still very different when you are sitting around the table."

The others agree, and see the Future Directors programme as an excellent stepping stone that means those directors who take part are in a position to hit the ground running when they take on their first board position.

Van der Heyden was just 33 when he took on his first board role – "I went straight from

dairy, which used to be called the cowshed, to a boardroom."

Miller too remembers his first role, where aside from the Company Directors' Course there was not a lot of support for a move into governance

"One day you're not there and the next you have full accountability."

Taking on your very first directorship is challenging, and Withers says it can be risky too depending on the type of organisation and the governance set up in place. While listed company boards are complex environments they are high-performing and should have solid governance structures in place, which Withers considers a good place for up and coming directors to learn about how things work.

"On the sorts of boards where the Future Directors roles are being offered they are surrounded by a high performing CEO, high performing CFO, and there are appropriate risk mitigations in place rather than potentially going into a small organisation where the governance protocols may not be

so strong. That would be the risk. Hopefully they are also sitting around the table with directors they can learn from.”

Placing a Future Director on the board is not a one-way street – the benefit to the boards who host Future Directors is evident to those involved. While Miller is chair of NZX, he also sits on the boards of Mercury and Auckland International Airport and has seen what a future director can bring to the board setting.

“I’ve seen how future directors at others boards could help the dynamic of the board, it’s not just a one-way street of providing a training ground for them. If you get the right future director they bring a dynamism that is new, and may well specialise in a subject area and there are new opportunities they could bring.”

Stiassny believes the programme offers experienced directors an opportunity to play their part in building the pipeline, but does the important job of bringing a voice with something new to say to the table.

“It creates a larger pool for directors on various companies to be visible to the director market who otherwise might not be. And, most importantly in my view, it allows current directors to appreciate what they probably don’t know because these people are providing insights into things that directors are missing out on,” Stiassny says.

New blood also changes the way the board operates, creating an environment where people stop to bring them into the conversation.

“That’s really critical. In the beginning you are going back and revisiting what you’ve done, thinking about why you did it and allowing those people to understand how you got to a certain point. It’s a period of reflection, there’s no harm in that. People are generous of nature, if there’s someone

new at the table you don’t just keep on marching, you bring them in.”

Withers says that bringing in a diverse voice reminds directors about the importance of challenging one another.

“Most boards in New Zealand I think are almost too polite to each other, that is the feedback we get from formal reviews on some of the boards I sit on, that we should constructively challenge each other as directors more. I think having someone come in from the outside and perhaps apply a little more pressure to the technical experts around the table is no bad thing.”

Host boards consider the skillset that would be most beneficial to the board when looking for future directors to appoint, to ensure that the future director is able to contribute to the board.

For Auckland Airport setting the selection criteria for the Future Director the board is looking to take on has evolved into an all of board discussion because the whole board recognises the value the new person can bring van der Heyden explains. Building criteria around what someone will be able to offer the board means their time with the board is that much more valuable for all parties.

“When you look at it through the eyes of a future director they get to be part of a board for 12 to 18 months, and they learn a lot but we actually look for some skillset they’ll bring to the board. I think the value is added when they contribute to the board themselves.

“They get treated the same as every other director. They’re there to learn, but contributing makes you feel really good.”

All chairs agree that talent isn’t the issue where the pool of future directors is concerned, and more boards should consider getting involved.

“The talent when you ask a consultant to come up with CVs, is just amazing, just phenomenally talented people who are interested in doing this. It’s not hard to get involved, once you have gone through the framework it lowers the barriers for entry for other companies to do it,” Miller argues.

“It’s always enjoyable having someone at the table from a different perspective, it makes you think even more. There’s nothing to be scared of and a lot to be gained.”

“There is some immense talent out there, it’s really satisfying to see the talent that is available in the New Zealand business market,” Stiassny says.

“It’s always enjoyable having someone at the table from a different perspective, it makes you think even more. There’s nothing to be scared of and a lot to be gained.”

“We’ve had a phenomenal longlist,” Withers adds; “and when you get down to a short list of three or four any one of those people would make an excellent contribution. It is enormously value enhancing.”

The message for other boards considering getting involved in the programme is simple enough, says Withers.

“Just do it. I can’t understand why any large New Zealand company would not do it.”

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\$lavery; a modern problem?

Human trafficking and slavery are not remnants of another time, as IoD Governance Leadership Centre Research Analyst Amanda Reid explains.

In 2015 the United Nations agency, the International Labour Organization, estimated that 21 million people globally were victims of forced labour, with annual profits of US\$150 billion. Entire communities are trapped in illegal physical coercion, threat of harm, restriction of movement, and debt bondage, as part of global supply chains, appearing in commodity production, low-skilled manufacturing, and subcontracted service sectors across developed and developing countries.

In an environment of closer public scrutiny of operational and supply chain practices, there is real reputational risk for businesses who do not apply adequate due diligence to worker exploitation and who do not develop an anti-modern slavery culture. Media interest in “brands behaving badly”, including consumer reactions on social media, can be extremely dangerous and companies need to manage these risk.

Stories of inhumane working conditions, the use of child labour, and bonded or forced labour, include:

- the 2013 Rana Plaza tragedy in Bangladesh, where more than 1,300 garment workers died in the building collapse
- allegations of trafficked and forced labour in Andaman and Irish sea prawn fishing fleets, with reports of labourers kept in cages, subject to regular beatings or deprived of sleep
- the endemic use of child labour in Indian mica mines

- and closer to home, New Zealand’s first human trafficking conviction in 2016 where several Fijian migrant workers were exploited and unpaid.

Bali Process

New Zealand is a member of the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime (Bali Process), a forum for governmental policy dialogue, information sharing and practical cooperation across 48 member countries. Regulation of migration and labour is a key focus as these are strongly connected to workplace exploitation vulnerability. Australian ministers have previously criticised the Bali Process for not including businesses in discussions, something that will be remedied in 24-25 August with the next meeting of the forum including international private sector representatives, such as Wal-Mart. Rob Fyfe, Icebreaker chairman, will represent New Zealand.

The Crimes Act 1961 was amended in 2015 to include domestic human trafficking. Convicted traffickers may be imprisoned for up to 20 years and/or fined up to NZ \$500,000. Under employment legislation, directors and officers who exploit migrants can be imprisoned for up to seven years and/or fined up to NZ \$100,000.

Targeting global supply chains

The United Kingdom’s Modern Slavery Act 2015 (the Act) is the world’s most far-reaching legislation in eliminating slavery and human trafficking in global supply chains. The Act introduces a number of requirements and measures to protect victims, including new criminal offences, powers of enforcement, and reporting obligations.

Section 54 of the Act applies to all businesses (companies, partnerships, or part of a group structure) supplying goods and/or services within the UK, regardless of where they are incorporated, and have an annual turnover of more than £36 million. This section of the Act, the “Transparency in Supply Chains” clause, is of particular interest for New Zealand businesses or subsidiaries which may operate in the UK, as the Act has wide extraterritorial implications, and gives the UK a broad international jurisdiction in much the same way as Section 7 of the UK Bribery Act 2010 (Failure of Commercial Organisations to Prevent Bribery).

Businesses subject to the Act are now required to engage in significant due diligence to find slavery and exploitation risks in their operations and supply chains, and to publish robust anti-slavery and human trafficking statements on the steps they have taken to eradicate modern slavery and trafficking. The statements must be prominent and accessible from

the homepage of the company's website, and updated annually. They must also be approved and signed by company boards, demanding buy-in and proactivity throughout the business.

The Act is deliberately intended to encourage business transparency and accountability, and to use consumer and investor pressure to drive change. It is expected that non-compliance with the legislation will have adverse consequences for company reputations.

Risk exists in any business where there are:

- complex supply chains
- low margin
- labour-intensive goods or services, or
- where levels of labour protection are low or non-existent.

Industry sectors with elevated risk of modern slavery include:

- **Garment and footwear:** antislavery.org reports that Uzbekistan, the world-leading exporter of cotton, is "one of the few countries in the world where the use of forced labour in the cotton industry is systematically organised by the state". Working conditions in South East Asia garment and footwear industry have also come under scrutiny.
- **Hospitality and tourism:** High staff turnover, seasonal work, the use of migrant workers, and low wages make this a vulnerable sector for exploitation.
- **Food processing and production:** High use of seasonal migrant workers and placement agencies also create higher levels of risk. In New Zealand, 1,600 growers, labour hire contractors and pack-houses will be audited on labour/human rights issues to comply with German food wholesaler and retailer requirements.

- **Minerals:** The US Department of Justice lists diamonds, granite and numerous other mined products from several African nations in its "list of goods and their source countries which it has reason to believe are produced by child labour or forced labour in violation of international standards". Progress on cleaning up the mica supply chain in India has been slow, with corruption and lack of local capacity marring the validity of supply chain traceability schemes.

One of the key provisions of the UK Act was establishing the role of Independent Anti-Slavery Commissioner. Kevin Hyland, the first person to occupy the role, has led a successful international effort to secure an explicit target in the United Nation's Sustainable Development Goals to take immediate and effective measures to eradicate modern slavery and human trafficking. The work of Commissioner Hyland affects businesses across the world, and his priority areas include international collaboration, and building private sector engagement and partnerships.

Across the Tasman – The Australian government is currently conducting a parliamentary inquiry into establishing legislation on modern slavery and supply chain transparency, considering a broad range of issues relating to the extent of modern slavery in domestic and global supply chains, and which UK legislation provisions have proven effective.

At home

The Ministry of Business, Innovation and Employment (MBIE) held a roundtable discussion in early June with Commissioner

Hyland. Roundtable participants represented a range of organisations and industry sectors such as Countdown, Foodstuffs, Z Energy, NZ Post, Horticulture NZ, Inshore Fisheries, NZ Wine, Kiwifruit Growers, Zespri, Air New Zealand, the Sustainable Business Network, Transparency International, Pipfruit New Zealand and the Institute of Directors.

Three of the roundtable participants, Z Energy, Air New Zealand and NZ Post, already require their suppliers to adhere to basic human and labour rights, and publish supplier Codes of Conduct on their websites. Air New Zealand is also affected by the UK Modern Slavery Act and has published a statement on their website accordingly.

The roundtable discussion was moderated by MBIE's international trafficking expert, Rebecca Miller, and supported by the Labour Inspectorate's Assurance and Sector Engagement team, who engage with industry sectors to improve compliance with labour legislation.

WHAT DOES THIS MEAN FOR DIRECTORS?

Directors have a key role in enabling trust and confidence in business. Slavery is a modern problem. Increasing transparency and scrutiny on human rights and supply chains means directors need to be engaged and informed to ensure they're part of the solution not the problem.

For more information:

www.antislaverycommissioner.co.uk/about-the-commissioner/the-commissioner/

Anyone with concerns about human trafficking or exploitation in New Zealand should contact Immigration New Zealand or the Labour Inspectorate on 0800 209 020.



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The building blocks for innovation

When you think about innovation what comes to mind? Adapting? Doing something differently? Dr Toby Heap of H2 Ventures simplifies it even more.

“Innovation is just change and change is not new.”

Perhaps the reason innovation has become overused can be partially explained by the rapid pace of change society is experiencing. The environment business operates within for example – online, digital, globally-connected, allowing anyone with an internet connection to find a way to compete with the big guns – is a vastly different environment to that in which many big businesses evolved. And it changes every day. Moore’s Law helps to explain why but there are some who predict that even Moore’s Law, which has arguably provided the blueprint for digital growth, will not last forever and a new theory will soon emerge.



H2 Ventures Toby Heap:
*“Remember everything
 was the future once”.*

Who can keep up? And how?

The companies that currently appear capable of keeping ahead of the curve are firmly embedded in the tech space – Google, Amazon, Facebook, Uber, Microsoft. Whether they remain ahead is yet to be seen. Take Kodak for example, once a highly trusted and powerful brand, but they missed the digital photography wave and fell away to obscurity.

“My view is that innovation comes down to one thing – long-termism. Too many of our organisations are set up to think only two, three years in advance,” Heaps says.

“Remember everything was the future once.”

Heap explains the future in stages, there is the now, anything ahead of now is ‘tech’ and ahead of that is leading edge science which isn’t commercially viable yet, after that exist ideas Heap labels ‘April Fools’ (“because a good joke needs to be almost believable”) and then sci-fi.

Risky business

It might seem ridiculous now to consider sci-fi type technology as a part of your business, but give it a few years and it might have become far-fetched ‘April Fool’s’ type technology, before moving to leading edge science, then ‘tech’. Soon you are competing against a business using technology that once seemed farfetched. How many business leaders and directors at the board table are thinking that way? How many people can see the potential and, more importantly, foster a culture that can actually provide your organisation the time, space and investment to grow new ideas?

“Directors and other business leaders need to practice thinking about what is coming,” Heap says.

It perhaps isn’t surprising that Wayne Gretzky’s hockey puck quote is referenced frequently by business leaders: “I skate to where the puck is going to be, not where

it has been.” The idea is simple enough; doing it is another matter.

Heap says the problem is that our brains are not wired to think exponentially.

“Linear curves and linear growth appears better in the initial years. That means that in a big organisation [deciding] between spending on this or that you are likely to go for the thing that looks to have good growth in the next few years. There is a trough of disillusion.”

As an example, UberX initially looked disappointing in comparison to Uber Black. If you were on the board in the early years of Uber X, Heap asks, would you have the insight to back it as an area of exponential growth? Or would you avoid taking that risk in case it doesn’t pay off? Does the idea sound too farfetched, or maybe you think it will only concern a small part of the market and therefore not present a risk to your business?

These are questions business leaders have been asking for years.

Clayton Christensen – of the Innovator’s Dilemma fame – theorises that a new service at the bottom of the market doesn’t need to be as good as the major player. The major player will see the new entry as taking the low-end and posing little threat to the profitable high-end. So they let the new entrant take the low-end. A pattern begins which eventually sees the market entrant competing directly with or overtaking the major player.

Profiling Christensen for The New Yorker, Larissa MacFarquhar writes “without the benefit of hindsight, how could you tell the difference between a bad product poised to take over the nation and just a bad product? You couldn’t invest in every dumb thing that came along – you’d go bankrupt. The sensible thing for big companies to do was to pursue the higher margins, or wait until a new product’s market became visible enough to be analysed and large enough to be interesting – but by then it was too late.”

Therein lays the risk with betting on new ideas. If you do it might not pay off, if you don't you might have shot yourself in the foot. Worst case scenario you weren't paying attention and didn't even see it coming.

"Companies who have not acted at the start can't jump on board once they see that something is exponential," Heap says,

"The underwhelming start of the curve means it is hard to take the exponential route rather than the linear one. Large organisations have momentum, which can be powerful, but startups are agile and will take risk – they have nothing to lose."

Seizing an opportunity

Heap and his brother founded H2 Ventures in 2014, to dive into a market Heap believed had big growth opportunity but hadn't been properly nurtured. The financial technology market – or Fintech – wasn't well resourced in Australia at the time. Heap says when they began talking more about Fintech "people thought we were talking about surfboards."

But they had tapped into something. H2 Ventures is an accelerator designed specifically for Fintech startups that aims to help overcome the barriers to entry into the market. The investment is paying off, with a 49.6% year on year return from the startups they have worked with. Heap says H2 Ventures gives more time and capital to the startups than other accelerators do, in recognition of the complexity and cost involved in getting off the ground in the finance industry. It was as much an excellent business opportunity as it was addressing a risk faced in the Australian financial market.

The prevalence of financial services in the ASX100 (the industry accounts for 40% of the index) should raise some alarm bells says Heap. Bluntly speaking he says, if the services do not disrupt themselves, they will be disrupted. And some of the startups he works with are well placed to be the disruptors.

Timing is the number one factor for investment performance in startups, Heap says, and just sometimes you are lucky enough to hit the sweet spot when technology and an idea converge.

Technology in the finance industry is not new, but the environment businesses operate in is different. Technology and changing attitudes towards sharing information means startups can compete with big financial players; selling their services direct to customers rather than going through the banks. The market is much larger - USD\$3 trillion plus rather than USD\$54 billion in the b2b space.

"In Australia this is really important. It is a huge opportunity and a huge risk because the finance industry is such a large part of our economy. We have a really strong financial services economy, and there is also a great export opportunity through Asia. We also have a very large superannuation industry, depending on the time we have the third or fourth largest private savings pool in the world."

Heap uses the example of mobile payment app Venmo to illustrate the services startups can offer that draw on changes in technology use and attitudes to sharing information. The app allows users to publically display where their money is going and for what purpose and has become popular enough that like Google, the company name has become a verb – 'I'll Venmo you the money'.

"In my household I was taught money isn't something you discuss openly. This generation has a different attitude to money and services," Heap says. Directors will already be aware of another change impacting business – trust.

The Edelman Trust Survey has been highlighted by many recently; the 2016 results show trends like trust in government dropping 6%, in board directors by 10% and CEOs by 12%. Heap also notes that 'trust in a person like you' has gone down three points, but the area he is particularly interested in hasn't been widely mentioned.

"There have been lots of newspaper examples saying 'what a disaster, no one trusts anyone anymore'. But there was a line in this report that didn't get as much attention: that six out of 10 people trust the results of a search engine more than a person.

"Technology is taking the place of people and the reason people trust technology is that we know technology will get it wrong sometimes but our assumption is that technology isn't biased, it isn't corrupt the way we fear people might be."

Heap argues this kind of finding impacts the way business functions. He considers brands in particular are affected by failing trust in business and the growing trust in technology. This allows innovative new businesses to pop up in the gaps that large organisations perhaps don't realise they left open.

How does the 90-year old Marriott hotel chain feel about Airbnb taking only four years to build a customer base of the same scale? What about the Uber model and the taxi industry? Heap calls this the Post-Trust economy and thinks banks, insurers and universities too are ripe for the picking as the entry barriers are lowered in what were previously seen as high-trust industries. In New Zealand forward-thinking individuals would tend to agree – earlier in the year, in conversation with BoardRoom, Sue Suckling and Victoria Crone both mentioned the work of Francis Valentine in shaking up the education sector.

Take a breath find space

"After I finished my PhD I took a year off and went camping around Australia. I bring this up because something that is very important for innovation is that you need to give yourself space."

Heap sits on the board of a number of not for profit organisations, and says he noticed how he could take something he had experienced in his role with a dance company and use it in his work with the

cancer foundation. Inspiration comes from unexpected places and takes time, space and exposure to different things.

Heaps says while there is no silver bullet to encourage innovation, there are some things not to do.

Creating an innovation-arm that effectively silos innovative practice into one area of the organisation will not have the desired impact. Innovation cannot be pushed onto the organisation from one corner of the business.

Who does your organisation empower to come up with new ideas? Heap argues that the people closest to the coal face see the flaws in the existing way of things and are most likely to come up with an innovative solution. Does your board enable management to empower and incentivise innovation on the coalface?

Collaboration with a startup is possible, says Heap, but you need to understand the difference in mind set.

Learn to fail is another piece of advice given by those in the business of doing things differently. Heap himself comes from a scientific background and values the lessons gained through his work at PhD level around what 'failed' experiments really are – as Edison is rumoured to have said, I didn't fail 10,000 times, I found 10,000 ways that didn't work.

Larger organisations lose this approach Heap says, developing a fear of failure that hinders their ambitions to try new approaches.

And New Zealand business leaders know this – a report by consultancy group Previously Unavailable spoke to 44 chief executives about the barriers to innovation.

The major challenges came down to four key areas – prioritisation, speed, culture and responsibility.

How can a large organisation really take the same approach to innovation as a startup? 'Innovators Dilemma' author Clayton Christensen proposed creating an offshoot of a business that runs separately from the parent company, but found in practice very few businesses had the ability to do so. Why? Because those 'in charge' had an inability to let go, so the offshoot didn't get to really do things differently.

Dr Toby Heap was a speaker at IoD's Leadership Conference in May 2017

When it comes to redefining your approach in a digital world, where do you start?

Kevin Fitzsimons of Element Digital Consulting offers a New Zealand perspective with his tips on how to make progress quickly.

Get used to working without the full picture

Things move fast in the digital world. While you need to work strategically, taking too long to develop a strategy risks it being out of date before you even start executing.

To paraphrase Amazon CEO Jeff Bezos, you need to learn to work with 70 percent of the information. Being wrong may be less costly than you think, he says, but being slow will definitely be expensive.

The key question is: "What is the minimum we need to know to move forward?" Not all businesses are comfortable taking this approach but the ones who make progress will ultimately be those who learn to live with a little uncertainty.

Get everyone paddling in the same direction

Research proves that successful digital initiatives depend on leadership from Board and senior management but they can also be a leap for middle management. A lot of initiatives die when middle management doesn't get on board.

If your internal culture is not geared to delivering good digital, the outputs are not going to be great. It may be that your first priority is to focus on getting your internal processes right – encouraging collaboration by establishing internal centres of digital excellence and cross-functional teams that work together on solving problems.

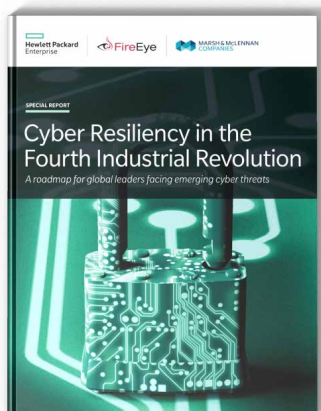
Listen to your customers

It barely needs saying, but remind yourself regularly anyway – digital is a customer-centric medium. Everything you do as a business needs to be done with a view to the customer's needs and expectations.

The biggest shift for businesses when it comes to communication is the change from a broadcast model to a conversation model. It is no longer acceptable to simply push messages out.

Above all – do something

A recent US survey indicated 83% of executives realise the need for digital transformation in their businesses but only 23% are actively doing something about it. The rules of evolution apply – adapt or die.



The cyber challenge – A perspective on, and tough questions, for global leaders facing emerging cyber threats.

Cyber Resiliency for Today and Tomorrow

As companies around the world deal with the impacts of a number of major cyber-attacks, this article from Marsh provides a reminder of what should be at the forefront of every board's cyber agenda.



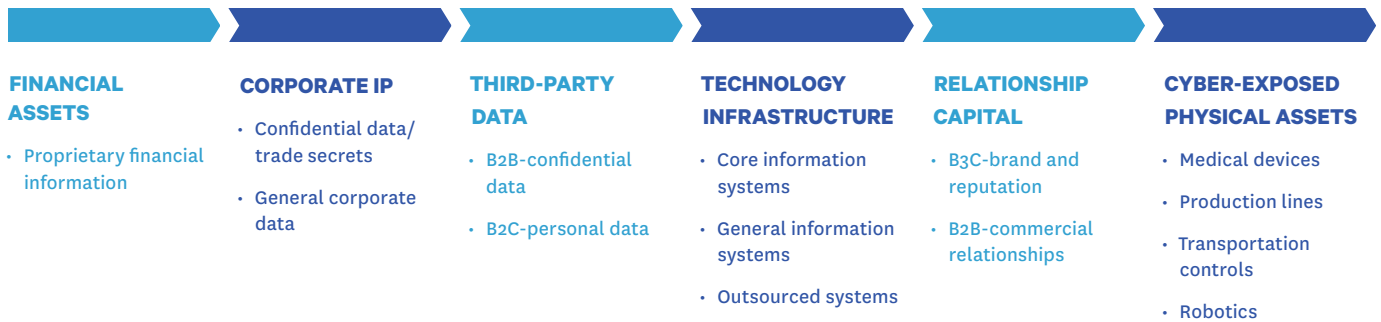
Marsh Head of Specialities Frédéric Boles: a combination of strategic advice and innovative solutions are needed to manage risk

Business today revolves around cyber-physical systems, the Internet of Things, and the Internet of Services. Our hyper-connectivity in this new digital world has been a boon for productivity— connecting and executing tasks with a speed that was previously inconceivable.

KEY POINTS FOR ALL BOARDS AND C-SUITES TO CONSIDER AS THE CYBER RESILIENCE CHALLENGE CONTINUES ARE:

- All organisations, no matter the size, are being faced with the realities of a cyber-attack, data compromise and the people, technology and process challenges faced as a result. Almost inevitably, an organisation's efforts to prevent attacks will eventually fail. Cyber resilience depends on an organisation's ability to respond to a significant breach and continue operating effectively.
- Global markets, customers, and investors are now more than ever challenging Boards on their strategic commitment to cyber defence and cyber threat reduction. The technologies and attack methods of the adversary are ever increasing in sophistication and speed to release, the success of many of which are increasingly targeted at social behaviours and human susceptibilities.
- Cyber risk and cyber threats can no longer be regarded as localised to cybercrime. As the extent of criminal networks, foreign government-sponsored hackers, and cyber terrorism increases, cybercrime has extended the perceptions of business, corporate and organisational susceptibilities to the resultant effects which can range from severe or total disruption of services, corruption or destruction of data, and corporate extortion (data for ransom). The tangible and intangible costs to successful attacks can be daunting, a corporate reality check and a true test of corporate cyber resilience management strategy and planning.
- Cybersecurity has traditionally been focused on keeping organisations "secure", but "vigilance" and a mind-set of continuous planning, monitoring and strategic accountability has tended to take a back seat. Organisations must shift from a strategy of "respond and recover" to one of "identify" and protect". Enhancing or establishing risk-prioritised controls to protect against known and emerging threats while complying with industry cyber standards and regulations will be imperative.

A potential inventory of assets



- Doing business within the current cyber threat landscape must force the incorporation of information security and cyber risk into the corporate risk framework. Cyber risk decisions must be integral to business risk appetite and business continuity/recovery strategies.

TO DEMONSTRATE EFFECTIVE CYBER RESILIENCE AND GOVERNANCE, THE BOARD AND C-SUITE SHOULD CONSIDER AND CHALLENGE THEMSELVES WITH THESE QUESTIONS:

- Do we demonstrate due diligence, ownership and management of cyber risk – Are we demonstrating leadership and implementing a cyber-governance framework?
- Do we know what we need to protect and can we identify our corporate asset footprint (tangible and intangible)? - What do you have that is most valuable to others? All data is not created equal. Yet, the traditional approach to cyber defence is to construct a perimeter and treat all assets in a similar fashion. This method can lead to inefficiencies and misalignment of resources.
- Have we classified our assets, data and information based on risk of loss? This is a fundamental control, without which

potential loss cannot be controlled and managed.

- Do we have defined and managed processes for gathering, acting upon, and continuously evaluating our cyber risk and cyber threat landscape? - This question centers on understanding the bad actors, and if a mature and disciplined cyber security threat programme based on internal analysis and effective use of available third party (corporate and government) intelligence is being promoted?
- Do we benchmark our cyber resilient strategy? - How does the Board and C- Suite benchmark themselves against other organisation within their industry vertical? If the Board or C-Suite are not spearheading the challenge, who is?
- Has an appropriate cyber risk escalation framework been established to include corporate risk appetites and thresholds?
- Do we have and promote a cyber-aware and conscious culture organisation wide?
- Do we actively test our cyber resilience and adapt our security risk and governance programmes accordingly? - On average, it takes an organisation more than 146 days to realise its systems have been breached. While more than 65% of cyber-attacks are identified by

a third party, and not the organisation itself. What matters here is corporate ability to respond.

- Do we actively and continuously evaluate third party cyber risk exposure? - Cyber concerns and risks extend far beyond your business parameters and reach. Aligning your cyber response strategy and framework with your partners (vendors and contractors) is essential. What risks and exposures are we blindly accepting without challenge?

In today’s environment, it takes a combination of strategic advice and innovative solutions to manage risk and ensure business resiliency. Marsh uses a team approach to address our clients’ risk management and insurance needs. This includes working with expert partners, such as the IoD’s National Cyber Security partner Aura Information Security, to help clients manage and mitigate risk. For more information contact your Marsh Client Executive.





*Some of the 2017 mentees,
in the IoD's Mentoring for
Diversity programme*

Kathy Meads, Kim Gordon, Natasha Harvey,
Toni Grant, Daniel Shore, Digna Toresen,
Katherine Sandford, Monique Cairns, Kim Skelton,
Mary Gardiner, Mere Kingi, Suneil Connor,
Nettles Lamont, Rachel Afeaki-Taumoepeau.

What's your value add?

Each year applications are sought from members who believe their diversity can contribute to board performance. Meet this year's Mentoring for Diversity intake.

"Be clear what value you add. It's not so much about your experience. It's about what value you add," Vikki Brannagan shares her mentee experience to this year's IoD's Mentoring with Diversity cohort in Auckland recently.

As a 2014 mentee graduate, Brannagan continues: "Know what inspires you to get up in the morning. Be patient. Don't settle for second best and focus on opportunities where you know you can genuinely add value and where you will enjoy doing so."

Twenty-four mentees have been offered a place on this year's programme, where they will be paired with some of the country's leading directors over the next 12 months, in the hope it propels their directorship careers.

Since the programme was established in 2012, 110 mentees have gone through Mentoring for Diversity programme, which was once focused solely on supporting women get into the boardrooms of large New Zealand companies. In 2015 the programme widened its approach with applicants now sought from members who believe their diversity of age, ethnicity, skillset or gender can contribute to board performance.

Potential mentees must also have a solid track record in executive management plus board experience and have the capability to be successful in an NZX or large company environment.

Institute of Directors Manager Membership, Marketing and Communications Nikki Franklin, who developed the programme six years ago, says research has shown that a board of directors who can offer different perspectives are more likely to consider a wider range of alternatives.

"Since the programme started one of our long-term hopes was that it would broaden the pool of talent at the large company end by providing mentoring guidance from senior directors who know what it takes to be successful in those environments. Success can be measured not only in the number of mentees like Brannagan who have gone on to secure appointments but in the personal development mentees have gained through rigorous questioning, feedback and discussion with their mentor," Franklin says.

"If there are a larger number of diverse people with skills and competence putting themselves forward for board roles it has to be a good thing."

"Another measure of success of the programme is the endorsement of our mentors who give their time so generously as a mentor year after year. This year we have some of the country's top directors again giving up their time to mentor, while others have seen and heard about the programme's success and have joined as mentors for the first time. It is really a partnership being led from the top to improve diversity in our boardrooms."

"The calibre of mentors is exceptional. Name a prominent New Zealand chair or director and it is likely that they are or have been part of the programme," Franklin says, with 40 mentors having committed for multiple years and several being involved in all six years. 2017 mentee Mary

Gardiner says the opportunity to work with a mentor will help her better prepare for the next step in her governance career.

"I also think that my participation in the IoD Mentoring for Diversity programme signals to my network and recruiters that I have worthy skills and an ability to add value."

Currently CFO at Instant Finance, Chairman of Auckland Netball Centre and a board member of Badminton New Zealand, Gardiner says even at this early stage of the programme she feels a sense of pride and confidence at being selected.

"If there are a larger number of diverse people with skills and competence putting themselves forward for board roles it has to be a good thing."

For Brannagan, she was paired with Air New Zealand and Fisher & Paykel Healthcare Chairman Tony Carter, in what she dubbed a "natural fit".

"We had rapport right from the beginning," Brannagan said. "Tony was very open in sharing his own learnings and failures as much as successes."

"Tony arranged introductions to colleagues and recruiters and I got some very honest feedback; affronting at times, but absolutely invaluable."

Her final words of wisdom to all directors wanting to take that next step:

"Invest in professional development – continuously. Be structured and diligent about this. Governance is a profession and you must be on your game to ensure you contribute effectively."

A glimpse into the mind of your CEO: KPMG New Zealand survey



KPMG CEO, Godfrey Boyce

What's on the mind of your CEO? And how does their thinking compare to their global counterparts?

Results from a recent KPMG survey show that New Zealand CEOs are leading the way in several respects. They are more confident about their company's growth prospects over the next three years. They're more open to new influences and collaborations than at any other point in

their career. And they feel a greater sense of responsibility towards their customers than do their international peers.

KPMG's Chief Executive, Godfrey Boyce, reflects below on some of the survey findings; as well as providing some take-out messages for boards and directors.

The inaugural 2017 KPMG New Zealand CEO Outlook Survey is drawn from a global KPMG survey of more than 2,000 CEOs across 52 countries. Of these CEOs, 51 were from New Zealand.

96% of New Zealand CEOs are confident about their growth prospects over the next 3 years. (cfd 83% of global CEOs)

"This is a very encouraging metric - it shows our organisations have strong levels of optimism and appetite for future opportunities. Given the geo-political upheaval they've witnessed in the past year, we couldn't blame them for feeling a little uncertain. The global survey showed that confidence had declined in the ASPAC region,

so Kiwi CEOs are bucking the trend in our part of the world. New Zealand is a growth environment; so we're fundamentally starting from a better place. I also think it's a function of size. In a country like ours, where there's less optimisation of volume at the expense of margin, it's a little easier to step up and try new things."

The governance take-out: "I think our Boards should be applauded for supporting our CEOs to have this proactive, searching mindset. We can contrast this with some cultures where failure only has one result - and that's resignation or forced departure. Culturally, we don't have the big disincentives around failure that make us unduly risk-averse."

98% of New Zealand CEOs agree that they're more open to new influences and collaborations than at any other point in their career. (cfd 70% of global CEOs)

"This is definitely reflected in our own journey at KPMG over the past three years. We've become more open to new technologies and ways of doing business, collaborative alliances and investment in



new growth initiatives. We're first to admit that we've tried some things that haven't worked. But we learn from those, and it only helps to refine and improve our game-plan. What's more important is that we've definitely stayed the course in terms of our over-arching strategy for growth – which is to understand the markets in front of us, and deliver on what those markets want. And that's seen us grow revenue year-on-year and increase our headcount by 20%.”

The governance take-out: “Being open to new ideas is not about chasing the latest shiny bauble. The role of the Board is to hold a steady course against the strategy and make sure each new opportunity is judiciously assessed. That means being very clear around three things before stepping into a new investment – what is the benchmark return? How will return be measured post-investment? And what is the timeframe for meeting the threshold?”

100% of NZ CEOs feel an increase in responsibility to represent the best interests of the customer. (cfd 70% of global CEOs)

“It's heartening to see Kiwi CEOs so committed to their customers. A business is truly customer-centric when their strategic focus and business metrics are all about

getting the right answer for the customer. As an overall ethos, that is hugely powerful.

“However the survey also found that a lack of quality data is a problem in New Zealand...and it's hindering the depth of customer insights our organisations can obtain. So there's a bit of a disconnect there – we passionately want to understand our customers better, but we don't necessarily have the tools to do so.”

The governance take-out: “Considering all board decisions through a customer-centric lens will support the CEO in this approach. Secondly, looking at ways to improve your quality of data should be a key consideration at governance level.”

98% of New Zealand CEOs agree that they correlate being a more empathetic organisation with higher earnings.” (cfd 72% of global CEOs)

“Again, it's great to see our CEOs are ahead of the curve in recognising this. To put it bluntly, a business that tries to operate behind closed doors will no longer be sustainable long-term. So what does it mean to be an empathetic organisation? It's about having clear ethical values and

living up to the promises – both explicit and implicit – that you make to your teams, stakeholders and customers.

“We all remember the Gold Coast theme park tragedy, and the awful way the company responded in the immediate aftermath. That set a course that made it almost impossible for them to come back in terms of trust, with both their customers and the wider public. Being able to respond to failure – and respond in a way that shows you care about the impact on others – is fundamentally important.”

The governance take-out: “Building trust is all about tone from the top. When the board is seen to live and breathe the company's values and never compromise them when under pressure; that will permeate right through the organisation.”

LIKE TO KNOW MORE?

You can download a copy of the 2017 KPMG New Zealand CEO Outlook Survey report, as well as the 2017 KPMG Global CEO Outlook Survey report from kpmg.com/nz. We are also happy to share further insights – including benchmarked data by industry sector – with interested parties. Please feel free to contact us via our website.

Gender pay gap closing: IoD Directors' Fees Report

Greater strides are being made for gender equality in the boardroom, according to the IoD's latest Director's Fees report which shows the non-executive director pay gap is continuing to close.

What this means is that we are starting to see more female directors coming through onto the larger and higher paying commercial boards, not just focussed on the not-for-profit and lower-paying end of the market. In 2017 the gap was just **9.9%** compared to a **21.6%** gap two years ago and **10.6%** in the intervening year.

"There are good economic arguments for getting the right skill mix, and gender, onto boards," IoD Chief Executive Kirsten Patterson says. "The challenges of the modern world call for modern and diverse boardrooms. Research shows even one woman on a board can enhance its performance, so it's pleasing to see the gender pay gap improve."

The annual fees report, done in partnership with EY, is a key source of information on director remuneration trends in the New Zealand market.

Male non-executive director fees were **\$44,165** up from **\$44,585** in 2016 (**1.3%**), while female non-executive director fees were up **2%** to **\$40,583** from **\$39,800** in 2016.

According to IoD's 2016 Director Sentiment Report diversity remains a key consideration when making board appointments at **70%** up from **60%** in 2015.

Boards need to continue to lift their game as board gender diversity is critical to maintaining a competitive and vibrant economy.

"We encourage companies to continue their gender diversity journey as we want the ultimate aim to achieve diversity of thought around the board tables of New Zealand," Patterson says. "This means

having different people working cohesively, exploring the same issues and bringing richness and variety to the board table."

Although there is no legislation on this in New Zealand, moves are being made towards improving the sobering number of women on boards and improving transparency around remuneration. Earlier this year the NZX release its Corporate Governance Code which included recommendations on board composition and performance - to ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives - and remuneration - the remuneration of directors and executives should be transparent, fair and reasonable.

The code said if a particular recommendation is not appropriate for an issuer given its size or stage of development an explanation must be given as to why it has chosen not to adopt the recommendation and the alternative measures it has in place.

For non-executive chairman the remuneration pay gap is even closer, a trend that has continued to decrease over the last couple of years. In 2017 the gap was **6.8%**, while in 2016 there was a **9%** gap. Female non-executive chairman fees in 2017 were **\$51,500** up **3%** from **\$50,000** in 2016. Male non-executive chairman fees only rose **0.9%** to **\$55,000** from **\$54,500** last year.

New Zealand directors are performing in an increasingly volatile and uncertain political and economic environment; coupled with this is rising shareholder activism and demands from customers for increased transparency and openness.

Patterson says there is a need for directors who are well connected to shareholders and stakeholders, who continually scan the environment and consider geopolitical issues and consumer trends. "The best directors are collectors, are curious and are curators," says Patterson. "They are out collecting information, are interested about what is happening and are curious about a range of topics, and are able to curate that information really well."

Businesses need to ensure remuneration levels attract, retain and motivate good quality directors. The IoD says New Zealand needs highly skilled, fairly remunerated directors, with the focus being on quality not quantity.

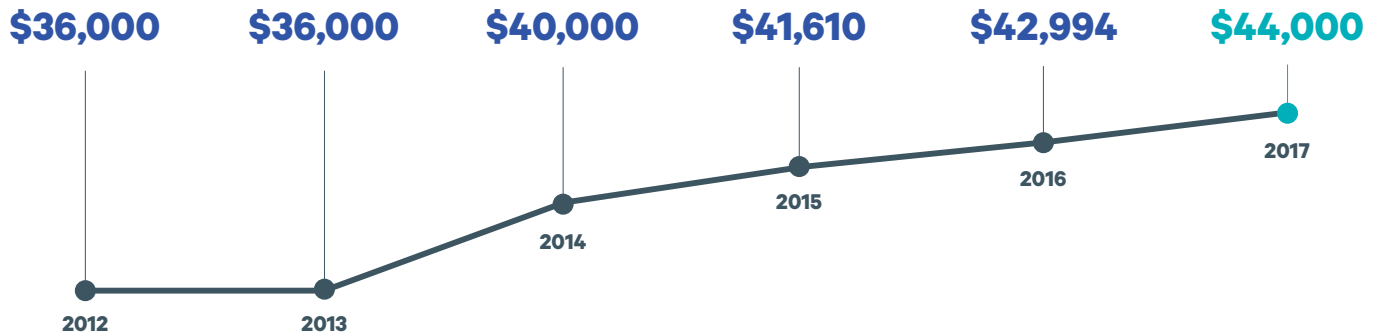
Overall non-executive directors' fees increased **2.3%** to **\$44,000** from **\$42,994** in 2016. For non-executive chairs there was just a **1.8%** increase to **\$55,000** from **\$54,000** in 2016.

Annual time commitment from directors continues to level out, following sharp rises seen in preparation to changes to health and safety legislation. Time spent on director duties was 106 hours, compared to 117 in 2016. In 2015 time increase **41%** on the previous year to **124** hours.

This year our annual directors' fees survey, attracted more IoD member participants than ever before. The IoD would like those who participated, these are directors who have taken time to contribute data for the good of the director profession. Without this input, we would not be able produce such an extensive and valuable report.

MEDIAN FEES FOR NON-EXECUTIVE DIRECTORS

Median fee growth



Not for profit
Median



\$25,000

▲ 38.9%

Female



\$40,583

▲ 2.0%

Male



\$44,585

▲ 1.3%

Māori owned entities
Average



\$26,188

▲ 4.6%

DIRECTORS SATISFIED WITH THEIR REMUNERATION

58%



AVERAGE NUMBER OF BOARD MEETINGS A YEAR

9



AVERAGE LENGTH OF A DIRECTORSHIP SERVICE

5 YEARS



GENDER PAY GAP - 2017
In 2016 it was 10.6% and in 2015 21.6%

9.9%



HOW DO I PURCHASE THE SURVEY?

You can purchase a full copy of the latest report from our survey partner EY, as follows:

- Complete the online pre-order form on the IoD website
- Email surveys@nz.ey.com
- Call EY on +64 9 308 9499

Election special

Ahead of September's General Election BoardRoom reached out to the political parties and asked them all three questions. Read below who responded, and what they had to say:

Innovation is an important part of driving growth and supporting businesses to adapt for the long-term. What is one area of focus to support business innovation?

diversifying our economy to build resilience and to ensure future growth sectors. We want ICT to become our second largest contributor to GDP by 2025 and will reform government procurement to support Kiwi firms find sustainable markets. Labour will invest in basic science and research, encourage better collaboration between government and private sector, and forge a shared vision for how we harness the opportunities of the new economy to create decent work.

N NATIONAL PARTY

Finance Minister Steven Joyce: The Government is committed to lifting the level of Business R&D to at least 1% of GDP. Our main tool to achieve that is the Innovative New Zealand programme which invests in science, innovation, and skills for our high technology industries. In Budgets 16 and 17 we have invested heavily in this programme, growing Callaghan Innovation's growth grant programme, investing in applied science through the Endeavour Fund, and investing in Engineering and ICT skills. Encouraging business R&D helps high-tech, innovative Kiwi companies bring products and ideas to the market sooner. Our approach is working. Between 2014 and 2016, business spending on R&D grew 29%, and Callaghan Innovation grant recipients lifted their own spending by 42%. The level of Business R&D across the economy grew from 0.54 to 0.65 per cent of GDP. We need to maintain that rate of growth over the next several years.

years of National have not significantly lifted innovation levels in our economy and our investment in R&D remains half the OECD average. The Green Party in government will ramp up our investment in innovation and broaden the way firms can access R&D funding through a mix of grants and tax credits. We will sharpen competition throughout the economy by strengthening the Commerce Commission's competition law toolbox. We will also enhance the incentives to study and teach engineering, mathematics, computer and physical sciences. Finally, we will address the tax advantages of property investment and speculation by implementing a comprehensive tax on capital gains freeing up valuable capital to flow into the productive sector.

G GREEN PARTY

Co-leader James Shaw: Innovation lies at the heart of a smart, green economy. Economies that innovate do better over the long term, creating good jobs that pay well and add value to our exports. Nine

L LABOUR

To support the aspiration of future generations New Zealand needs to substantially lift our game in science, research and innovation, so Labour will support research and development tax credits to boost innovation and lift business R&D rates. These credits were removed by National when they came to office, against the advice of Treasury at the time. They were recently recommended by the OCED for NZ as part of their review of the NZ economy. These would focus on

U UNITEDFUTURE

Leader Peter Dunne: We would seek to have a portion of Kiwisaver funds re-invested in NZ innovation and infrastructure assets, Invest in significant NZ inventions of new sustainable energy forms to ensure the innovation is not lost to NZ and is implemented as soon as practicable and Support a national expo and awards event for science and technology, to celebrate achievement, attract investment in innovation, and raise the profile of science and technology in New Zealand. All to make sure that innovation is encouraged and supported so we can all benefit from it.

A ACT PARTY

Leader David Seymour: ACT believes that all Kiwi businesses should keep more of the money they earn, so they can grow, employ new workers, and spend more on innovation. As a proportion of GDP, New Zealand has the fourth highest corporate tax rate in the OECD. New Zealand needs to be attracting more business and investment, but we're currently at risk of losing capital overseas. National, which brands itself as a business-friendly party, has failed to cut company tax since 2010. Only ACT is willing to make the case for company tax cuts and only a stronger ACT will force the Government to cut the company tax rate after the election. Company tax should be cut from 28% to 25% immediately, with a long-term plan to cut it even further. ACT also supports the exchange of ideas via free trade and migration.

D DEMOCRATS FOR SOCIAL CREDIT

Research and development is key to the future of New Zealand. This should not be restricted to just new products and production and distribution methods to improve our production performance, but should aim to conserve valuable natural resources, minimise waste, and protect our natural environment. Research into new (particularly niche) markets, improved agricultural production, alternative sources of energy, advanced waste product separation and recycling methods, new industries, education teaching methods

and curricula content, and "blue sky" university projects, are just a few of the things that would be financially supported by a Social Credit style government.

Innovation in the financing of such research, and of the developments flowing from that research, is critical. The Democrats for Social Credit are the only political party proposing innovative concepts to use the country's financial resources for these tasks, rather than extracting more money from taxpayers. The power of our publicly owned Reserve Bank, currently unused, would be harnessed, as recommended in the 2012 International Monetary Fund report "The Chicago Plan Revisited".

O THE OPPORTUNITIES PARTY

New Zealand is mired in poor productivity, we have been getting richer by focussing on increasing volume rather than adding value. As a result we are working longer and have stuffed our environment to boot. The major driver of this malaise is down to our lack of investment in business generally, particularly R&D. The greatest barrier to investment in business is our obsession with investing in housing, which is perfectly rational given the huge tax breaks that exist around it. We need to close the tax loopholes on housing to put it on a level footing with other assets. The Opportunities Party (TOP) would do that by ensuring that all assets pay a minimum level of tax equivalent to a bank deposit. We would recycle the revenue raised by cutting income taxes, making 80% of people better off. There would be massive shift in investment towards business away from housing as a result.

M MĀORI PARTY

Currently New Zealand's economy depends on a number of sectors which are unlikely to be sustainable and may not be fit for purpose in a rapidly changing world. New Zealand will require a more diverse economy that incentivises innovation and new technology, and supports new business models and high-value services. We would support research and development to support business innovation that would manage for the effects of climate change and a low carbon economy, assist in the creation of networks of expertise and tackling financial and human capital constraints, which will be vital for the future of successful businesses and their growth.

What is your top priority for future proofing New Zealand's **infrastructure** to enable business growth and development?

O THE OPPORTUNITIES PARTY

The most important thing is to stop wasting money on infrastructure with a low return. Transport infrastructure spending needs to be on the basis of return on investment. In our cities investing in the projects with the best return would likely see a shift in focus from private road transport to rail and public transport. Commercial water users should also pay for the water that they use. This would ensure the water goes to the highest economic use, while generating revenue that can be reinvested in improving water infrastructure. Finally, if we made NZ Super sustainable as TOP proposes (through partial means testing) then the country would have a balance sheet required to invest in a massive infrastructure upgrade and a boost for R&D.

U UNITEDFUTURE

Leader Peter Dunne: We support improving transport infrastructure, giving priority to areas where ports, roading and rail investment constraints are holding back economic growth and development. When we have well maintained and fit for purpose infrastructure, our businesses thrive and we want to make sure that happens.

M MĀORI PARTY

Our top priority for future proofing New Zealand's infrastructure to enable business growth and development would be to support the establishment of an independent body to identify the long-term infrastructure needs and also monitor performance against these needs. This would encourage a strategic approach

as well as raise public awareness of what is required. This strategic approach would also assist in the delivery of an infrastructure system that is aligned nationally, regionally and locally.

D DEMOCRATS FOR SOCIAL CREDIT

The infrastructure deficit in New Zealand is staggering. As a result, business growth and development, particularly in our regions, is being seriously hampered. Infrastructure funding methods employed by government and local government are restricted to borrowing or overseas investment, both of which incur costs (interest or returns on investment and loss of sovereignty) that are borne by businesses, individual taxpayers, and ratepayers. The government of Iceland is exploring methods of using the country's central bank to finance such necessary expenditure, at no cost to taxpayers. This concept was used in New Zealand by the government elected in 1935, which built 30,000 houses and financed other development from that source. The Democrats for Social Credit are the only political party in New Zealand proposing such innovative concepts. The mechanisms and the legislation are in place. All that is needed is a change in government policy.

L LABOUR

We must unlock the congestion in Auckland that is stifling the efficient movement of goods. Aucklanders know that rail to the airport is needed much earlier than 2035 on current Government timelines, and that we need to invest in better public transport and shift more freight onto rail, so trucks can deliver their loads more efficiently. Labour will do this. Labour backed the Central Rail Link when the Government

refused to consider it, we'll build light rail to Auckland Airport within a decade, we'll build light rail down Dominion Road and we'll target increased revenue from Auckland's population growth into better transport infrastructure including busways and rapid transit. Our regions will flourish through Labour's \$200m Regional Growth Fund, identifying opportunities like the CODE centre in Dunedin to boost the gaming industry, Whanganui's Port redevelopment, and a prefabricated timber plant in Gisborne to supply house-building materials instead of shipping our logs offshore.

N NATIONAL PARTY

Finance Minister Steven Joyce: Our top priority is to deliver on our record \$32.5 billion infrastructure spend over the next four years, which is a 40% programme than the last four years and around double what it was a decade ago. This includes record levels of investment in new roading, schools, rail, hospitals, defence and housing. Our infrastructure spending will boost productivity and help provide the public services we need for a growing country. The most transformational change is our ongoing commitment to deliver ultra-fast broadband to regions and towns around the country. More than 1.1 million households and businesses now have access to fibre across 22 cities and towns around New Zealand. In fact, New Zealand now ranks alongside other global connectivity leaders such as Japan and South Korea. The vast majority of New Zealand's commercial services exports are traded over the internet so our investment is providing them with a massive boost.

A ACT PARTY

Leader David Seymour: Funding infrastructure is a vital role of Government as it enables business growth and development. A stronger ACT will let councils collect half the GST from

construction in their area, for use on vital infrastructure. This means March's \$2 billion in new consents would have signalled an extra \$150 million for roads, public transport, stormwater, and so on. ACT also supports the introduction of a world-leading road pricing system – we should use recent and emerging technologies including GPS tracking of traffic to effectively price roads in real time, so pricing is self-regulating and booth-free. ACT also supports the continued use of Public Private Partnerships to fund and maintain infrastructure.

G GREEN PARTY

Co-leader James Shaw: With a growing population and a low cost of borrowing, we have an historic opportunity to invest for the long term, building the key public, social, and natural infrastructure we need to secure our future prosperity and shift our economy onto a low-carbon pathway. National have invested heavily in motorways with low benefits and failed to build the housing infrastructure needed to match our growing population, especially in Auckland. The Green Party in government would reprioritise transport infrastructure spending towards more sustainable alternatives to motorways. We would co-invest with Auckland to complete the rail network there, building rail to the North Shore and rail to the Auckland airport. We have committed to building tens-of-thousands more affordable, energy efficient homes to help address the supply shortage and enable families to buy their way progressively into their first home. In addition, we would continue to invest in the highly effective home insulation scheme we pioneered with National in its first term. In the energy sector, we'd set the goal of achieving 100% renewable energy production by 2030. We'd also investigate ways to co-fund local government infrastructure to increasingly make it earthquake and climate resilient.

What is the one thing your party will do to support reducing the **inequality** gap?

A ACT PARTY

Leader David Seymour: Two of the greatest drivers of inequality are housing affordability and education. The high cost of housing is widening the gap between people who own houses, and those who don't. The housing crisis is not a market failure, it's a government failure. People want to build and buy homes but they face a wall of rules that choke the creation of new housing supply. Governments both local and central artificially restrict the supply of land, and they monopolise the provision of infrastructure and the consenting process. ACT would remove New Zealand's large cities from the Resource Management Act, and create separate urban development legislation that prioritises land supply and reduces red tape on developers. New Zealand also has one of the most unequal education systems in the Western World. To solve this, ACT's successful Partnership Schools Policy allows communities, iwi, philanthropists and business organisations to partner with educators to open new innovative schools.

D DEMOCRATS FOR SOCIAL CREDIT

Former Prime Minister, Jim Bolger, said publicly recently that the neo-liberal economic policies of privatisation, labour market deregulation, welfare cuts, and tax reductions for higher income earners, which he imagined would make all New Zealanders prosperous, have absolutely FAILED. He regretted the inequality they have caused. Excessive levels of immigration have only made the problem worse. Innovation and future proofing New Zealand's infrastructure, dealt with above, will provide more employment, reduce business costs, and expand productivity. Additionally, a Democrats for Social Credit government would scrap

GST and introduce a universal basic income. In its place, a transactions tax, at less than half a percent on all bank account withdrawals, would particularly target financial speculation and aim to direct investment into production. These measures would produce a significant lift in disposable income, particularly for those on low incomes, put businesses competing with overseas on-line traders on an even footing, and reduce business accounting requirements.

G GREEN PARTY

Co-leader David Shaw: National have had nine years to lift our most vulnerable children out of poverty, yet over 200,000 children still live in poverty – the same number as in 2008. No child in Aotearoa New Zealand should live in poverty. We're going to fix that. According to UNICEF, New Zealand has some of the best and worst educational outcomes in the developed world. And our underperformance is not improving. Kids from poorer families have less of a chance of escaping poverty through education than they did in 2008. The Green Party in government will seek to turn this around with the introduction of school hubs, which cluster health, welfare, and other support services in our low decile schools to mitigate the impact of poverty and inequality on a child's learning. This is not the silver bullet to solve inequality, however. How we address inequality further is going to be one of our significant policy announcements in the run-up to the 2017 election, so watch this space.

M MĀORI PARTY

The Māori Party is born of the dreams and aspirations of tangata whenua to achieve self-determination for whānau, hapū and iwi within their own land. Māori are at the bottom of every disparity and statistic. We will continue to tackle the barriers to employment, increase innovative and efficient health-care, provide more opportunities for education and sustainable employment, and enable better accessibility to housing for those who need it most.

L LABOUR

The best route out of poverty is through work. It's in Labour's DNA to ensure Kiwis have the best employment opportunities, which is why our Future of Work programme is so important. This is our plan to build an economy fit for purpose for the 21st century, delivering fulfilling work, supporting an adaptable and resilient workforce and transitioning to a low carbon future. Our world of work is changing more rapidly than ever before. Ten years ago we didn't have app developers, cloud computing analysts or social media managers. Many workers are doing jobs now that won't exist in 20 years – around half of all jobs, according to some estimates. Higher quality jobs combined with high quality public investment are essential to ensure that no New Zealander is left behind by economic growth. The measurement of living standards and overall well-being will be our yardstick of success, not just GDP numbers.

U UNITEDFUTURE

Leader Peter Dunne: We support ensuring that everyone has opportunity to succeed and increase the quality of their life, that's why we support a return to fees-free tertiary education, so that it is no longer out of the reach of many individuals and entrenching inequality. For too long people are locked out of higher education because of the high costs and that results in them not being able to earn as much, entrenching and perpetuating New Zealand's inequality problem.

N NATIONAL PARTY

Finance Minister Steven Joyce: Our biggest priority is to boost family incomes through the tax and transfer system. From 1 April next year, Kiwis will benefit from the \$2 billion Family Incomes Package in Budget 2017 which increases take-home pay and provides additional income-related support, especially to low income families. The four elements of the Family Incomes Package, when taken together, are expected to reduce the number of children living in families receiving less than half of the median income by around 50,000 or almost one-third from April next year. This year's Budget builds on Budget 2015's \$790 million package to reduce hardship among children in New Zealand's poorest families by, among other things, boosting main benefit rates for families with children by \$25 a week – the first increase in 40 years. We are committed to maintaining our strong economic plan so that we can deliver another similar Family Incomes Package over time, when we have the room to do so.

O THE OPPORTUNITIES PARTY

Housing is a key driver of the growing inequality gap. It is providing massive tax breaks and lifting the wealth of those that own them. Rising housing costs (through higher mortgages and rents) are also driving down the disposable income of people at the bottom end. Our Fair Tax Reform package would close the loopholes on housing and use the money to reduce income taxes, making 80% better off. Poverty is greatest amongst families with young children. TOP would use the money from means testing NZ Super to invest in a \$3b package for families with children under 5. This includes \$200 per week for families with children under 3, free full time early childhood education for 3-5 year olds and more help for families on low incomes.

All political parties were approached for comment. Those not included chose not to participate.

GOVERNANCE LEADERSHIP CENTRE

Update

The release of a refreshed Four Pillars of Governance Best Practice has been at the top of the team's agenda ahead of its release this month.



Governance Leadership Centre Manager Felicity Caird is advocating for Companies Register changes.

The Governance Leadership Centre has had a major focus this year on updating the Four Pillars of Governance Best Practice. A copy is being sent to all members, who can also access an enhanced digital version anywhere anytime. Other areas of focus, says Felicity Caird, includes the first GovernanceUpdate for 2017 and advocating for change on issues, such as removing the requirement for directors to register a residential address on the Companies Register and to be able to provide a service address instead.

INTRODUCING DIRECTOR IDENTIFICATION NUMBERS AND PUSHING FOR CHANGE ON DIRECTORS' RESIDENTIAL ADDRESSES

The Ministry for Business, Innovation and Employment is considering introducing director identification numbers (DINs) to improve directors' information on the Companies Register. Having DINs would make it easier for directors to update their details on the Register and would also help the public when searching directors (giving them a more accurate picture of a person's directorships).

Directors must disclose their residential address to the Companies Office under the Companies Act 1993. The Register makes this address available to the public and this can cause problems, for example, directors and their families being put at risk from customers, staff, and other stakeholders approaching them at home.

The IoD considers that directors should be able to publish a service address on the Register as an alternative to their residential address. This would allow directors to protect their privacy while ensuring they can still be contacted.

We advocated for this change including through our recent submission on DINs.

KEEPING MEMBERS UP TO DATE

The first GovernanceUpdate for members in 2017 was emailed to members recently to keep you up to date on legislative and regulatory developments, emerging issues and recent court decisions relating to director responsibilities.

All submissions and governance resources can be viewed at www.iod.org.nz

THE NEW FOUR PILLARS OF GOVERNANCE BEST PRACTICE – 2017 EDITION

This new edition is a significant update on the 2014 edition. Focused on underpinning governance excellence, using it will help members maximise their value and performance. The enhanced digital version provides links to key governance resources, tools and templates, and will be updated periodically to reflect the latest legal and governance developments.



The Four Pillars focuses on the role of directors in determining purpose and setting strategic direction, leading an effective culture, holding management to account and ensuring effective compliance.

Feedback on the new edition is welcome to glc@iod.org.nz.

LEGAL SYMPOSIUM ON SUSTAINABILITY CONSIDERS KEY QUESTIONS

What is the purpose of a corporation under law? What impact will the UN Sustainable Development Goals and the 2008 framework on business and human rights (to protect, respect and remedy) framework have on corporate law? What is the purpose of the company and what do we mean by long-term interests of the company?

There were no simple answers but there was a lot of discussion at a forward-looking symposium on Corporate Sustainability and the Long Term Interests of the Company, hosted by Auckland University's Law School in partnership with the Deakin Law School, and attended by the GLC in June.

Global and national developments, such as the new NZX Corporate Governance Code, prompted debate about the impact of corporate governance codes, the rise of stewardship codes, the role of stakeholders, shareholder primacy and a new model of the corporation as a sustainable entity. Irrespective of differing views on such issues there was general consensus on the need to maintain a focus on improving corporate accountability and transparency. We can expect ongoing discussion and debate in the governance community and academia as the focus on long-term sustainability of organisations increases in a complex and constantly changing environment.



Acting Chairman David Clearwater

Case study

Taking the plunge into formal governance

Appointing a formal board of directors for the first time can be a daunting move but it is often a crucial step to ensure organisations can safely scale up and attract good talent and investment.

BoardRoom talks to David Clearwater acting chairman of start-up Conscious Consumers Ltd, a social enterprise technology business based in Wellington, along with his co-directors, on how they learnt about the trials and tribulations of governance - through starting their own board from scratch.

Conscious Consumers

Conscious Consumers was formed in May 2016 after it transitioned from being under the umbrella of registered charity, 42Collective, into a registered non-charitable company and commercial enterprise. The transition resulted from Conscious Consumers raising \$600,000 as part of its first capital raising round.

Clearwater joined with 42Collective and Conscious Consumers co-founder and CEO Ben Gleisner, (executive director) and Mike de Lange (non-executive director) to form the brand new Conscious Consumers Ltd board. Here David shares his experiences over the past year or so, what he has learned and his advice for other SMEs looking to take the step to formal governance.

The early days

Our plan was to start out as small as possible to work out what we needed. We gave ourselves an initial three-month establishment period where we met weekly to get the basics in place, and produce a plan for our board and our business.

While we constantly gathered knowledge from advisors, we had to work out a lot ourselves. Initially I was quite intimidated by the thought of chairing a board but have since learned that you don't need to know everything straight away. But what you do need is to have a good support network, be hungry to learn, and be prepared to put in the hard work.

I've relied heavily on a lot of online research combined with advice from experienced directors. I've also spent far more time reading the Companies Act than I ever would have guessed.

It has worked out very well so far - better than I expected actually. I'm far more comfortable now with being a board chair than 12 months ago. I have learned that there are few 'right' answers in governance, and what matters is running a good process in a team with healthy dynamics. And Conscious Consumers is in great shape; we've quadrupled our revenue over the last year, and are now raising money to expand into the UK market.

Carving out a new way

One thing that would have saved us a lot of time would have been to appoint someone to the board who had more formal governance experience. We had to learn a lot for ourselves so it took us considerably longer as we didn't have someone to say 'no, don't do it that way, as this way is better'.

But in saying that, our lack of experience also had advantages. We filled a lot of knowledge gaps by canvassing our networks, which broadened our understanding of how different boards operate, pushed us to discuss how we wanted to work, and ultimately led to us picking approaches that best fit our needs. This gave us confidence to hack traditional governance processes to better reflect the way we wanted our board to operate.

Some of the more innovative processes we used included co-editing minutes online with Google docs, using Loomio to progress issues and discussions online between meetings, and using a meeting check-in protocol that builds trust and connection within the board. All of this reduces admin, raises our productivity in meetings, and greatly increases the overall workload our board can get through in a month.

We have since had some experienced directors successfully implement these processes in their boards. Others say 'we wish we had the guts to do it like that'. And then others say 'wait until you grow and see how well your Google docs work out for you then'.

I'm aware that we are a small board and as such can easily use Google docs in real time. This process might not scale up to a bigger organisation with a bigger board as the risk profile is different but it's certainly working for us now.

How existing boards can support newbies

Conscious Consumers Ltd runs an informal director exchange programme to encourage people to come to their board meetings and vice versa to get a sense of what governance entails.

A lot of our learning in governance comes from seeing different directors and processes in action. I urge more organisations to open up their board meetings to others so they can gain governance knowledge. Guests can always leave for commercially sensitive discussions. The more governance knowledge that is shared, especially among those who are starting out, the better governance standards will become.

Governance has this mythical status that doesn't do the profession any good.

I think giving others a look at governance in practice will help more people understand and recognise good governance. Attracting

a greater number and wider diversity of new directors would benefit everyone.

Advice for SMEs thinking of moving to governance

- It is all worth the hard work: having a board of directors is crucial for scaling up growth. A board helps secure good strategic talent, strengthens the decision-making process, makes the business safer, can help build the profile of your business, and gives investors and executives peace of mind. It can also help secure finance
- Appointing an advisory board as a first step: I would encourage any organisation to put in an advisory board if they are not ready for a formal board of directors. An advisory board can challenge you as a leader and help you manage your growing risks.
- Do research: read widely for a range of perspectives on what matters. The Companies Act was a surprisingly

helpful resource. It sets out roles and responsibilities very clearly. The Institute of Directors website also has a lot of resources.

- Seek wisdom: governance is complex stuff, and it's easy to get overwhelmed by everything you don't know. Nurturing relationships with those who have been there and explicitly carving out time for learning are great antidotes for anxiety around "pretender syndrome".
- Appoint people that fit the culture: You need relationships with a healthy balance of support and challenge. The dynamic between the chair and CEO is particularly crucial and when that works, it makes everything else easier.

For more information for organisations looking to set up their first board and others who aren't yet sure that a board is their answer visit:
www.iod.org.nz/FirstBoards

Appointing new non-executive directors (NED) to an existing board

Kelly McGregor, board services advisor for the Institute of Directors, assists clients to add to their existing SME board framework (often made up family members). She has some specific advice for those thinking of appointing their first independent director.

WHAT ARE THE SIGNS THAT AN SME SHOULD APPOINT INDEPENDENT NEDS?

When an organisation is moving into new markets, into a new phase and/or into a rapid pace of growth and doesn't have the right skills or experience on its existing board. Often SME boards, especially family boards, have relied on their accountant or lawyer for professional advice but then reach the stage where they need to go wider to get the right experience and knowledge.

HOW MANY NEDS DOES AN SME BOARD REQUIRE?

Usually SMEs appoint just one independent director, often the chair. I sometimes advise them to appoint two because it

is difficult and isolating to be the only independent NED on a board, especially when it is a family board.

HOW DO ORGANISATIONS GO ABOUT FINDING A NEW NED?

An organisation needs to decide what particular skill and experience gaps they have in line with their strategic goals and then search for new directors based on those criteria. There are services, such as that offered by the IoD, that can provide a long list of candidates. Best practice stipulates that organisations go outside their networks to find independent NEDs. This enables organisations to get a reality check on where they may sit out in the market. Existing executives and board members often don't know what they don't know.

HOW DO YOU DECIDE ON REMUNERATION FOR BOARD MEMBERS?

I always recommend that organisations use an objective service to determine

remuneration. There are cost-effective systems available, including the DirectorRem service offered by the IoD, that benchmark the particular director's role against similar organisations in terms of size, industry type, risk factors and other business elements.

HOW LONG CAN THIS TRANSITION TAKE?

I advise people to take it slow. The process to appoint an outside NED can be daunting, especially for family members. I recognise that it is a scary step, as it can be perceived as a loss of control over the business. People really need take time to get to know the potential new directors; invite them for coffee or dinner. The informal get-togethers are as important or more important than a formal interview. A good cultural fit is crucial so due diligence is required.

Out & about

MENTORING FOR DIVERSITY

Some of the new mentees, part of the 2017 intake for Mentoring for Diversity join the 2016 graduates in Auckland.



NELSON MARLBOROUGH

The branch hosted a What Matters in board dynamics lunch in Blenheim John Palmer provided insights and learnings from his various roles. Some attendees described it as the best governance address they had ever heard.

OTAGO SOUTHLAND

The branch was pleased to award the 2017 Otago Southland Emerging Director Award to Jeffrey Broughton.



WELLINGTON

Wellington Branch members have had the opportunity to attend events such as understanding and logging CPD points with IoD Membership Team Leader Lisa McRae. Mark Waller and Rick Christie discussed the chair and CEO relationship as part of the What Matters in board dynamics campaign.

CANTERBURY

Mike Hannah, Head of Communications and Board Secretary for the Reserve Bank of New Zealand, shared with us the framework used to survey the Reserve Bank's various stakeholder groups. The framework was based on Familiarity, Favourability, Trust and Advocacy. This principle is equally applicable at the board table. The more familiar your stakeholders are with the vision goals and objectives of the entity the more likely they are to trust and advocate for the organisation.



TARANAKI

Taranaki Branch members heard from IoD CE Kirsten Patterson (KP) during a lunch event in July. KP spoke about board dynamics from a CEO perspective as part of the What Matters in board dynamics campaign.

- 1 | Nettles Lamont, Kylie Van Heerden and Vikki Brannagan
- 2 | Ana Morrison and Mere Kingi
- 3 | Daniel Shore, Rachel Afeaki-Taumoepeau, IoD President Liz Coutts, Stana Pezic, Agnieszka Grudzinska
- 4 | Sarah-Jane Weir with John Palmer, ONZM, DistFinstD
- 5 | Anna Campbell presents Emerging Director Award to Jeffrey Broughton

- 6 | Neill Price, Paul Rhodes, Dr Robin Mann (Canterbury)
- 7 | Nikki Vryenhoek, Tracey Mitchell (Canterbury)
- 8 | Lions Tour Manager John Spencer (Auckland)
- 9 | Prime Minister Bill English, IoD President Liz Coutts and Auckland branch chairman Clayton Wakefield

- 10 | Waikato Branch and Waikato Chamber of Commerce members enjoying networking before breakfast with Hon. Steven Joyce
- 11 | Tony Carter
- 12 | The board's role in setting organisational culture, with Tony Carter (Waikato)

AUCKLAND

The branch hosted the Prime Minister on 23 June with more than 200 guests in attendance. They also had the Lions Tour manager speak and a breakfast function with KPMG's Ross Buckley.



WAIKATO

The branch hosted a number of lunch events including with Chartered Fellow Tony Carter, Hon Steven Joyce and Colin Groves on overseas mergers and acquisitions.



Company Directors' Course

AUCKLAND 11 JUNE 2017

Back Row: Angela Leslie, Matt Boggs, Phil Heatley Charles Kaka, Deb Cane, Robert Battlers, Wendy Kerr, Ron Peake, Nick Simcocl, Stan Scoringe, Bernie Hankey, Steve Hallett, Peter Oskam, Duncan Roy

Front Row: Katherine Sandford, Karin Thomas, Kerry Friend, Steven Cooper, Chris Seu, Meng Foon, Geoff Angus, Geoff Lewis, Llori Valenzuela



INSTITUTE OF DIRECTORS

Events Diary

For more information visit www.iod.org.nz, or contact the director development team or your local branch office

Self-paced study

Online modules can be completed anytime, anywhere and at your own pace.

- Directors' and Officers' Insurance
- Ethics – How directors do business
- Health and Safety Governance
- Not-for-Profit Finance Fundamentals

Hot topics for SME directors webcast

Auckland

29 AUGUST

Welcome cocktails and 2017 Emerging Director Award

05 SEPTEMBER

Evening panel on not for profit governance and board dynamics, South Auckland

11 SEPTEMBER

Breakfast with Adrian Little

12 SEPTEMBER

- **Public Company Directorship**
- Lunch at Orākei Marae with John Tamihere and Prof Paul Moon

13 SEPTEMBER

Finance Essentials

19 SEPTEMBER

FirstBreak evening panel and networking – the Tech Team

20 SEPTEMBER

- Director Accelerator lunch
- **Finance Essentials**
- **Strategy Essentials**

24 SEPTEMBER

Company Directors' Course

5 OCTOBER

Breakfast with Colin MacDonald

14 OCTOBER

Company Directors' Course

17 OCTOBER

Next generation director workshop, Chairing the Board

24 OCTOBER

Breakfast panel on business sustainability

30 OCTOBER

Governance Essentials

31 OCTOBER

Digital Essentials

Waikato

4 SEPTEMBER

Women's Governance Network lunch function - Maori Governance Panel discussion

19 SEPTEMBER

The role of directors in innovation: How do we lead in disruptive times? With Melissa Clark-Reynolds

Bay of Plenty

14 SEPTEMBER

Fellows Dinner with John Storey

21 SEPTEMBER

Relationship between CEO and the chair, Rotorua

12 OCTOBER

Tips to make your governance CV work

19 OCTOBER

Annual awards dinner with Sir Henry van der Heyden

25 OCTOBER

Introduction to finance in governance, Taupo

Taranaki

12 SEPTEMBER

Quadruple bottom line for sustainable prosperity

3 OCTOBER

After work function with Peter Tinholt

Wellington

6 SEPTEMBER

Breakfast with Steve Graham

13 SEPTEMBER

Company Directors' Course Refresher

27 SEPTEMBER

Reporting to the Board

3 OCTOBER

Senior Directors' Dinner with Chris Moller

10 OCTOBER

Governance Essentials

11 OCTOBER

Finance Essentials

12 OCTOBER

Strategy Essentials

Canterbury

5 SEPTEMBER

Presentation of Emerging Director Award

12 SEPTEMBER

Company Directors Course, Christchurch

13 SEPTEMBER

Finance Essentials

14 SEPTEMBER

Strategy Essentials

22 SEPTEMBER

Sponsors breakfast with BDO Christchurch

Now you've
read me
log me

 CPD points

29 SEPTEMBER

New members lunch

16 OCTOBER

Evening function followed by Fellows dinner

Otago Southland

3 SEPTEMBER

Company Directors' Course, Queenstown

17 SEPTEMBER

Company Directors' Course, Queenstown

18 SEPTEMBER

Governance wisdom breakfast

1 OCTOBER

Company Directors' Course, Queenstown

4 OCTOBER

Governance Development Program, Invercargill

29 OCTOBER

Company Directors' Course, Queenstown

Nelson/ Marlborough

14 SEPTEMBER

Branch networking lunch with IoD CE Kirsten Patterson (KP)

Director Vacancies

Director Vacancies 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.

DIABETES NEW ZEALAND

Role: Independent Board Member

Location: Meetings held in our National Office in Wellington

Closes: 18 August 2017

TENNIS SOUTH CANTERBURY

Role: Board Members, and Chair Person

Location: Timaru

Closes: 25 August 2017

NEW ZEALAND RED CROSS

Role: Chair of Audit & Risk Committee, Foundation Trustee & Full National Board Membership

Location: National, meetings are mostly held in Wellington

Closes: 31 August 2017

CHEFS FOR COMPASSION TRUST

Role: Board of Trustees Member

Location: Birkenhead, North Shore Auckland

Closes: 16 September 2017

Applications will remain open until position is filled:

FRANKLIN HOSPICE CHARITABLE TRUST

Role: Trustees/Board Members (2)

Location: Pukekohe

DEMENTIA CANTERBURY

Role: Executive Committee/ Board Chair

Location: Christchurch, Canterbury

ASPIRE CANTERBURY

Role: Chairperson and Treasurer

Location: Christchurch

THE ORPHEUS CHOIR OF WELLINGTON INC

Role: Board members (2)

Location: Wellington

ALZHEIMERS WELLINGTON

Role: Board Members (2)

Location: Petone, Lower Hutt

FAMILY ACTION

Role: Board Member

Location: Henderson

EPILEPSY FOUNDATION OF NEW ZEALAND INCORPORATED

Role: Governance Board Members

Location: Auckland meetings

SHOW ME SHORTS FILM FESTIVAL TRUST

Role: Trust Board member

Location: Auckland

ROYAL NEW ZEALAND COASTGUARD

Role: Board Member (2)

Location: Auckland

RUTHERFORD ST KINDERGARTEN

Role: Board member

Location: Nelson

THE HOME OF ST BARNABAS TRUST

Role: Board Members (2-3)

Location: St Clair, Dunedin

AUCKLAND FOUNDATION

Role: Board members (3)

Location: Auckland

REPORTING TO THE BOARD
HALF DAY COURSE

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