

## SOME BOARD MEMBER PERSPECTIVES

The following are extracts from interviews with experienced board members and a CEO, undertaken in preparation for The Book of the Board. They are provided as background reading for the 19<sup>th</sup> October webinar.

### PAUL WRIGHT

*Paul Wright's career has included 28 years as a company director serving on some fifteen different company Boards. He has held senior management and leadership roles in the banking, health, hospitality and consulting industries. In 2006, Paul was appointed a Member of the Order of Australia for his service to medical administration and to business and commerce. Paul has been Chairman of The Australian Institute of Management, The Royal Flying Doctor Service, The Queensland Institute of Medical Research Trust, PQ Lifestyles Limited, and Sugar Research Australia Limited. He is currently the Chair of Phoenix Eagle Company Pty Ltd.*

I work on the basis of no surprises. The CEO's brief from me is, I don't want you to have to get permission from me to do anything but I don't want to get any surprises. So anything you think I should know about you keep me informed. That is a little bit of practice till you get that right and you get used to each other.

The other thing I'm quite firm about in terms of the relationship is that I will never get involved in management. I will never tell him that he can or he can't. It is very important that the relationship is kept at that sort of level, a professional level and that that communication flows very strongly. So then it's my job for anything the rest of the board need to know about to keep that flowing through to them. And I'll say things to him like "you should let everyone else know about this..." or "ok, does your senior management team know about this?" and so that's the sort of relationship we have, I do my bit and he does his bit but we help and remind each other about the communication either way.

There are five things that I judge a CEO on: 1) Strategy, have they delivered on strategy this year? 2) Have they delivered on the financials? 3) What is nature of their internal relationships, have they got a good management style? 4) External relationships, 5) Governance in the broader term of "what is the culture around here?" So what I do is put KPIs around those so you can measure if they have delivered on each.

### JUDITH MCLEAN

*Dr Judith McLean is currently Chair Arts Education (QUT/QPAC), Scholar-in-Residence (QPAC), and Adjunct Professor, Queensland University of Technology (Creative Industries). She is also a company Director: Tourism and Events Queensland (2009-). She has previously served on the board of the Asia Pacific Screen Awards (2009-2013); Chair, Southern Cross Soloists (2009-2015) and Inaugural Chair of Major Brisbane Festivals Pty Ltd (2003 - 2007), and Chair and Board Member Queensland Theatre Company (1995-2004).*

You see people who chair organisations who get into terrible muddles because they are reactive, because they can't hold themselves emotionally. You have to be a grown up to be a good Chair. You can find a board member who you can talk to who you know will understand that you really are just venting and managing it. Chairing boards is for grownups, there's no doubt about that

It takes enormous humility for a Chair to actually go and listen to the CEO and what is going on and make sure that that executive feels involved and connected to the board and unfortunately sometimes there is a lot of ego involved in being Chair of a board and it's a recipe for disaster. My suggestion is that those people need to go right back to tools and say "What are the strategies that are going to help us?" It has to be a symbiotic process; it has to be informed by the day to day of the executives who run the company – but the people on the board are put there because they have, hopefully, an ability to have insight.

### DAVID GONSKI

*David serves as the Chairman of ANZ Banking Group Ltd and Coca-Cola Amatil Limited. He has previously held the role of Chairman of Investec Bank (Australia) Limited, the National E-Health Transition Authority and the Sydney Theatre Company. He is the Chancellor of The University of New South Wales, President of the Art Gallery of NSW, and the Chair of the UNSW Foundation. David is a leading philanthropist and Patron of the Australian Indigenous Education Foundation.*

The thorniest problems I have seen in businesses and non-profits have been, almost without exception, around a fight between Chair and CEO. Usually, that has emanated from a mixture of the Chair not knowing where his position begins and ends and the CEO also not knowing the boundaries of what they should do.

. . . the best thing as an incoming Chair is to do due diligence as to whether you can get on with the CEO, because if you can't, you're the wrong person to be the Chair. Like a good parent, you've got to start by saying your function as Chairman is to nurture what the CEO does, and to examine it. It is schizophrenic – you are doing two things. The first one they have to appreciate and they second they have to accept. If you have an appreciation of your nurturing role and an acceptance that you're also testing and watching them, it works beautifully.

There is nothing better than partnership between CEO and Chair. My job as Chair is to make them fly, to really do well. That in itself is a way of thinking a Chairman should have. It is your failure if they fail, especially if you've chosen them.

## JULIANNE SCHULTZ

*Julianne Shultz AM FAHA is an Australian academic, media manager, author and editor. She is the publisher and founding editor of Griffith Review and Professor of Media and Culture in the Griffith Centre for Social and Cultural Research, Griffith University. She is a non-executive director of The Conversation and chairs its Editorial Advisory Board. She is a thought leader on media and culture and an accomplished public speaker and facilitator. She has served on the board of directors of the ABC, Grattan Institute and Copyright Agency, and chaired the Australian Film TV and Radio School, Queensland Design Council and National Cultural Policy Reference Group.*

The Chair needs to be the best critical friend to the CEO. It needs to be open but critical.

Frequency of contact between the two depends on the organisation, but I would have contact with the CEO probably a face to face every couple of weeks and emails and telephone calls every few days. I have seen organisations where Chair and CEO have been at war with each other and that is debilitating. But I've also seen organisations where the Chair runs the CEO which is pretty hopeless as well, because the Chair has all care and no responsibility. Or alternatively, I have seen where the managing director absolutely has the Chair weighed up, knows his or her weaknesses and strengths and just plays them - and I don't think any of those models are healthy. That is why I come back to the close critical friend, you're close, but you're critical and you can push them.

## RUPERT MYER

*Rupert Myer AM is the Chair of The Australia Council and former Chair of The National Gallery of Australia. He currently serves as Deputy Chairman of Myer Holdings Ltd and is a Director of AMCIL Ltd. His previous roles include serving as Chairman of the Opera Australia Capital Fund, Kaldor Public Art Projects and National Gallery of Victoria Foundation and The Myer Family Company Pty Ltd.*

It is probably the most important single relationship within an organisation. If you have a good working relationship between the Chair and the CEO then generally that sets a pattern of relationships within the organisation. If the Chair and the CEO are at loggerheads with each other than that awkwardness gets picked up and reflected in other relationships throughout the organisation because it creates a degree of uncertainty with regard to who is really running the place.

My view is that the role of the Chair is to create oxygen around the CEO and that is they are there to support the CEO, protect the CEO, give visibility to the CEO, assist the CEO in any way, warn the CEO, give direction to the CEO. But it is actually the CEO who is running the organisation and the CEO is the one who has to be seen to be running the organisation and it is also the Chair's responsibility along with the board to determine whether the CEO is up to it and whether they're doing a good job and if they are not up to it than the Chair has the responsibility to either develop a whole lot of ways to improve the performance of the CEO or otherwise determine that the CEO isn't the person for the job.

If an organisation is failing in some way and the jury is out on whether or not the CEO is going to be incumbent for the long term and there are particular issues around critically even in the day to day then there is probably an expectation that a Chair would be a little more visible but that clearly needs to be part of a bigger deal and it is unsustainable in the medium to long term.

I think it is important that there be a formal appraisal process against some type of KPI measurement. It is a process that most CEOs actually seek and are appreciative of receiving. Because like anyone, they like to know how they have performed, where they have done well, if there are obvious areas of improvement.



## HEATHER WATSON

*Heather is currently a Principal Director of Watson Advisory and Consulting Pty Ltd, as well as holding Directorships and Chairmanships in a range of not-for-profits including Epic Good Foundation, Uniting NSW.ACT, and Queensland Rail. She has previously been a Partner with McCullough Robertson Lawyers in the non-profit Group and is an approved Mediator. She has a particular interest in the legal issues associated with charitable organisations. She has acted for, and been a member of, a wide range of community and charitable bodies for many years. Heather is the former Chairperson of the Board of UnitingCare Queensland and a member of its Governance and Remuneration committee.*

There has to be personal rapport – it helps enormously. It also has to be not so personal that you can't have hard conversations. That is a tricky gig. Then also having some frameworks for how you meet and the purpose of those meetings, not just leaving it informal and on an ad hoc basis. We usually have an agenda-setting meeting, a meeting that's immediately pre the board meeting, a meeting after the board meeting - and then other things ad hoc. The other structured meetings are around reviews, performance and remuneration, succession planning.

There can be sensitivities around representing the board position with the CEO, and the views of individual board members. You might not agree with the views of a board member but you've still got to be constructive in the way that you would talk about the board member with the CEO.

You need to be prepared to reflect back to the CEO what went wrong and what worked well in terms of how they reported to the board. They look to the Chair to be constructive in that, to name if things didn't go well and they haven't realized, but also to be positive.

## SIMON MCKEON

*Simon McKeon is the Chancellor of Monash University and was also the 2011 Australian of the Year. He has been with the Macquarie Group in a variety of senior roles for more than 35 years, including as Executive Chairman (Melbourne office). He is presently retained as a consultant. He is a Non Executive Director of National Australia Bank and Rio Tinto Group where he also serves as Senior Director (Australia). Simon is also Chairman of South East Melbourne, an alliance of eight Councils and Shires representing more than 1 million residents and 25% of Victoria's GDP. He is an Australia Day Ambassador for the Victorian Government.*

*Simon has had a long involvement in the not for profit sector having chaired a range of organisations including MS Research Australia, Independent Schools Victoria, Summer Housing, In2Science, Business for Development and the Australian Industry Energy Transitions Initiative.*

We often think that the Chair has been there, done that before and that all the wisdom is coming from one direction. That has not been my experience and I've been a Chair more than a CEO, but I'm constantly looking to the CEO for guidance to me as well, because I'm still very much learning and the sorts of things that a Chair ought to be looking to the CEO for example are not dissimilar to the other way around. Namely, how can a Chair improve their performance? Have we got the balance right? That discussion can go anywhere but I just don't see it as a one-way relationship. The objective is to ensure the relationship is as good as it possibly can be. Absolutely it requires the Chair to be self-effacing and have a sense of humility. It's why the best Chairs have not necessarily come through the ranks as CEOs.

## LEE-ANNE PERRY

*Dr Lee-Anne Perry AM has served as Executive Member and President of the Association of Principals of Catholic Secondary Schools, Queensland and the Mercy Secondary Educators Association (Australasia). She is a former governing board member of the Queensland Studies Authority (QSA). Dr Perry began the position of Executive Director of the Queensland Catholic Education Commission in July 2015.*

Support and challenge are two of the things I want from my board. Support in terms of what the board can do individual and collectively – bringing different perspectives and expertise to bear on the major strategic issues for the school. I look for their perspective, as people who have a commitment to the school but are not intimately connected to the school in the same way as staff. I always want them to be asking questions. Why this, have you thought of that? That is a really helpful process for me and I use the same process with all the people who report to me. I see myself as supporting and challenging them. You want the best outcomes for the school and the wisdom is not vested in one person. I see the board bringing their wisdom to the major issues for the school.