THE NEXT GENERATION

Pathways to ASX 200 board roles of the 2018 appointees

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THE 30% CLUB Australia launched in May 2015 with the primary objective of campaigning for 30 per cent women on ASX 200 boards by the end of 2018. In March 2019 the 30% Club announced a new objective for 30 per cent women on ASX 300 boards by the end of 2021. The 30% Club will continue to focus on the boards of ASX 200 companies that have not reached the 30 per cent target.
At EY, our purpose is to build a better working world. Fundamental to meeting our purpose is diversity of thought driven by diverse workforces and inclusive workplaces.

It is our ambition to hasten change by sustaining and growing an environment and culture that supports female leaders. Gender diversity improves business decisions and because of this it is in the interest of every business leader to accelerate progress.

With an opportunity to reflect on the findings from this report, it is evident that the men and women that participated in the research have had very similar journeys to ASX 200 boards – gender balanced shortlists are the norm. The challenge now is to address the relatively small number of women in CEO and senior profit and loss roles. In my opinion, there are clear steps Chairs, women seeking an ASX 200 board role and business leaders can take to institute gender diversity.

CHAIRS SHOULD:
• Be prepared to extend the net beyond CEO experience where there are already former CEOs on the board.
• Work with search firms to reach highly capable women outside their own networks.
• Consider the benefits of appointing a director who is still a full-time executive.

WOMEN SHOULD:
• Gain as much senior executive experience as possible.
• Be aware that experience on not-for-profit, government and private boards is secondary to senior executive experience.
• Develop networks with senior board members so chairs can contact someone they know for an informal reference.

BUSINESS LEADERS SHOULD:
• Mentor aspiring ASX 200 directors to give them an insight into the responsibilities, pressures, skills, experience and personal qualities required so they can make informed decisions on their career path.
• Share their own networks and make appropriate introductions.
• Make a commitment to bring women to leadership roles.

Gender diversity is a complex challenge and one we must work collaboratively to solve. By working together, we will unlock better performance and elevate the quality of corporate governance in Australia.

We are pleased to collaborate with the 30% Club to support the journey, and encourage discussion and action that makes a positive difference.

Tony Johnson
EY Chief Executive & Regional Managing Partner Oceania
EXECUTIVE SUMMARY

The 30% Club and EY have joined forces to consider the experience and journey necessary to be considered for an ASX 200 listed board, and how aspiring directors can best position themselves to succeed. The conclusions drawn in this report are based on an online survey, completed by males and females who were appointed to their first ASX 200 board in 2018, and interviews conducted with a number of those directors, along with chairs who had appointed at least one new director to the ASX 200 in the last year, and search consultants who work with boards of this size.

Here are the key findings.
EXPERIENCE

• The most important and desirable experience for ASX 200 boards is senior executive experience, in particular roles with significant profit and loss (P&L) responsibility.
• Although useful for understanding governance, not-for-profit, government and private board roles are not typically stepping stones to ASX 200 boards. Significant and relevant senior executive experience is considered more desirable.

SKILLS

• The top three skills survey respondents believed they brought to their board appointment were leadership, strategy and digital transformation.

APPROACH

• The majority of survey respondents had been approached by a search firm for the role, with none being approached for the role through their networks. This was not the case for all of those interviewed.
• About half of the survey respondents had been targeting the board they joined, through conversations with search consultants and other directors. These were almost equally split between men and women.
• Search consultants are increasingly involved in the process, providing unbiased lists of diverse candidates. Search consultants are also helping chairs to expand their required and desirable criteria.

• The respondents stressed that a non-executive director (NED) career is not part-time and should never be regarded as a flexible alternative to a full-time executive position.
• Most survey respondents were full-time NEDs but, of those who were not, 75 per cent of females and 25 per cent of males were in a full-time executive role.

SUCCESSFUL DIRECTORS

• A successful director needs to be more than technically capable. Boards are also seeking directors who are emotionally intelligent, demonstrate integrity, courage and a strong moral compass.
• Diligent directors monitor market trends, competitors and their sector in search of opportunities and potential challenges. They also engage in continuous professional development.

MALE VS FEMALE JOURNEYS

• Significantly, there was little difference between the journeys of the male and female appointees. All respondents possessed the skills and executive experience desirable to boards. Some female interviewees emphasised that women need to be intentional in their networking and building a board profile as considerably more men are in the CEO and senior P&L roles which afford higher visibility.
The overall aim of this report was threefold. Firstly, to gather useful information and practical advice for anyone aspiring to an ASX 200 board. Secondly, to identify any differences in terms of both challenge and opportunity between women and men. Thirdly, as the directors surveyed and interviewed were new to ASX 200 boards, to provide ASX chairs with greater confidence that individuals with a depth of senior executive experience are being appointed at this level.

It is encouraging that the findings suggest the selection process in these companies is both professional and unbiased as they compete for the most able directors. Candidates are also in competition for the very few roles available each year. Being part of an exclusive network no longer guarantees a seat on a board and a gender-balanced short list is considered the norm. However, there are still some factors in play that can limit opportunities for women aspirants. The most significant is the need for more women to gain senior executive (top team) experience, particularly running P&L, with demonstrable skills in strategy and leadership.

Clearly, if gender parity is to be achieved, companies must commit to appointing more women to P&L roles. Seeing other women in these roles will also engender confidence in those aspiring to these positions.

Relatively few professional directors will achieve a seat on an ASX 200 board. In 2018, just 185 non-executive directors were appointed at this level, 113 for the first time. Of these, 63 were men and 50 women.

The requirements in terms of skills, experience and personal qualities are extremely high and, while these positions can be very rewarding, they are also associated with higher levels of personal risk and potentially media exposure. This environment doesn’t suit everyone, and many very able and talented people opt for boards outside of the listed space. While this report focuses on the ASX 200, the information it contains should also prove useful to anyone considering a boardroom career in the ASX 300.

METHODOLOGY

The 30% Club and EY invited the males and females who were appointed to their first ASX 200 board in 2018 to complete an online survey. This included questions about their past experience, current board portfolio and the recruitment process. Interviews were also conducted with a number of these directors, chairs who had appointed at least one director new to the ASX 200 last year, and search consultants who work with boards of this size.

The online survey was sent to a total of 88 NEDs (52 males and 36 females), who had been appointed to their first ASX 200 board in 2018. Of the 33 per cent who responded 59 per cent were female, 41 per cent male.
PART ONE

DEEP EXECUTIVE EXPERIENCE
- AN ESSENTIAL FOUNDATION
Few directors start their boardroom career with a seat on an ASX 200 board. In the case of the survey respondents, this was true for just 12 per cent of females and 25 per cent of males. Most begin with a government department, a not for profit (NFP) organisation, a private company or a smaller listed company. Many respondents had a portfolio of board positions across a range of sectors when they accepted their first role on an ASX 200 board. Significantly, the majority of females had previously held three board roles while the majority of men held five.

It would be easy to assume that this is the most effective pathway to an ASX 200 board. Yet a common theme to emerge from the interviews was that governance experience on its own will generally take a back seat to deep executive experience, not least because every director must command the respect of the rest of the board, the executive team and, particularly, the CEO.

Michael Chaney Chair, Wesfarmers Limited.

There is a clear dividing line between management and governance, yet the skills identified as most useful in the boardroom develop out of a long and successful executive career. This includes being able to skilfully and diplomatically negotiate a position and articulate a viewpoint, as well as having face time with the board as a senior executive.

If you bring someone on to a board whose executive experience is three levels below that of the CEO, the CEO is not going to look up to them as someone capable of giving useful advice.

Michael Chaney Chair, Wesfarmers Limited.

The most important things you bring to the board table are judgement and the ability to engage and influence others without having direct control, and a lot of that comes from having deep executive experience.

My key advice is to get as much deep executive experience as you possibly can, particularly as a Chief Financial Officer (CFO) or in roles where you’re running a business. And you should do that in order to be an outstanding executive, not simply because you see it as a pathway to the board. It’s in executive roles that you have the most influence in the organisation and the strongest leadership role.

Kathryn Fagg Chair, Boral Limited, NED, Incitec Pivot Limited.

I believe that good executive experience at a senior level is more important than serving on smaller boards or NFPs. In my opinion that’s no substitute for being in senior management and having to grapple with and resolve a wide range of issues.

Michael Chaney Chair, Wesfarmers Limited.

If you’ve run a business you’re used to integrating different elements such as legal, compliance, risk, people, customers and marketing to get an outcome. You see similar challenges in the boardroom when you’re balancing stakeholder interests.

Duncan West NED, Genworth Mortgage Insurance Australia Limited, Challenger Limited.

Many interviewees pointed out that you don’t need to be a NED to understand governance. Most senior executives have extensive boardroom experience, albeit from the perspective of reporting to the board and crafting board papers that accurately represent a situation or advocate for a position within the organisation or department.

Many executives have spent many, many hours in the boardroom presenting to NEDs so they understand how boards work.

Lindsay Maxsted Chair, Transurban Limited, Westpac Banking Corporation, NED, BHP Group Limited.
As an executive you prepare papers for the board rather than receiving and reviewing them. I don’t think you can get any better insight than that, other than actually being a NED. In fact, I think it would be quite challenging to come on to a board if you haven’t reported to a board at a senior level.

Angus McNaughton NED, GPT Group.

Clearly there needs to be a balance between individuals who bring different insights and fresh thinking from recent executive roles and seasoned directors who have not only experienced the gamut of listed company issues but also hold the corporate history. As one respondent noted, a totally inexperienced board would be very stressful for the chair, who would be left to shoulder much of the responsibility for meeting the governance and compliance requirements associated with a listed company. Chairs also look to very experienced directors for insights and opinions, and deep governance and sector experience are prerequisites for those who chair a committee.

Lack of governance experience would have been a problem if we’d been skinny in that area but, given the composition of our board, it wasn’t important.

Lindsay Maxsted Chair, Transurban Limited, Westpac Banking Corporation, NED, BHP Group Limited

However, one female respondent said she suspected many ASX 200 companies still veer towards the “safer” option of a well-established ASX 200 board member. She wasn’t convinced that her own experience, which included serving on the board of a company that grew into the ASX 200 during her tenure, acting as CFO of an ASX 200 company for several years and spending time as a CFO and NED of smaller listed companies, was valued as highly. There will inevitably be some ASX 200 board members who adhere to this way of thinking, particularly in the current risk-averse environment, but there was no evidence of this in relation to the 2018 appointments.

There is no hard and fast rule as to how long senior executives should remain in their executive role. A common thread was that a board portfolio should not be viewed as a career option to transition into too early but something to consider during and after a long and successful executive career. Interviewees stressed the importance of experience in managing significant corporate actions such as mergers or acquisitions, and P&L along with gaining a reputation as a leader in the industry. A few people achieve this by their forties, and there were more female respondents in this age group than males. This could be interpreted as a targeting of younger, experienced female talent for board roles. Most take longer and prefer to remain in an executive role that affords them the opportunity to make a greater impact than as a NED. While the majority of survey respondents were in their fifties, 35 per cent of female respondents and 25 per cent of males were in their sixties when they were appointed to their first ASX 200 role.

An executive career develops the technical skills, reputation and commercial exposure that add value to a board. It is also the foundation for the long-term strategic thinking needed to navigate organisations through changing consumer expectations, new competitors and the emerging technologies that are being deployed for strategic competitive advantage. The top three skills survey respondents believed they brought to their board appointment were leadership, strategy and digital transformation.

Traditionally, this level of skill and experience has been associated with the role of CEO – and many of the male respondents had CEO experience. However, insisting on CEO P&L experience can create a considerable barrier to women as there are comparatively few females in this CEO position.
Clearly, a company which includes CEO experience in its list of non-negotiable requirements will struggle to achieve a balanced shortlist. Additionally, many chairs are concerned that a board comprising entirely former CEOs will fail to provide diversity in terms of background, perspective and skill. As a result, a high number are now acknowledging the benefits of looking further afield.

However, a priority for corporations should be to establish a larger pool of senior female executives and CEOs from which future NEDS can be drawn.

Many companies are taking positive steps to expand their networks.

**We know most of the people in the resources sector already so we could get a long list of potential candidates just from board connections. But we decided to broaden that process by talking to our shareholders and using an international search firm that included suggestions from their own offices in the UK, Houston and other places where they have a different pool of directors.**

Rick Lee Chair, Oil Search, Ruralco Holdings Limited.

Search firms are also helping to open up traditional networks to women.

**I don’t think the problem is that men don’t want women on the board, rather that there aren’t many women in their networks. If they come to me looking for someone strong in, say, engineering, I can look through the senior executive women I know – the boards often have to find a connection into new networks.**

Sharon Doyle NED, Technology One Limited.

**If five of the directors are former CEOs the board doesn’t necessarily need another one. I think our role is to tease that out and show there are other ways of getting the necessary experience.**

Katie Lahey Executive Chair, Korn Ferry, NED The Star Entertainment Group, Carnival Corporation Plc.

In the past boards haven’t known many females in the community apart from the very big names. Search firms can bring less familiar but equally able women to their attention. I think it’s been very important that professional search firms like mine have signed a code of practice and committed themselves to having 30 per cent women on long lists, and we’ve more than exceeded that.

**The increasing focus on diversity was very positive for me. I have such a varied background I probably wouldn’t have made the long list without it because I didn’t fit those traditional definitions. But, while targets worked to my advantage, I got the role because I’m a highly credible and capable director, have worked very hard and am very diligent and considered, not because I’m a woman.**

Sally Evans NED, Gateway Lifestyle Group, Healius Limited.
DEVELOPING A PIPELINE

Broadening the brief has expanded the pool of women who will be considered for the short list. It has also enabled men with experience in companies such as technology and advertising to be targeted by ASX 200 boards. Boards are proactively looking for individuals who can provide insights into future technologies and the way companies are adapting to disruption caused by these new technologies and the influence of social media.

Over the past two years the Senior Executive Census produced by Chief Executive Women has really highlighted the low number of women in those key CEO, business unit leader and CFO roles. I think leaders need to commit to addressing this, ask what they’re doing to bring women up into business unit roles and certainly encourage those with the capacity to lead businesses to move across from support functional roles.

Kathryn Fagg Chair Boral Limited, NED Incitec Pivot Limited.

Equality at executive level is not where it needs to be and we need to solve the problem of why companies are losing women. There’s gender parity at more junior levels but this falls off as you rise through the ranks.

Michael Allen Founding Partner, Mars Partners Executive and Board Search.

There is overwhelming agreement that P&L experience is the most valuable around the table. This is supported by the survey results, with all of the male respondents and 88 per cent of female respondents reporting P&L experience in their last or current executive role.

The more we do inside organisations to ensure that women have a broad range of roles with P&L accountability, the more that will flow through the boardroom.

Duncan West NED, Genworth Mortgage Insurance Australia Limited, Challenger Limited.

Do your best to get a senior P&L job somewhere. Let it be known that that’s what you want and, if there isn’t an opportunity in the company you’re with, go somewhere else. You need to be able to demonstrate you’ve had responsibility for all of the judgement calls that have to come together to get you a very healthy bottom line.

Moya Greene NED, Rio Tinto Limited, easyJet plc.

Following recent developments such as the royal commission into banking, the investor community has been calling for more domain experience on the board. This does not necessarily ensure better boards in terms of decision-making, but the public sentiment coupled with the degree of oversight experienced by large listed boards can pressure chairs to align board composition with stakeholder demands. Aspiring directors need to be very clear about the relevant skills and experience they can bring to boards, particularly if they are targeting boards outside of their executive experience.

Most companies – and particularly those in financial services or highly technical and specialised areas – want a number of directors with a deep enough understanding of the business to grasp the detailed metrics and dynamics.

Jane Neale Managing Director and Founding Partner, Hattonneale.

I’d spent all my working life in insurance and financial services in three different parts of the world and I think it helped that I have deep industry expertise and knowledge. Every insurance company board needs some people with deep insurance experience and that has played into my sweet spot.

Duncan West NED, Genworth Mortgage Insurance Australia Limited, Challenger Limited.
Inevitably there will be exceptions to the rule. Not every person on an ASX 200 board has run a business and there are many who gained their senior executive experience by running departments, holding functional roles or via a background in consulting. However, these individuals were notable for being leaders in their field and were appointed for their outstanding skills and deep domain experience.

We were looking for a USA based director with human resources and/or legal skills and I recruited a woman based there who had run one of these functions for a very large international company and had significant experience in the other.

Paul Rayner Chair, Treasury Wines Estate, NED Qantas Airways Limited, Boral Limited.

We are seeing greater diversity in terms of functional exposure. Technology is clearly a critical skill these days and, to some extent, human resources and marketing are also areas where boards value a wider range of expertise.

Michael Allen Founding Partner, Mars Partners Executive and Board Search.

Nevertheless, a lack of P&L experience could limit the quality of a boardroom career. Some board roles, such as chairing a committee, are more interesting, have more impact and can eventually lead to a board chair role. These all require the range of experience, insight and strong oversight gained by running a business.

A background in marketing or as head of internal control can get you on to a board but it won’t get you the big jobs around the table.

Moya Greene NED, Rio Tinto Limited, easyJet plc.

SIMULTANEOUS EXECUTIVE AND BOARDROOM CAREERS

One interesting trend is towards simultaneous executive and non-executive careers. The majority of respondents were full-time NEDs but, of those who were not, 75 per cent of females and 25 per cent of males were in a full-time executive role.

Despite these advances, there are still times when chairs feel there is no alternative to an all-male short list or a male appointee. This is a serious concern – and it underscores the need to ensure that a strong pipeline of female candidates is visible to chairs. However, it does demonstrate that, when chairs are searching for a candidate with non-negotiable skills, they are not making concessions to recruit on the basis of diversity.

It is extremely difficult to find a suitably-qualified American director with deep industry experience who is willing to sit on an Australian board so, in my mind, it would be impractical to include another very strict criterion such as gender, although it is still important to ask for a balanced short list.

Kathryn Fagg Chair, Boral Limited, NED Incitec Pivot Limited.

I wanted the board to be gender balanced and, following last year’s two appointments, three of our seven NEDs are women. We were very keen to find female directors but they had to have the right skills and experience.

Paul Rayner Chair, Treasury Wines Estate, NED Qantas Airways Limited, Boral Limited.
PART TWO

THE NATURE AND DEMANDS OF THE ROLE
PART TWO

It is surprising how many aspiring directors lack a deep understanding of the role, its risks and downsides, and the value they will be expected to provide. In part, this may be an unintended consequence of the publicity surrounding the drive to increase gender diversity on ASX 200 boards, which increased interest in the boardroom as a career for male as well as female candidates.

Some people don’t understand exactly what’s involved in a boardroom career. You need to be very thoughtful about whether you can make a contribution and whether the role is right for you.

Jane Neale Managing Director and Founding Partner, Hattonneale.

It has been said that a NED needs to know the right questions to ask while management needs to know the right answers. That sounds quite straightforward – but, in order to formulate those questions, a director must be able to draw on a vast wealth of knowledge and experience. One respondent also spoke about the need for universal qualities such as commercial awareness, having an independent mindset, a readiness to challenge without crossing the line into the executive space, energy, commitment, financial astuteness, integrity and the ability to engage.

People who are brilliant but narrow will struggle to be appointed. Boards are also looking for a broader contribution to a discussion about the strategy. If someone can’t do that they will not get appointed to a board whatever else they can do.

Nick Fletcher Managing Director, Russell Reynolds Associates.

Gone are the days when you could say “I’m just the finance person on the board and that’s my contribution”. You have responsibility to contribute more broadly and for decisions that are made across the whole of the business.

Jane Neale Managing Director and Founding Partner, Hattonneale.

Boards also look for directors with the personal and behavioural attributes required to function well in a collegial environment. Today’s directors are valued for their emotional intelligence – the ability to understand and respect a wide variety of views around the table and take into account the potential impact of unconscious biases – along with qualities such as integrity, courage and a strong moral compass. Those who lack emotional competencies are limited in the value they can add to the board and the ability to grow individually and learn as directors.

THE FIRST QUESTION TO ASK

Several contributors cautioned against thinking of the boardroom as a natural progression from an executive career. Not every good executive will make a good director and there are also many outstanding executives who would not enjoy the role.

I tell young women to be careful what they wish for. Being a NED is a pretty thankless job. Boards play a very important governance role but it is absolutely the CEO and executive team who have the most influence in organisations.

Moya Greene NED, Rio Tinto Limited, easyJet plc.

The first question to ask yourself is why you want to join a board, then why you should aim for an ASX 200 board. If you have good answers to both of those, ask whether you understand what an ASX 200 role would mean for you personally and, potentially for your family. You need to think very carefully about the things you
need to sign up for, including the risks and liability that might follow.

**Kee Wong** NED, Carsales.com Limited.

Directors who had served on NFP, private, government and even smaller listed boards noticed significant differences in the level of risk on an ASX 200 board. Larger listed boards have more resources at their disposal but with this comes increased public interest and oversight. Online and social media can disseminate news with dazzling speed, whether or not it happens to be true. And, when a company’s performance or behaviour is called into question, the reputation of individual directors can be at risk and their private lives held up to scrutiny.

One obvious difference is a much greater focus on continuous disclosure. Stakeholder management is also significantly greater. I was used to only having a couple of investors, which are much easier to manage than multiple investors in a public market.

**Sally Evans** NED, Gateway Lifestyle Group, Healius Limited.

Increased risk is one reason why some interviewees were not initially actively seeking roles at this level. Several commented that everyone has his or her own risk appetite, motivations and drivers and that it is reasonable to decide against that level of exposure.

The expectations are enormous on an ASX 200 board. Your ability to get across every detail of a very broad and diverse organisation is bound to be limited so the personal risk is greater. I’d been an executive on listed companies and I decided that, certainly in the early years, I didn’t want to expose myself as a director at that level.

**Duncan West** NED, Genworth Mortgage Insurance Australia Limited, Challenger Limited.

I was quite happy working in the private enterprise world out of the glare of publicity and the liability that comes with being on a listed company board.

**Kee Wong** NED, Carsales.com Limited.

The boardroom is not a part-time career and should never be regarded as a flexible alternative to a full-time executive position. A further risk is underestimating the time required to meet the commitments of the board room. This is neither fixed and predictable nor limited to reading board papers and attending 11 meetings a year. Diligent directors monitor market trends, competitors and their sector in search of opportunities and potential challenges. They also engage in continuous professional development. The commitment required can also increase considerably during corporate activity such as a merger or acquisition, or a crisis of some kind.

You can’t measure your capacity to deliver on the basis that everything is going to be hunky dory every day, or that problems will arise one board at a time. You have to allow sufficient headroom for the worst-case scenario – that something requiring lots of activity outside your normal meeting schedule will happen on all of your boards simultaneously.

**Kee Wong** NED, Carsales.com Limited.

Chairs are getting a bit nervous about men and women who don’t have bandwidth if the board gets busy. Some new directors don’t realise that, when there’s a problem or corporate activity, one board meeting a month could turn into five.

**Jane Neale** Managing Director and Founding Partner, Hattonneale.
PART TWO

When all things have been considered, those who do decide to set their sights on an ASX 200 board should be prepared for a long and sometimes frustrating journey. Beyond the preparation, the appointment process itself can take up to a year, though most respondents indicated that, once they had been approached and expressed interest in the position, they were appointed within three months. This is of particular concern for anyone whose sole source of income will be that earned as a director.

When you’re looking for an executive role you only need to find one. Building a portfolio of four boards can easily take two or three years – in some cases, much longer.

Michael Allen Founding Partner, Mars Partners Executive and Board Search.

One immutable truth about ASX 200 boards is that membership is strictly limited. A very small proportion of those capable of doing a very good job will have an opportunity to join. Those who are appointed might still wait a number of years for another role with a company of this size and many only ever have one ASX 200 role during their director careers.

Rather than focusing on an ASX 200 board per se, I’d be looking for one that really leverages your own knowledge and experience. For your personal satisfaction as well as the sake of the company it’s good to think in terms of the value you can contribute rather than the size of the company.

Sharon Doyle NED, Technology One Limited.

I didn’t have my sights set specifically on an ASX 200 board. I’ve always been involved in growing businesses and I was only ever going to be interested in companies with a growth strategy, whatever their size.

Sally Evans NED, Gateway Lifestyle Group & Helius Limited.
PART THREE

CRUCIAL STEPS TOWARDS AN ASX 200 BOARD
In the past, you had to hope for a tap on the shoulder. Today, there is active competition for every seat on the board. There is also a well-defined and highly-professional procedure for defining skills gaps and then identifying the person best-qualified for the role. This professional and unbiased approach benefits high-calibre candidates of both sexes, yet not all aspiring directors equip themselves for the rigours of the appointment process.

You can’t just say “I’ve had my 20 years of experience and now I want to be a NED”. You need a profile that will be of interest to boards, but some people don’t really understand what would be of interest or why their profile falls short.

Claudia Süssmuth Dyckerhoff NED, Ramsay Health Care Limited.

From education and development to researching companies, connecting with recruiters and networking, preparing for the boardroom takes effort, commitment and time.

You should be prepared to put in just as much work into joining a board as you would in a corporate career, but probably with less pay at the end.

Katie Lahey Executive Chair, Korn Ferry, NED The Star Entertainment Group, Carnival Corporation Plc.

It’s like aiming to be a marathon runner – you can’t just put on the shoes one day and say here I go. It’s a long build up to get the fitness you need.

Kee Wong NED, Carsales.com Limited.

People who know me well say they have never seen anyone with the absolute singular focus and resilience I showed in the 18 months it took me to prepare. The process is not so much difficult as time consuming and a great deal of work.

Sally Evans NED, Gateway Lifestyle Group & Healius Limited.

Boards considering someone who is new to the ASX 200 expect to see evidence that the candidate takes the role seriously and has taken steps to prepare. Several interviewees and respondents mentioned education as a way of covering off the fundamentals of board governance and directors’ responsibilities. Significantly more female respondents had undertaken some form of further education than their male counterparts.

I decided to do some formal training to supplement my practical experience. This included a Directors Program at Stanford Law School and an Audit Committee Program at Harvard Business School.

Moya Greene NED, Rio Tinto Limited, easyJet plc.

Previous boardroom experience can add value, though directors, chairs and recruiters all stressed the importance of taking a strategic approach to appointments rather than accepting every offer that comes along. The wrong board roles can be frustrating, demotivating and, in extreme cases, could damage your reputation, making it difficult to find a more appropriate position in the future. Once you have joined a board it is very difficult to leave before the term of appointment expires. It is also wrong to assume that a certain amount of director experience will automatically lead to a seat on a listed company board.

Think about the sector experience you want to gain. If you aspire to be on an ASX healthcare board, for instance, you consider joining a healthcare board in the NFP sector. If you aspire to an ASX technology company you could begin with a start-up.

Jane Neale Managing Director and Founding Partner, Hattonneale.
A seat on the right kind of board while you’re still working as an executive can build strengths in both roles. These days, more organisations are permitting senior female executives to join a non-competing company board as part of their strategy to retain talented women. Some companies also see real value in having a current executive on the board to help them navigate the various challenges associated with transformation and disruption.

_The first role outside my day job was a seat on a government board and it was the best executive development program I could have ever done. I really learned the difference between being an executive and board member, what boards are looking for and why they come at issues the way they do._

_Kathryn Fagg Chair, Boral Limited, NED Incitec Pivot Limited._

Notably, there is a view that the hands-on skills required of directors on some smaller boards aren’t helpful in the ASX 200. However, many talented people are keen to work in a charitable environment and these organisations can benefit greatly from their contribution. The overarching advice is to choose a cause you feel passionate about and where you can add value over the longer term. For the sake of your career as well as the organisations concerned, these positions should never be taken lightly or viewed purely as a stepping stone to a place on a listed board.

_Whatever the size of the board, do your due diligence properly and don’t be afraid to say no if you’re not comfortable. Being on a board with cultural or any other significant issues could be very damaging for your NED career._

_Angus McNaughton NED, GPT Group._

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_BUILD A RELATIONSHIP WITH SEARCH FIRMS_

Most ASX 200 searches involve some level of input from a recruitment firm. They may manage the whole process, sourcing all or some of the candidates, or be brought in at a later stage to check references and gain feedback. It is vital for aspiring directors to get on their radar and present themselves as someone worthy of a board role yet, unfortunately, there are still many candidates who are under-prepared for their first appointment with an executive search consultant.

_People often turn up with little more than an executive CV. A good board profile is very different in that it reflects your skills and attributes from a board point of view. It also shows us that you’ve thought through what the role entails and where you can add value._

_Michael Allen Founding Partner, Mars Partners Executive and Board Search._

One respondent suggested that some women find it difficult to define their own value – that they risk underselling themselves because they struggle to say “I’m really good at X, Y, Z”. Where this is the case, a mentor or other experienced director could help to provide an objective assessment of your qualities and achievements.

_I approached senior directors who knew me well and asked them to tell me honestly whether I was ready to do this. I got an emphatic “yes”, and they also agreed to be referees._

_Sally Evans NED, Gateway Lifestyle Group, Healius Limited._
PART THREE

You need to think very carefully about what you can really bring to the table from the board’s point of view. When I was approached by Roche and Clariant I was quite harsh on myself in terms of my real areas of expertise. Later I realised that, if you’ve got 20 years or so of executive experience, you’ve worked through a lot of different situations and have developed expertise that you might not think to include when you’re first putting together your profile.

Claudia Süssmuth Dyckerhoff NED, Ramsay Health Care Limited.

**DEVELOP YOUR NETWORKS**

As a senior female chair once said, it’s not who you know, it’s who knows you. Having the perfect credentials for a role will be of no value if no-one knows that’s the case.

I worked as a lawyer, spent five years with an enterprise software company then, for the past 15 years, worked in corporate advisory, capital markets and corporate finance. This is an unusual set of skills and it proved to be the perfect combination for Technology One. Fortunately, I was known to a number of participants on the board because I’d been active in those markets over a period of time so they were able to approach me directly.

Sharon Doyle NED, Technology One Limited.

It helps if you gain a professional reputation so people have heard of you and can talk about you in a meaningful way. I knew no one in Australia from a networking point of view but the search firm knew about me from conferences and publications.

Claudia Süssmuth Dyckerhoff NED, Ramsay Health Care Limited.

I was on the European Round Table of Industrialists with Jan du Plessis, who was Chair of Rio at the time. One of the directors, Paul Tellier, had also been one of my mentors in Canada.

Moya Greene NED, Rio Tinto Limited, easyJet plc.

When one recruiter first started working with boards he was shocked to find there really was an old boys’ club. He was concerned that boards wouldn’t appoint anyone they didn’t know, then came to understand the reason behind that. Chairs need to be very cautious because, once a director has been appointed, it is very difficult to remove them from the board. Selecting someone known to the chair or another respected board member, especially someone already known to the market, reduced the chance of appointing someone negatively disruptive or otherwise unsuitable. And, of course, when boards were predominantly male, the people they knew were other men.

These days, while chairs still look for personal recommendations, their networks are opening up to women.

It’s very rare for a chair to appoint someone they haven’t met a few times or know someone who can vouch for them. You can be a good fit for a board appointment but you’re going to make it really difficult for the search firm involved if the chair can’t make a couple of phone calls and reach someone who knows you well enough to say you’re an earthling. You don’t have to network every night of the week but you do need to make the effort to get to know a few experienced NEDs so you’re referenceable.

Nick Fletcher Managing Director, Russell Reynolds Associates.

Search firms and referees are very important and, as part of the interview process, chairs and directors also do a lot of informal reference checking to get a feel for the candidate. They want to be able to establish whether a
Director with the right CV on paper is going to fit into the collaborative environment of a boardroom.

Lindsay Maxsted Chair, Transurban Limited, Westpac Banking Corporation, NED BHP Group Limited

Networking is something men have been doing naturally for a very long time. In the past, lunches, conferences and forums were mostly populated by men. And many business networking structures were set up around activities such as sporting events where, if women went at all, it was generally as the “plus one”. This is changing as the shift towards gender balance gives women opportunities for exposure that were very limited in the past. But it is still CEOs who are most likely to be asked to speak, to be profiled or to sit on industry boards. As there are far fewer female CEOs, women are having to work harder to gain the level of visibility around their achievements that men have tended to take for granted. CEOs and organisations that have taken the Male Champions of Change (MCC) panel pledge are enabling more women to put their hands up to contribute, but women need to ensure they are on these panels and articulating a strong thought leadership position.

The good news is that women are well aware of the role networking can play and are doing it well. They are creating support networks with other females in executive and non-executive board roles and referring them to chairs and recruiters who are searching for specific skills.

Women who are committed to positioning themselves for board roles go about networking with forensic due diligence, much more so than men. Women know they have to take it seriously and treat it as a job.

Jane Neale Managing Director and Founding Partner, Hattonneale.

Some men do have a higher profile because they’ve had a bigger job but I believe that women are doing a really good job of networking. I went to a function a few months ago where there was about a 50:50 split between men and women. None of the men knew each other but it seemed that all of women did.

Duncan West NED, Genworth Mortgage Insurance Australia Limited, Challenger Limited.

Women have developed strong and effective networking groups through established organisations, meeting people on the same journey and learning from those who have already arrived. There are also many senior male and female directors who share their own networks and give back by mentoring aspiring female directors. The most astute have a polished “elevator pitch” at the ready to make the most of every networking opportunity.

I was on the AICD mentoring program and my mentor, Arlene Tansey, was on the board of Healius. She knew they were going to recruit and became very conscious of the fact that I had the capabilities they were looking for. She put my name forward but then excused herself from the decision making.

Sally Evans NED, Gateway Lifestyle Group, Healius Limited.

Informal networks are also extremely effective, particularly when groups of women are able to refer each other for board roles and provide references. The journey to the boardroom can sometimes feel quite lonely and isolating, so it can also help to have the support of a group of people who understand the process, can provide valuable feedback and act as a sounding board.

"It helps if you gain a professional reputation so people have heard of you and can talk about you in a meaningful way. I knew no one in Australia from a networking point of view but the search firm knew about me from conferences and publications.

Claudia Süßmuth Dyckerhoff NED, Ramsay Health Care Limited."
I have a lot of fantastic people in my circle who are wonderful champions, great supporters and all look out for each other. It's incredibly important to have people who can say “I know someone who would be a great fit” when they hear about a suitable opening.

Sharon Doyle NED, Technology One Limited.

Interestingly, the research and the interviews revealed that there is no such thing as a typical journey to an ASX 200 board. Some contributors spoke about serendipity - the fact that they happened to be in the right place at the right time - though, while luck certainly can play a part, it usually happens when preparation meets opportunity.

There’s a lot you can’t influence, such as whether there happens to be a company looking for someone with your profile or a search firm with a suitable mandate.

Claudia Süssmuth Dyckerhoff NED, Ramsay Health Care Limited.

A typical listed company board will average one or more vacancies each year. Some boards do succession planning well; others may be more reactive. But aspiring company directors should work on the assumption that vacancies will occur in every board on a regular basis. The challenge is then to select industries, and perhaps companies, of interest and develop an engagement strategy.

About half of the survey respondents had been targeting the board they joined, and these were almost equally split between men and women. Surprisingly, none of the survey respondents reported hearing about their ASX 200 role through their networks. However, the majority had been approached by a search firm and, as we have seen, search firms depend heavily on networks both to identify candidates and check their credentials. It is possible that the respondents’ replies referred specifically to the first point of contact rather than the wider process.

PREPARING FOR THE INTERVIEW

Every candidate who secures an interview has already been thoroughly vetted for his or her skills and experience. Now it is time for the board to uncover what would make them uniquely valuable to the board.

One interviewee mentioned that there are still some chairs with a different level of curiosity when it comes to women. They may tend towards more personal questions, albeit very carefully framed. While this is now quite rare, it pays to be prepared and able to counter this curiosity in a positive, yet firm way.

I was coached to be very clear about what I would bring to that specific board, which I think goes very much to your belief system. I was also advised to be succinct, because no-one wants to be stuck with a long-winded person who’s going to suck all the oxygen out of the room. That may sound obvious but it really did make me stop and think.

Sally Evans NED, Gateway Lifestyle Group & Healius Limited.

As you work your way through all possible questions some experienced directors recommend recording your answers. This can help you to stay calm and focused and provide more articulate responses under pressure.

The aim isn’t to sound scripted by becoming word perfect but to build your confidence. When I got to the interview I wasn’t stumbling over my words.

Sally Evans NED, Gateway Lifestyle Group & Healius Limited.
I was on the AICD mentoring program and my mentor, Arlene Tans’ee, was on the board of Healius. She knew they were going to recruit and became very conscious of the fact that I had the capabilities they were looking for. She put my name forward but then excused herself from the decision making.

**Sally Evans** NED, Gateway Lifestyle Group; Healius Limited.

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**BE PREPARED TO SAY NO**

A good interview is a two-way street. As the board gets to know the candidate, the candidate can get to know the board.

I interviewed every single member of all my boards and, with my first two companies, I also spoke to the entire executive team. That was my personal due diligence to get a sense of the culture and dynamics. I think a very important success factor for the board is how much content is really discussed and whether that is a genuinely open discussion. Everyone says “we want you to speak up, to speak your mind, we really want to hear you” but that’s not always the reality – and it’s much more difficult to get your head around than the factual information you can read in annual reports.

**Claudia Süssmuth Dyckerhoff** NED, Ramsay Health Care Limited.

It can be immensely difficult to turn down a role after what might be months of hard work and preparation. However, interviewees stressed the importance of being willing to walk away.

It is a lot easier for a woman to get on to a board than off. If you leave, people hold it against you and a question mark will hang over you, making it more difficult for you to secure other roles. You should do your best to find out what the board is really like and whether there are any internal difficulties. I strongly recommend asking to see the board evaluation and looking very closely at the commentary.

**Moya Greene** NED, Rio Tinto Limited, easyJet plc.

The advice I found most valuable, and which I now pass on to other aspiring directors, is not to compromise on the role, company or sector you’re interested in. The dynamics of the boardroom are very important, as is trust in the management team. Don’t settle for second best.

**Angus McNaughton** NED, GPT Group.

Everything I’ve done to date always started with the people. It’s very important to me that I can pick the people I work with, that I enjoy their company and that we’re aligned in terms of mission, culture and mindset.

Governing a company won’t always be plain sailing and, when you encounter stormy seas, you want to be in a boat with people you like and trust.

**Kee Wong** NED, Carsales.com Limited.

Patience is key. Relatively few board positions become available each year, but accepting a compromise could mean missing out on your ideal role due to conflict of interest, particularly in smaller sectors.

I have seen female executives decide to change to a non-executive career, panic, accept the first position that came along then spend a long time unravelling what they had put in place. When I made the decision to step down from my executive career I also made the decision to be very, very patient, consider every opportunity very carefully and, if for any reason it wasn’t quite right, not go ahead with it.

**Anonymous respondent**

Boards can also be patient when a candidate is a particularly good fit for a role. Some directors were approached while they were committed elsewhere and the chair was prepared to wait. Highly experienced and talented individuals who are well known for their executive and leadership skills are worth waiting for and will often be approached by more than one board. This highlights once again the importance of supplementing a successful executive career with developing networks, speaking at conferences, presenting papers and building a positive media profile in order to gain and maintain a high level of visibility.
When Jan (du Plessis) first talked to me about joining the Rio Tinto board I was CEO of Royal Mail in the UK and a director of easyJet so I couldn’t take on another board. I told him I would love to accept if he could wait until I’d stepped down from my executive career, which I was planning to do though I didn’t have a definite date. They wanted a woman with CEO experience and good connections in Canada so they waited until I was free.

Moya Greene  NED, Rio Tinto Limited, easyJet plc.

CONCLUDING THOUGHTS

Today, the people who are appointed to an ASX 200 board have invariably reached the pinnacle of their career. Some had no aspirations to join any board, or an ASX board in particular, but were approached for their exceptional talent, skill and experience. Others were very focused on their goal, worked hard and demonstrated great commitment, dedication and determination.

A recurring theme is the importance of deep executive experience, preferably in a P&L role. Boardroom experience might help to tip the scales in your direction but only in conjunction with strong executive skills. It also pays to be strategic in your choice of boards in other sectors. As competition for board positions is intensifying, the search process is increasingly professional and unbiased. However, once you have made it on to the short list, your chance of being appointed could come down to who you know - or, rather, who knows you. Chairs want to be sure that the person they appoint is a good cultural fit and can function effectively as part of a team. They check whether colleagues they know and trust can vouch for you, so it is vital that these senior board members are part of your network.

Perhaps the most important consideration is whether an ASX 200 board is a realistic goal. Roles at this level are strictly limited, but it’s also true that not everyone is comfortable with the public profile and higher levels of expectation, risk and exposure.

If, after careful consideration, you decide you could bring value to a board the most effective approach could be summarised as work hard, have a prominent executive career, build networks, develop strong relationships with search firms, create a strong board profile – and be exceptionally good at everything you do.
WORK HARD, HAVE A
PROMINENT EXECUTIVE
CAREER, BUILD NETWORKS,
DEVELOP STRONG RELATIONSHIPS
WITH SEARCH FIRMS, CREATE A
STRONG BOARD PROFILE - AND
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EVERYTHING YOU DO.
Moya Greene
Moya Greene’s journey to the boardroom began when, as Assistant Deputy Minister for Transport Canada, she helped design governance structures and source capital for newly-privatised transport structures. She went on to gain investment and retail banking experience at a very senior level at Toronto-Dominion Bank and the Canadian Imperial Bank of Commerce, where she also sat on the board of a mortgage subsidiary. Being invited on to the board of North American restaurant chain Tim Hortons marked the start of her private sector board career. She stepped down from her last executive position, CEO of Royal Mail, in 2018.

She was known to both Jan du Plessis, then chair of Rio Tinto, and Rio Tinto director Paul Tellier when she was approached to join their board. They were looking for a woman with CEO experience who ideally lived in Canada. Greene holds both British and Canadian citizenship and has maintained a strong network in Canada, where she was born. She joined the board of Rio Tinto in September 2018. She is currently a NED of easyJet plc, a member of the Board of Trustees for the Tate Gallery and Liaison Trustee for the National Gallery in London.

Kee Wong FAICD
Kee Wong is an entrepreneur with a background and qualifications in engineering, information technology and business. He has started several businesses, made investments in startups and established global businesses across a number of industries including technology, services, retail, food and beverage, trading and property.

He has experience in IT and management consulting and was a senior executive at IBM, running part of its e-business group in the Asia Pacific region including Australia and New Zealand. In 1999, he founded his first business, e-Centric Innovations, an IT/Management consulting firm. This is still operating successfully in Australia, Malaysia and Singapore, where it serves large multinational enterprises and governments.

He and Carsales’ CEO Cameron McIntyre had known each other professionally for some time when a vacancy arose on the board. A search firm had been appointed to find someone whose skills included technology and McIntyre invited Wong to participate in the list of candidates. He was appointed and joined the board of Carsales.com in July 2018.

Wong is the Deputy Chair of Asialink (University of Melbourne) and a director of Asialink Business, AICD and the Committee for Melbourne. He is also a member of the Metro Trains Strategic Advisory Committee.

Previously, he was also Chairman of the Australian Information Industry Association (AIIA), a Council Member of Victoria University, a Director of LaunchVic, the Melbourne Symphony Orchestra (MSO), Australian Services Roundtable (ASR), Federation Square and Foundation of the National Gallery of Victoria (NGV).

Sharon Doyle GAICD
Sharon Doyle began her career as a lawyer then worked as Vice President of Strategic Planning and Implementation at Mincom, one of Australia’s most successful enterprise software companies. Here, she led the implementation of key initiatives and drove change programs across the company. She also led negotiations on major transactions for international clients and was responsible for global merger and acquisition activities. Today, she is the Managing Director and majority owner of
corporate advisory firm, InterFinancial Corporate Finance Limited. She has a core practice providing strategic advice for mid-market companies and has maintained a specialist division focused on technology and other IP-rich, high-growth companies. Sharon has extensive international experience managing merger, acquisition and private equity processes.

She gained governance experience on the boards of her own company, as well as Starts at 60, an online media and travel company; and Unitywater, a council-owned statutory authority, where she is still a director. She was approached directly by Technology One and joined the board in February 2018.

Claudia Süßmuth Dyckerhoff

After training as a banker Claudia Süßmuth Dyckerhoff switched to healthcare, joining McKinsey & Company in Switzerland in 1995. She was transferred to the USA where she worked with pharmaceutical/medical device companies and health systems in both Europe and the USA. In 2006, she moved to China where she was elected Senior Partner, supporting health care companies, hospitals, health insurance providers and governments across Asia. She also led McKinsey's Asia-wide Health Systems and Services Sector.

She had no plans to leave McKinsey until 2015, when the Swiss multinational healthcare company Roche approached her for a role on their international board. She was appointed 15 months later after completing her work with McKinsey and was almost immediately approached by Clariant. Both companies are based in Switzerland, though she continues to split her time between China and Switzerland. For two years she consolidated her work as a director, refusing offers of positions on other large boards until she was approached by a search firm for a role with Ramsay Health Care. She joined the board of Ramsay Health Care in November 2018, continues to serve on the boards of Roche and Clariant and supports three start-ups.

Angus McNaughton

When Angus McNaughton retired from his executive career at the end of 2017 he had been involved with companies listed on either the Australian or New Zealand stock exchange for over 30 years. He had served as CEO and Managing Director of Vicinity Centres, Managing Director of Property of Colonial First State Asset Management and CEO and Managing Director of ASX-listed Novion Property Group. He led Novion through to the completion of the merger between Novion and Federation Centres, renamed as Vicinity Centres, in June 2015. He had served as Director of Real Estate at First State Investments in Singapore and CEO of Kiwi Income Property Trust in New Zealand where he also acted as a non-independent NED.

He hoped to join an ASX 200 board but was prepared to wait for the right role in the real estate sector, where he had gained his executive experience. This is reasonably small and, as a conflict would be hard to manage, he had decided to be strategic and not compromise. He was approached by a search firm when a vacancy arose on the GPT board, which happened to be his company of choice. He joined the board of GPT in November 2018.

He will in the future seek other board roles, and has recently joined a Due Diligence Review Panel for a large, non-listed super fund.
Sally Evans FAICD
Sally Evans has over 30 years’ experience in private, government and social enterprise sectors. She has worked in Australia, New Zealand, the United Kingdom and Hong Kong with responsibilities across the broader Asia Pacific region.

Her journey to the boardroom began about eight years ago when, as Healthcare Director of a global FTSE 30 company, she was reporting to boards and saw the impact and influence boards had on the businesses she ran. As part of her role as investment manager at AMP Capital Investors she was appointed to her first commercial board.

Once she had decided to aim for a boardroom career she took carefully considered steps towards her goal, including joining the board of a social enterprise. She also decided to be very focused in her approach, concentrating on retirement, ageing and dying.

Last year, she was approached by a search firm for a seat on the board ASX 200 Gateway Lifestyle. However, soon after her appointment, it received a takeover offer and this was successfully completed in October. Meanwhile, her mentor, Arlene Tansey, was on the board of Healius and recommended Evans when a vacancy occurred before excusing herself from the decision-making process. Evans joined the board of Healius (formerly known as Primary Healthcare) in September 2018.

He was still a full-time executive when he accepted his first non-executive role with the private company LawCover. It was another 18 months before he decided to pursue a full-time non-executive career in the insurance and financial services sector though, at first, he decided against ASX listed companies in order to avoid high levels of exposure. He quickly built a portfolio of five unlisted companies ranging from mutual organisations and privately-owned business to subsidiaries of foreign companies.

Two years later he was approached by a search firm about a vacancy at Challenger, which is in the ASX top 50. By this time he felt more comfortable in the boardroom and decided to accept, joining the board of Challenger in September 2018.

He is currently Chair of Hollard Insurance Company, Lawcover Insurance and Habitat for Humanity Australia and is a Director of Genworth Mortgage Insurance and Avant Group Holdings Limited.●

Duncan West GAICD
During his 30 year career in insurance and financial services Duncan West served as Executive General Manager of Insurance for NAB Wealth and MLC, CEO of Vero Insurance and CGU Insurance, and held senior executive positions at Royal Sun Alliance Group and Promina Group.
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