

The C-suite—moving up and moving in.

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Introduction

The performance of Chief Executive Officers in Australia and New Zealand is highly scrutinised. Their decisions, their style, and their tenure is considered, critiqued and speculated about by external stakeholders such as investors, suppliers, the media, and governance bodies. They're also closely watched inside their organisations as they set the behavioral tone for their workplaces. How they act, speak, and set expectations provide the management template for others.

C-suite roles are the highest ranking roles in an organisation, and those holding the roles are the “chiefs” of their functions. The CEO, the highest ranking member of the C-suite, has the broadest remit and the highest profile. The scrutiny CEOs work under is shared, to a lesser extent, by their fellow C-suite executives—leaders who may be in training for the top job or, whose roles have a major impact on the organisation's performance. The rise of social and online media—and the thirst for content to populate multiple information platforms—has brought an increased level of transparency and immediacy of information about the decisions and events that impact the business ecosystem and, in particular, its management.

What is less known, however, is the journey C-suite executives have taken to reach the top roles. The pathway to the top is often not an established, linear journey. In fact, it's as diverse as those who travel on it, and it can start long before his or her first management position.

Korn Ferry interviewed 11 business leaders in Australia and New Zealand who hold, or have held, chief executive officer and a variety of C-suite roles, to learn about the experiences that contributed to or defined their journey to the top job.

Our conversations were with executives who have diverse backgrounds and experiences. Their pathway to the C-suite was gained in traditional companies and digital pure-play businesses including listed companies, government, multinationals, not-for-profits, professional services, and start-ups. They've worked in a variety of sectors including: retail, banking, health, technology, telecommunications, media, education, construction, and tourism. Many made their journey to the C-suite working for some of Australia's biggest brands, while others created new businesses that disrupted, and innovated upon traditional models.

Their journeys differed but were all influenced and, in some cases, defined by unexpected forks in the road, what we call “sliding door” moments, where a decision to walk towards or away from an opportunity has profound consequences on a career.

This report; *The C-suite: Moving Up and Moving In*, provides insight into the early experiences that set a pathway to business success, along with the career decisions, and risks that have taken people to the top of their organisations. The events and experiences that influenced the executives are at times surprising and revealing. The report provides insights into what makes these leaders tick and inspiration for others who are commencing an executive career, serving as first-time CEOs, or building high performing C-suite teams.



Conversation with Terry Bowen— Finance Director, Wesfarmers

Key Learning: Moving Up

- Always do your best and be prepared to make personal sacrifices

Key Learning: Moving In

- Communicate frequently with stakeholders

“I believe you have to have a genuine interest or curiosity in the business.”

KF: What are some of the milestone events or sliding doors moments that have led to your current role?

TB: My pathway hasn't been a traditional one. I wasn't overtly ambitious, worrying about the next step, but have always focused on doing things to the best of my ability and taking pride in deliverables. I was then noticed and given chances when opportunities opened up. I have been very fortunate to build a career in organisations with good cultures, where empowerment was truly valued and people were encouraged to make a difference. There have been a number of significant milestone events or sliding doors moments that shaped my career.

Most importantly, perhaps, was growing up in a hard-working family in an outer suburb of Adelaide. My parents instilled a strong work ethic and I did well in school. At age 17 I had no real idea what I wanted to do with my life and university seemed a bit daunting as nobody in my family had ever gone there. I joined a management trainee program at the company that became Tubemakers, while studying accountancy part-time at university. Looking back, it was a pivotal decision to take an each-way bet on work and study. While this was hard at times, I was fortunate to be exposed to really strong role models and worked the whole array of functions in the finance area in Tubemakers, where the attention to detail naturally suited me.

Being one of the first trained when personal computers were introduced in the company was also pivotal and caught people's attention. My PC skills put me in the centre of a senior finance team that was working on a business case to determine whether to close the manufacturing site in Kilburn, where I worked, and to consolidate operations in Victoria.

That led to another sliding doors moment. I was 23 and asked if I wanted to relocate with half a dozen other people to Melbourne or remain in Adelaide and look for other work. I made the choice to go to Melbourne, which was difficult as my family was in Adelaide, but career-wise this was a crucial decision.

I had 11 great years at Tubemakers, making life-time friendships, and left when my CFO joined Wesfarmers and offered me a role there as his second-in-charge.

As CFO of the Rural Division, I led the business through its sale to AWB and, after seven years with Wesfarmers, I joined what was then a start-up airline, Jetstar.

KF: How valuable was that start-up experience?

TB: Jetstar in its start-up years was a fantastic place. We worked around the clock, the pace was frenetic, and what we were doing was very challenging, not made any easier given that we were cannibalising Qantas, but a truly memorable time of my life. I had always been involved in turnarounds or year-on-year cost-outs so working in an environment where the business was growing so rapidly was fantastic.

I worked with smart, energetic people and the experience there really left an impression on how crucial it is to assemble an outstanding team. I was really enjoying it when Richard Goyder offered me a role leading Wesfarmers' industrial business.

KF: Was that your first CEO role?

TB: Yes. It was essentially leading a turn-around with around 3,000 people across approximately 300 locations. This required a lot of time away from home and was challenging, not least because we had to move again to Sydney and my wife and I had a toddler and baby at home.

In 2007 when Wesfarmers bought Coles, I commenced its turnaround as Finance Director and we moved to Melbourne. Then, early in 2009, I was honoured to be asked to be Wesfarmers' Finance Director, where my family again supported me and moved to Perth.

Overall, my career was built much more on circumstance than planning, but the common thread is that I've been fortunate to work with good people, who were pretty low ego, enjoyable to work with, and had good values. Plus, I always felt loyalty towards the people that backed me and I never said no to a move.

KF: What advice would you give to people who aspire to a C-Suite role?

TB: I've made a lot of personal sacrifices—moving, countless working hours, and often half the year away from home—so you must be prepared to make some sacrifices. I also believe you have to have a genuine interest or curiosity in the business from the shop floor.

Finally, do more than what's asked of you—contribute that extra bit of energy on whatever project you're working on.

KF: How should new C-suite executives spend their first 100 days?

TB: There is no doubt this period is a critical time. I typically have spent it talking to as many people as possible—team members, suppliers, customers—anyone who offered another perspective. For instance, when I joined Wesfarmers Industrial and Safety, I

visited about half of our locations in that period and talked to lots of people, especially those at the coal face, in order to get clarity of vision.

Also, be prepared for people to interact with you differently, commonly in a more guarded way, which you have to work against if you want to establish a truly open culture.

KF: Are the demands of external stakeholders a shock for people who have previously been inwardly focussed?

TB: Yes. Certainly, in large corporate roles, a lot of time is spent external to the business, including time with analysts, investors, financiers, and regulators. Over time, you get to know people quite well and understand their touch points, which makes things easier. They're also talking to other companies which, if you're open, can give you another perspective on how your business is seen, as well as broader economic feedback. These external perspectives are beneficial.

Terry Bowen joined Wesfarmers in 1996 and undertook various roles with Wesfarmers Landmark Limited. He was CFO when it was acquired by AWB Limited in 2003. He then joined Jetstar Airways as its first CFO. He rejoined Wesfarmers as Managing Director, Wesfarmers Industrial and Safety in November 2005 and became Finance Director of Coles in 2007. Mr Bowen is currently the Wesfarmers Finance Director, a position he has held since May 2009. He is Chairman of Officeworks and a director of a number of Wesfarmers Group subsidiaries.

He is also a director of Gresham Partners Holdings Ltd; Chairman of the Western Australian Opera Company Incorporated; a member of the Curtin Business School Advisory Council; and a member of an Advisory Forum to the Australian Stock Exchange. He holds a Bachelor of Accountancy degree and is a Fellow of CPA Australia.



Conversation with **Rod Drury—** Chief Executive Officer, Xero

Key Learning: Moving Up

- The team has to understand the strategy

Key Learning: Moving In

- Have clarity and confidence gained through deep understanding

“Personal development involves learning how to work with people and ensuring you have the skills and the perspective.”

KF: As a founder of businesses, your career trajectory is different to the more traditional model.

RD: A founder is quite different because you end up CEO by the nature of starting the business. So for a founder, the aspiration is not the title; it is starting the business and driving it forward. You're almost an accidental CEO because you're doing everything at the beginning—raising money, generating product ideas, building the team—so it's quite a different pathway than that of a professional CEO.

KF: I imagine one interesting aspect of being a founder CEO—or as you say an accidental CEO—is that you are running quite a lot on your instinct as a leader, and then your business grows, and you are no longer an accidental CEO. What are the main leadership challenges shifting from pure startup mode, to establishing then growing the businesses?

RD: Explaining my instinct is probably the hardest thing. A director of mine used to say, “Sometimes when you are driving the train, you've got to go back and connect all the carriages.” You have to spend a lot of time making sure people understand the vision and the mission so they are empowered to do things. When you are a founder CEO, a particular challenge

is that from the very start, you're going through massive transition and you're a jack of all trades. We started our business with four people in a small apartment, and we're now a multi-national company with more than 1600 staff across six countries, and every year the business is substantially different so I have to continue to reinvent myself. I've been able to change my style and lift my game through each year of transition, which is always incredibly different. The challenge then becomes how you eventually replace yourself in the business without losing the passion and the ownership that comes with founder-led companies.

KF: What were the big turning points in taking a great idea to running a business with 1,600 people? Were there moments in which you thought to do something but effectively you would need to change your style and behaviour?

RD: Because we listed in our first year, I was always working *on* the business, not *in* the business, so I didn't have to make the transition to work on the business. We had to raise our first \$15 million and we've raised \$400 million so far. Therefore, I'd always been working on the business and putting people in the business to do the operational roles. I need to be spending my time on talent pipeline, strategy, and communicating with people. If you want people to do their best work in these new flatter organisations, they need to understand the strategy so they're empowered to make decisions. Plus, technology businesses operate in dog years, which means that people who were fantastic 18 months ago may be better in different roles now. You have to hire people with different experience quite quickly—quicker than you would in a traditional business.

KF: So the pace of change is never going to be as slow as it is today?

RD: Exactly. When you start out as the challenger, you have to keep disrupting yourself. For example, we've just completed a two-year project to re-platform completely on Amazon Web Services. It would be our worst mistake not to be disrupting our own platform and technology in the same way we are disrupting competitors.

KF: What do you do to make sure you develop, personally and technically?

RD: As a technology founder, staying up to date with technology is a big part of what I do. I must be a visionary technologist and the way I do that is primarily through newsfeeds and by being tapped into social media. I answer my email immediately, I'm on Twitter, I'm on other social media platforms. There are probably about 100 newsfeeds I follow every day. I have this model in my head of how things work, which is challenged and modified every day by little facts coming through these feeds. That gives me the clarity and confidence to make decisions because I deeply understand what is happening in the industry. The personal development areas I have to work on involve learning how to work with and through experienced people. I enjoy the heated and stimulating debate where a better idea will always emerge from that process. It's great to be proven wrong as you've learnt something new.

KF: Can you share any experiences within or outside your working life that you feel have shaped decisions that you are making now as a leader?

RD: I was enlightened by the power of technology when computers first came into schools and we had a fantastic computing teacher. With the parents, we formed a computer club so we could buy more computers and take them home. I figured out you could either work and get a high hourly rate or your brain could build the machine and it could work while you were sleeping. I got very tuned into the economics of computer programming at a very early age at school and that set my passion up for a long time.

KF: You have a keen sense of social justice. Can you talk about how companies can extend their responsibilities to the wider community?

RD: I think there is a question mark on capitalism evidenced by the Occupy movement, Brexit, and the American political scene that teaches us the benefits from globalisation haven't been evenly distributed. I think it is important for businesses as they get to scale to deal with social issues. Equality and youth unemployment are big issues now and it's our responsibility to move the needle on that. For example, we're working on supporting and challenging what will be more than one million of our customers next year to each add one job. There is a dichotomy where the world is becoming more tribal, which feels like a massive step backwards however, technology is really global and has the opportunity to create understanding and build global relationships. Not only is that the right thing to do, I think when you consider your workforce, you're going to have a spectrum of people who have different drivers than 30 years ago. They're not into cars, or other assets and they may not be into home ownership. They believe in social causes and they want to make a difference. What we do socially is incredibly important to our staff, not just for us as a brand. We don't care if anyone talks about it or not. But our staff feels it is working for a purposeful organisation.

Rod Drury is the founder of small business accounting software provider Xero, which listed on the New Zealand Stock Exchange in 2007 and Australian Stock Exchange in 2012. He was New Zealand Entrepreneur of the Year for 2013 and was NZ Herald Business Leader of the Year in 2012.

He is an Honorary Fellow of the New Zealand Computer Society, earned a World Class New Zealander award in 2008, and was New Zealand Hi-Tech Entrepreneur of the Year in 2006 and 2007. Mr. Drury holds a Bachelor of Computer Applications from Victoria University, Wellington.



Conversation with Tracey Fellows – Chief Executive Officer, REA Group

Key Learning: Moving Up

- Gain diverse experience

Key Learning: Moving In

- Give people permission to challenge you

“It was like the light bulb switched on and something changed when I became the CEO. People listen to you much more, so every interaction matters.”

KF: You have held C-suite roles in multi-nationals and Australian Securities Exchange (ASX) listed companies. What are the main differences between the two?

TF: There is a big difference in leading a multi-national versus an ASX-listed company. When you run a multi-national, you're usually given a lot of direction from the global headquarters. You understand your market of course, but you often take the group strategy and make it work for your market. Multinationals have guidance boundaries, almost like a playbook or rulebook, and some of those are restrictive and annoying. When you're running an ASX-listed company you have a blank sheet. At REA Group (REA), we've changed our purpose, our values, our performance rating system, and our culture. It would be impossible to do that independently in a multi-national. But at REA, we decided what works and doesn't work, and we set the culture. It is incredibly empowering and very liberating to do that.

Another major difference now, in a listed company—other than feeling responsible for the share price every day—is the number of stakeholders. Also the importance of governance when you're on a board that has members who are effectively like a group of bosses. Getting the level of how much to share and

how much is too much, and learning the different styles around the boardroom is also quite different.

KF: Was your journey into the C-suite opportunistic or strategic? Did you have a big plan?

TF: None of my career moves have been planned, except for the EGM role at Australia Post. When I first became the CEO of Microsoft Australia, I didn't think I could do it, but the person who offered me the position thought I could and I feel very fortunate that he gave me that opportunity. I think the big shift for me was when I was in Asia and moved back to Australia to join Australia Post. Some people could have looked at it as a downward move, but I did it for two reasons. The role had a strong operational focus, and I wanted to gain experience in a different industry.

KF: Have you had coaches and mentors during your career?

TF: Yes, at different times in my career. Typically the arrangement has been informal and I have had more mentors than coaches, although I have benefitted from both.

KF: What were some of the things that you didn't expect when you moved to the CEO role?

TF: Everybody looks at you differently. The day before, you had a job on the leadership team and the next day you are the CEO. It surprised me at Microsoft because I'd been there for years and I had been in two different roles before. It was like the light bulb switched on and something changed when I became the CEO. People listen to you much more, so every interaction matters.

I also realised how CEOs have people around them who just agree with what they say. You need people on your team who challenge you and who will tell you when you haven't performed at your best. You must also deliberately make sure you hire for that and you give people permission to challenge you. Otherwise, it may not happen, especially in cultures that respect authority.

KF: What are the derailers that people get wrong when they move to the C-suite?

TF: I think humility is an important one. The title gives you recognition in a certain market. You need to separate your personal identity from the identity that comes with the job. I've seen it, where for some people the job is their life, their ego, and their sense of confidence, and that can be their undoing when the job is no longer there or it changes.

Another derailers is when leaders don't hire people stronger than themselves or who complement their weaknesses. Wanting to be liked is also a challenge and you need to balance that. As a leader, you must inspire and motivate people, and you have to hold them accountable if things don't work out.

KF: What is your advice to somebody going into the C-suite?

TF: I would suggest people try to gain a diversity of experience. That can be across functions, across countries, or across industries because I think that builds resilience and leadership skills.

KF: Is there any advice you would particularly give to women who aspire to enter the C-suite?

TF: I think women need to acknowledge their ambition and be open about it with people who are in a position to do something with it, whether it is their manager or the CEO of the company they are in, so that they can get on the development pathway to help them reach that aspiration. But sitting in the job they are in, head down, bum up, working hard, hoping that someone will give them the next opportunity, probably isn't the way to get there. You have to ask for it.

KF: When you are employing someone on your executive team—and it may be an internal appointment or it might be external—what are the attributes, other than skills and experience that would place one candidate ahead of the other?

TF: First I look for culture fit. There are lots of smart and capable people around but not everyone will work as well in the culture we are building. That includes cultural fit within the leadership team. I want executives who think about the team and what is right for the company before the part of the business they represent.

I also look at how they fit within the team dynamics. The candidate could have great experience and culture fit but could his or her inclusion diminish team diversity? I do look for a mix in the leadership team.

KF: Do you also look for the people who at some point in their careers have worked on one of those big dirty projects that nobody wanted, that perhaps a young manager takes and learns a lot from?

TF: I look for people who have failed and ask what they learnt from the failure. You may succeed with the tough project, but there is also humility in having failed and acknowledging it. "I didn't do this well, here is what I learnt, and here is what I would have done differently."

KF: What about agility?

TF: Agility is important. We are a digital pure-play business and things are changing all the time in our space so it comes with the territory that you must be able to move with pace. This comes with another requirement, which is the ability to bring people with you when you repivot. If you make a change, you must bring an organisation with you, even a small organisation, and be able to galvanise the people to connect to your purpose and your values.

Tracey Fellows has been the Chief Executive Officer at REA Group and responsible for the group's operations globally since August 2014. Prior to REA, she served as an Executive General Manager of Communication Management Services at Australia Post and earlier was President of Asia Pacific at Microsoft Corporation, where she worked for many years in various roles, including Managing Director of Microsoft Australia. She has more than 20 years' experience in the technology industry, having served in senior roles at Dell and IBM.

Ms. Fellows has a Bachelor of Economics from Monash University and a Postgraduate Diploma of Banking Management from the Macquarie Graduate School of Management.

Early experiences flag the path to success

Investment guru and CEO of Berkshire Hathaway, Warren Buffett credits an early formative experience as one of the reasons he became a successful investor. When he was 11, Buffett bought three shares of Cities Service Preferred at US\$38 per share. The stock dropped to \$27 but it eventually rallied and Buffett sold his shares at \$40. The stock then rose to \$200 and Buffet learnt a valuable lesson about selling on price and not value. (Miles 2004¹). Like Buffet, the business leaders interviewed for this report also credit very early experiences that had profound impacts on their career paths. Lendlease's CEO, Stephen McCann, said he learned about risk when working at the racetrack for a bookmaker. Carnival executive chair, Ann Sherry, saw the consequences of poor leadership when working for a trade union as an industrial advocate and health and safety officer, while DEXUS chief, Darren Steinberg, and Fletcher Construction's Michele Kernahan—coached sport when they were young and learned to motivate people and manage teams. Xero's CEO, Rod Drury, learned the economics of computer programming while a schoolboy, setting a pathway to the future at an early age.

Many of our interviewees acknowledge their formative experiences as key learning experiences only in retrospect. They were learning at an early age about people, strategy, risk, and the value of working hard. They drew from the well of those experiences later in their careers.

Formative experiences are an important marker in an executive's personal development journey. Executives wishing to reach the top may want to seek formative experiences heavy in strategic and people-related demands. Companies seeking highly effective executives and supportive of developing their own, may wish to consider the number and type of formative experiences that elite talent takes on.

¹ Miles P (2004) *Warren Buffett Wealth: Principles and Practical Methods Used by the World's Greatest Investor*, pub. Wiley, 2004, p. 26



Conversation with Toby Hall— Group Chief Executive Officer, St. Vincent's Health Australia

Key Learning: Moving Up

- Work hard on highly visible projects

Key Learning: Moving In

- Listen more than talk in board meetings

“If you want to be promoted you have got to start thinking, acting, and looking like the next layer up before you get there.”

KF: Was your pathway to the C-suite strategic or opportunistic?

TH: It was possibly a bit of both. I have probably always been fairly ambitious. My first [C-suite] role came up when I was 29 or 30. I had interviewed for the role and they gave it to someone else who lasted about 10 months, so they then gave it to me. I was fairly sure by the time I got the role that I would be able to do it successfully.

KF: Was there any aspect of that first C-suite role you had underestimated or found more challenging than you expected?

TH: I think in your first role, it is quite important that you can step up and try to add value quickly. You've got to be seen by your peers as the same level fairly quickly to get respect. In hindsight, I should have put more time into looking at perspectives of the other executives around the table and understanding what their issues and problems were. I was very focussed on achieving in the areas that I had ownership of and responsibility for, but with any C-suite role, you are part of a team and everybody's got to achieve.

KF: Did you have a mentor or a coach in that first C-suite role?

TH: One of the first things I did was to bring some people in to work with us to get the team working better as a whole. They started to do some work with us; 360° feedback, communication, interaction skills, and strength-based models of working. Part of that involved giving everybody a mentor, so I had a mentor, and each member of my team had a mentor. That was a really good thing; incredibly valuable, actually.

KF: Have you had any sliding door moments, when something unplanned opens up and you either decide to step through or not?

TH: One of the profound things that happened to me when I was a younger CEO was during a strategic leadership program with a group from Auckland University. They took 20 CEOs from around New Zealand and put us through a quite intense leadership development program. I was about age 33 and CEOs from a couple of the biggest companies were also on the course. Now this freaked me out just a little, but I discovered that while they were nice people, and they were smart, they weren't superhuman. The course taught me that instead of thinking there must be something amazingly special about people at this level, I learnt they just happened to be people who are pretty good at their jobs. They all said at some time they had just been in the right place at the right time and something has fallen into place for them.

KF: Is part of the skill recognising that something is an opportunity as opposed to a diversion?

TH: If people want to be successful and they want to step up into executive roles, then they have to take the

opportunities when they come up. That can be scary and confronting at times, however self-confident you are. Coming here, I knew little about health, but I knew about disadvantaged people, advocacy, and how to run a business. I took advice from someone who knows me and knows the health sector and I went in thinking I can probably do it, and the things I am really passionate about and personally interested in—like the advocacy stuff—I already know how to do. So it's about getting that confidence that you can step up and do some of those things. I've been lucky, I haven't had a sliding door that's been a total disaster.

KF: What about opportunities that that nobody wants to touch? Can they can also be a situation where you can really shine?

TH: Absolutely. My number one piece of advice to young executives who want to know how to get visibility is, find out what the problems are and offer to help. When you're on a project, you get exposure to totally different people in the organisation. In big organisations, they have so much staff that executives don't get visibility to, so it's difficult to know who is good, bad, or indifferent. In some of the big organisations, 95 percent of the young people are all good, they're all great, all smart. If you want to shine, and if you want to get ahead, find a difficult project.

The other tip I've got for people is, if you want to shine in an organisation you don't have to do 100 percent more than the next person. But you do want to be doing 10 percent consistently more than the people around you in terms of effort, time, and quality of your work, in order to shine. And 10 percent extra is not that hard to do, but the value you get from it in terms of your visibility and your difference is invaluable.

KF: What are the main enablers and derailers to progressing to a C-suite role?

TH: If you want to be promoted, you have got to start thinking, acting, and looking like the next layer up before you get there. Find people you admire in that role and ask them if they will mentor you or give you advice.

The technical work is quite a small part of running a leadership team, it is actually all about relationships. Understand how the team can be successful and how you can support your team as a whole.

KF: Is it overwhelming to go from being the specialist in charge of your area to your first executive team meeting and your first board meeting? How can people prepare for that?

TH: Coming into a board environment is really important for people to get used to. When I've done it, I have looked for people who I consider key influencers. If they're good people, they can support you and give you a lot of guidance.

My advice for how to behave in board meetings is rather than to show off and try to look good in front of everyone, you play best if you do great reports and don't say much. Board members aren't there to listen to you, they're there to give advice and to ask questions, which means your information should be in the papers you've produced. If you've done that job well, then you can let them do their job, which is to give you questions, influence your thinking, and give you direction. And they're doing the talking rather than you doing the talking. In the C-suite, it's a lot more about listening than talking.

Toby Hall commenced as Group CEO of St. Vincent's Health Australia in April 2014. Prior to joining SVHA, Mr. Hall was CEO of Mission Australia, Australia's largest national community welfare services organisation. He has an extensive background working as a senior executive in the private, public, and not-for-profit sectors. His commitment to the poor and vulnerable, both in Australia and internationally, has seen him in leadership roles at World Vision and governance roles with two regional hospitals and health care services provider, Sterihealth. Mr. Hall has an MBA from Southern Cross University.



Conversation with Michele Kernahan— Chief Executive Officer, Fletcher Construction (a division of Fletcher Building)

Key Learning: Moving Up

- Possess resilience, tenacity and determination

Key Learning: Moving In

- Do not give in, find a way to do what needs to be done

“When you’re faced with a new role, you’ve got to act quickly and ascertain what the key issues are and who you can and can’t rely on.”

KF: Most of your management career has been with the one organisation. How have you navigated your pathway?

MK: My business career has mostly been with Fletcher Building, where I have worked for nearly the past 18 years. I came into business late after working as a high school teacher and a few years travelling and working overseas. I returned to New Zealand when I was 28 and I enrolled in an MBA.

When I completed the degree I wrote a letter to the CEO of Fletcher Building and he invited me in for an interview. I landed a three-month contract that developed into full time work. I went into a P&L role very quickly with Plyco Doors. I left Fletcher Building for a short period and when I returned I joined Firth Industries, our concrete and masonry business in a P&L and marketing role. I then moved into a regional chief operating role in Christchurch.

My first general management role was with Golden Bay Cement in November 2011. I had completed executive programs at Wharton, Stanford, and Mt. Eliza and I was keen for my career to progress.

KF: You were then in charge of a particularly complex project, which was earthquake recovery following the 2011 earthquake in Christchurch.

MK: I was appointed general manager of Fletcher EQR, the Canterbury Earthquake Recovery business, in January 2014. Fletcher EQR was formed when Fletcher Building won the contract to manage 140,000 Canterbury home repairs after the devastating earthquakes in Christchurch. Totalling NZ\$3.5+ billion in value, it is the largest residential repair project of its kind globally. This was a challenging position as it was high profile and there was significant stakeholder management with the government. I honed my skills on that project. We had 6,000 to 8000 contractors on the ground every day plus more than 800 people in that business unit. Along the way, I learnt quickly that the real job was about leadership and trying to keep individuals motivated until the very end. I really enjoyed that role. It was very different from any commercial role I had been in before.

In March 2015 I started at Fletcher Building’s International Division, as General Manager Laminex Australia based in Melbourne, one of the major business units within Fletcher Building. Laminex is a very large complex and geographically diverse business, and my priority has been to modernise and reposition this iconic Australian brand. Significant time and focus has been on building customer centricity and employee engagement, and retaining and attracting talent.

KF: Your career at Fletcher Building has been quite opportunistic.

MK: Yes I've taken opportunities. While sometimes my gut feel at the beginning hasn't been quite right, I feel when opportunities present you have to take them.

KF: What are some of the challenges when taking a big step up?

MK: This is my third general management role and as you start moving up, you experience the big difference between running the day to day and thinking more strategically about the future .

You also realise everyone is watching every move you make. As you progress, you realise that your impact is quite broad.

KF: How have your early experiences served your career?

MK: I knew when I started teaching that it wasn't going to be my life. My first teaching role was in an all-boys' school, and as a 21-year-old and one of just three women on staff, that was challenging. However, it wasn't a bad beginning because there are parallels with where I am today. I can look back and acknowledge that some of the things I learnt are relevant to certain situations now.

I was reasonably disciplined in the early days in my career. I was a swimmer and used to the discipline of going to the pool every day. Plus I had coached swimming and tennis when in the US. I was very well organised and a good judge of people, and you need both in business.

KF: Do you have any advice for people who want to build a C-suite career?

MK: Resilience is a very important attribute because on the way up the ladder you will experience both knockbacks and disappointments. You also require tenacity, and will need to try to work in a culture where you can be successful. The ability to build networks, identify the right talent, and lead in changing environments will present great career opportunities. You should remain open and responsive as they present themselves. Other useful qualities are to remain calm, determined, and staunch. I think these are my greatest differentiators; I am not prepared to accept that I can't do something or I can't find a way, and I think that confidence has really helped me in my career.

Michele Kernahan is Chief Executive Officer of Fletcher Construction (a division of Fletcher building). She has spent most of her career working for Fletcher Building and its subsidiary companies. She commenced there in 1998 and has performed management roles at Plyco Doors, Fletcher Wood Panels, Firth Industries, Golden Bay Cement, Fletcher EQR, and Laminex Australia. Ms. Kernahan holds an MBA and a BA from University of Canterbury and in 2016 she completed the Advanced Management Program at Harvard Business School.

This interview was conducted when Michele Kernahan was Managing Director of Laminex Australia.



Conversation with **Stephen McCann—** Group Chief Executive Officer and Managing Director, Lendlease

Key Learning: Moving Up

- Gain experience in line and functional roles

Key Learning: Moving In

- Respect people for their experience and perspective

“Never underestimate the importance of what you don’t know.”

KF: You have had three roles at Lendlease and you have moved quickly to the top. How did you approach the shift from investment banking to corporate?

SM: When I joined Lendlease, I spent a lot of time listening and I spent a lot of time learning the culture. I initially led a small team of 30-odd people and I spent time with them and asked them what they thought they needed to succeed. I listened and carefully considered the strategic landscape for a good four or five months before I was in a position to give clear guidance as to where I thought we should be going. That was an important initial step and I would encourage anyone transitioning from one industry to another or one career to a different career to do that.

KF: How different did you find it being a CEO in those first few years? What did you have to adapt or change when you started in the role?

SM: You need to be able to translate management across a big team and if you’re running a business like Lendlease, which is geographically diverse, you also need to be able to structure your management team and style to be able to influence broadly. At the same time, you need to have line of sight into critical issues.

It has always surprised me how much the way the CEO and the senior executive team behaves can influence 12,000 people, many of whom you may not

have met, because culture really does start from the top. I had a mission to work out what it was that made Lendlease such a great organisation because, quite frankly, it was difficult from the outside to understand what that secret recipe was. I believe the essence of our organisational strength is now very well captured in our vision to create the best places. My job is to ensure the entire team is aligned with this vision and our core values, and has the tools we need to achieve it.

The other thing I would say is that the people issues take up a much more significant proportion of my time than I anticipated, and most CEOs coming in for the first time may find that surprising.

KF: When you are looking at the longer-term picture, how important is having some external support and advice?

SM: From a strategic perspective, external input on the macro issues which may affect your business is critical. From a personal perspective, it’s also important to have some external sounding boards. One aspect of a CEO role that is obviously quite different to other roles is the nature of the relationship with the board. When I first took over as CEO, I engaged a coach who was a NED because even though I had interacted with boards—and the Lendlease board—in my previous roles, I most wanted to get a perspective from the NED side of the table so I could understand what the directors were looking for and how to best manage those relationships.

My advice to anyone who is thinking about coaches or mentors is to be sure to pick someone who can help you with what you really need, not just someone who tells you how to improve the way you live your life.

KF: When you are succession planning, how important is it for candidates to have variety in a career—be in a line role, a small business, a start-up, or a function?

SM: I think it's very important, and I have made it clear to my team that the person I would be likely to suggest as an internal successor to myself would need to have been in a functional role and a line role within Lendlease. There are very different requirements for both roles.

KF: Are there any experiences, either in your career or elsewhere, that you draw on to be the leader you are now?

SM: There were quite a few. I came from a working-class background and I had to put myself through university. When I finished school, I worked part-time in an accounting firm for three years while in law school and after that I worked for a bookmaker at the races for five years, first pencilling, then as a runner. Because I had to make my own way, when I started my career as a lawyer, I believe I had a more worldly view than some of the other graduates. I was more commercial and numerate, and I think that is why I did not stay in the law, which was highly specialised, for that long. I wanted to get my hands on the deals so I moved into banking.

KF: When you were working for the bookmaker, you must have observed the fine lines between success and failure, winning and losing, and the consequences of risk.

SM: That was a long time ago, but I really believe it was a great early grounding in assessing risk. I think my commercial acumen was materially enhanced by that job because in a split second you had to be able to assess mathematically whether the risks were in your favour or they weren't. When I look at a set of numbers, I can get to the answer quickly because I am so familiar with looking at numbers and making quick decisions.

I think exposure to a wide range of people was also helpful. There is no doubt it has given me a broader perspective.

KF: What else do leaders need to learn?

SM: Never underestimate the importance of what you don't know. You're only as good as the team around you and if you don't have the right team then you are probably going to fail.

Experience is a great teacher. You've got to respect people around you for their experience even though you might not agree with their perspective. You've got to respect the journey they have been on to develop that perspective. Style is also important. It is not just how well you do something, but how you bring people along the journey that is critical. This is something I have learned and observed primarily during my time at Lendlease.

Then there is resilience. If you want to be the CEO, you've got to be someone who is prepared to be held accountable for every decision. There are only a small number of people who want to be the final decision maker. Even very senior people—people running business units within broader organisations, and dare I say, some CEOs—want to be able to blame others when things get difficult.

Resilience is vital as a leader. You've got to be prepared to take the good with the bad and ride through the tough times as well as the good times—for there will be tough times.

Stephen McCann joined Lendlease in 2005 as CEO of the investment management business. He was appointed CFO in March 2007 and Group CEO in December 2008. Prior to joining Lendlease, he spent six years at ABN AMRO, where his roles included Head of Property, Head of Industrial Mergers and Acquisitions, and Head of Equity Capital Markets for Australia and New Zealand. Previous roles also include Head of Property at Bankers' Trust, four years as a mergers and acquisitions lawyer at Freehills, and four years in taxation accounting. Mr. McCann holds a Bachelor of Economics (Finance major) and a Bachelor of Laws from Monash University in Melbourne, Australia.



10 things you need to know when you reach the top

The business leaders interviewed for this report acknowledged that moving up to the C-suite is markedly different to moving in. Their first CEO role in particular, brought unexpected challenges that they had not prepared for in their previous executive roles. For example, more than half the business leaders said that when they took the top role, they were immediately treated differently. Everyone is watching, they said. There were other common experiences and themes revealed in our conversations with business leaders. Here are the 10 mentioned by most:

1. **Everyone is watching you and they view you differently than before.**
2. **What you say is amplified. Good communication is fundamental.**
3. **People management is much more time-consuming than you expect it to be.**
4. **It is essential to look for diversity of ideas and experiences when building your team.**
5. **Listening for the first few weeks is the most valuable way to start the role.**
6. **Technical skills are a small part of leadership—emotional intelligence (EQ)—is equally as important as IQ.**
7. **The pathway to the top is smoothed by luck.**
8. **You don't know everything nor are you expected to—seek advice.**
9. **Learn how to work constructively with the board. The relationship is different to that of the executive team.**
10. **Make a difference in broader society. You have the resources to support a wider community—use them.**

10 things CEOs look for in their executives

Technical excellence and specialist experience ensures candidates for executive positions a ticket to the dance. But to fill a dance card, a candidate will be evaluated on other, less obvious, characteristics.

1. **Fitting culturally with the organisation and the leadership team**
2. **Possessing both sector and function experience**
3. **Learning from a challenging or failed experience**
4. **Adapting to change; agility**
5. **Having the ability to build relationships and a track record of establishing trust**
6. **Getting a result is important—doing so with integrity is essential**
7. **Being accountable for their decisions**
8. **Having the ability to work for the betterment of the team, rather than just their area**
9. **Respecting different views and ways of working**
10. **Resilience, resilience, resilience**



Conversation with Chris Quin— CEO, Foodstuffs North Island, New Zealand

Key Learning: Moving Up

- Perform roles in 5- to 7-year blocks

Key Learning: Moving In

- Be confident to do only the things that matter

“You don’t realise how different it is [being a CEO] until you do it.”

KF: Before taking on the role of CEO at Foodstuffs, you had a long and successful 24-year career at Telecom New Zealand, which became Spark. How difficult is it to start from scratch elsewhere?

CQ: I was genuinely, really excited to be joining Foodstuffs, which, by any measure, is one of NZ’s top five organisations. It probably isn’t as well known because it’s not listed, yet it has \$7.5 billion revenue, serves 1.5 million New Zealand customers a week, and is fast, complex, strategic, and competitive.

KF: Foodstuff’s co-op structure is very different to most corporate structures. What are some of the key things you considered when you first started?

CQ: As the first external CEO in this organisation and only the seventh in 95 years, my onboarding emphasised the co-op culture. We have 350 owners and they are very successful grocers. The culture between what we call the centre and the stores is vital to success. One thing you learn very quickly working in a co-op is you must influence with excellence; you cannot influence with corporate power. You don’t have hierarchical power here. From a governance perspective, it teaches you a lot.

KF: As the first externally appointed CEO, one challenge must have been to win the confidence of stakeholders that had experienced very little change. How did you spend your first 100 days?

CQ: I had a very simple model in my mind that I talked about as I made my way around in the first 3 to 4 months that centred on connection, clarity and action. I consider the leadership role to be very much about connection, so in the first three months I visited every supermarket. That’s 200 stores, meaning a lot of time on the road and an hour or so in each store, walking the floor, talking to the owner and the shareholder. Then writing back a quick note thanking them for their time and noting feedback they had offered and sharing my thoughts. This was critical to a successful integration, as it built my reputation as someone who was prepared to listen, someone who got out on the floor, and someone who engaged.

KF: Lifelong or even 24-year careers are very rare now. Do you have advice for people who are considering the merits of a career with one company?

CQ: When I didn’t get the Telecom CEO role, one of my mentors asked if there was anything I would have done differently. In response, I said I would have come out of the corporate Gen-i role years earlier and gone into the retail role. The big lesson for me was needing to understand whether I had enough breadth, depth, and variety and had shown myself in different places, or had I just fallen in love with what I was doing and stayed doing it for too long?

Five to seven-year blocks in a role work well. A year or two of building knowledge and driving change, then a few years of performance and most importantly delivering your legacy. It can be the most motivating thing five or six years in to a role to start to consider what legacy you want to leave. Unfortunately you

see a lot of people hanging on and not wanting to be challenged. A point I picked up from one of my colleagues at Stanford is “If I were to be replaced on Monday, what would my replacement do, and why aren’t I doing it anyway?”

KF: How different was it to work with a board for a first-time CEO?

CQ: First of all, you don’t realise how different it is until you do it. You arrive with a bit of a mindset that the board is going to act like your bosses from the past. You are used to your agenda being set by others, and the biggest realisation in the first three to four months is that you set the agenda. The CEO’s relationship with the board is the key to success. I like the description that the Chair is your “critical friend, on your side, but your strongest coach”.

KF: What has been the biggest challenge that you didn’t factor in when you made the transition to the role?

CQ: The biggest thing I have learnt is to be confident to do only things that matter. I think as you grow in your career, you can succeed by doing more than anyone else could imagine. When you move up you realise pretty quickly that you may want to do dozens of things but you have to keep them in order until the organisation is ready. Our business serves 1.5 million New Zealanders a week and we can’t try to deliver anything that doesn’t work for them. Execution is 90 percent of success, so if we get that right, we are winning.

KF: Will you talk about your formative experiences, which may not be in the workplace, that now you can connect to the skills you have as a CEO?

CQ: When I was a student I had a holiday job in a supermarket. I learnt to physically work hard as the hours were very long, and I also learnt to work alongside teams of people who are completely different from each other — real salt-of-the-earth people. The environment was very different to a corporate environment and the diversity of that experience was valuable.

Secondly, I lost my parents early—I was 21 when my dad died and 33 when my mum passed. They were both fantastic people and big in their communities. I did learn to be more independent and self-sustaining.

I’m involved in motor racing as a sport. I love the realness of the people and the fact that it keeps you pretty grounded. No one cares too much who you think you are.

KF: You chair the Icehouse board. What do you learn from being involved in the start-up and business growth community?

CQ: I am incredibly proud of my time serving the organisation and I’m excited about what it does. In 15 years, it has grown over 450 corporates and nearly 15,000 new jobs. I am personally invested in 30 start-up companies and one of my commitments is to get every member of my leadership team investing in start-ups in New Zealand. Involvement with the companies teaches you how to be innovative, how to be creative, and move at pace. Spending a bit of time with someone who has got to sell something this week to pay next week’s wages bill really grounds you.

Chris Quin joined Foodstuffs North Island as CEO in September 2015. He was previously CEO of the Home, Business, and Mobile division of Spark NZ (previously Telecom NZ). In 2010, he received a Sir Peter Blake Leadership Award for his leadership achievements and contribution to the community, which include being Chair of business growth hub, The Icehouse. Mr. Quin holds a Bachelor of Commerce and Accounting from Victoria University, Wellington, and completed the Stanford Executive Programme in 2014.



Conversation with **Clifford Rosenberg—** Managing Director, LinkedIn Southeast Asia, Australia, and New Zealand

Key Learning: Moving Up

- Surround yourself with intelligent people you trust

Key Learning: Moving In

- Learn to listen—CEOs with listening skills are the most successful

“When I’m asked where I want to be in the next five years, my strategy is not to overthink what the future might hold. I focus more on enjoying the moment and doing things that I’m passionate about and that enable me to grow, learn, and contribute.”

KF: Early in your career, when you were in management consulting, did you know that you wanted to run something, or was it a more organic process?

CR: It was very organic. I have never had a grand career plan—rather, I focus on doing something that is challenging, fun, and rewarding, as well as working with people that I like and respect. I also have a strong preference for the tech sector. Other than that, I don’t get too hung up on trying to predict where life might take me, and I try to focus on enjoying the moment, doing things that I’m passionate about and that enable me to grow, learn, and contribute.

From my point of view, the most important factor in navigating one’s career is to find something you are really passionate about and that keeps you motivated and challenged. Work represents a significant percentage of one’s life so it is important to make every day fulfilling and to ensure constant learning and growth.

KF: What have been the sliding doors moments in your career?

CR: Two sliding doors moments spring to mind: One was my first foray into the startup and tech landscape. In 1999, I was at Vodafone as head of corporate strategy, and a good friend of mine contacted me to say that he was planning to list his company, a wireless application service provider, iTouch. He asked if I might be keen to start the Australian office in advance of their IPO. It was a tough decision to leave Vodafone, especially given the great relationship I had with the CEO, Dr. Brian Clark, but it was a defining moment as it enabled me to develop essential skills in terms of what it takes to successfully run a start-up and build a winning team. It also enabled me to cultivate some very important relationships that have been instrumental in helping me during the course of my career.

Going through the IPO process was also a great learning experience. All-in-all, it was absolutely career-defining and helped further the foundation for the rest of my career in the tech and start-up space.

The second sliding doors moment, was joining LinkedIn in late 2009. At that time, LinkedIn was pre-IPO and had 450 employees worldwide compared to more than 10,000 working for the company today. There were one million members in Australia in 2010 and there are now more than eight million members.

I was compelled to join LinkedIn for a number of reasons, but two that really stood out for me were

the outstanding leadership and vision of the LinkedIn CEO, Jeff Weiner, along with a company mission and culture that totally aligns with my own values. I have always believed people will perform best in an environment that mirrors their own values and beliefs as closely as possible. That is something I always look for when exploring new opportunities.

KF: Do you have any advice on how people can know when an opportunity is life- or career-changing?

CR: I place a lot of emphasis on trusting your gut feel. Your instincts are going to guide you along and the more experience you have, the better your judgment will be. And, of course, surround yourself with people that you trust who will give you open and honest feedback and advice.

KF: How important is it for somebody who wants a C-suite career—not necessarily the CEO role—to have coaches and mentors?

CR: I think it is essential to have relationships with people you trust and respect. You've got to surround yourself with people who augment your own skills and capabilities. I also once read that if you are the smartest person in the room, you are in the wrong room, so I constantly seek out those individuals who are smarter and wiser than me.

While I have never really called my mentors that by name, there are certain individuals that I will definitely call upon and leverage in that capacity. I believe in the concept of a personal board of directors and I think that just as a company has a board of directors, so each individual should form a similar group of wise and experienced people around them whom they can rely on for critical advice and mentoring. It is a two-way relationship and I do think a good mentor and mentee relationship is one of give and take with both parties benefiting.

KF: Quite a lot of people talk about the difference between being a C-suite executive and being CEO. What is your experience?

CR: I think CEOs are dealing with a very different set of dynamics, challenges, and pressures than do the other executives on the team. The CEO role is far more

about setting and demonstrating the standards and values for the company, along with setting and communicating the vision and strategy. Great CEOs need to be inspiring, and the leadership element becomes a far more vital and time-consuming component of the job compared to what that element represents for other executives on the team.

Fred Kofman, VP of leadership and organisational development at LinkedIn, talks about the key role of a CEO being to set the standard, to demonstrate that standard, and to hold him-herself and others accountable to those standards.

The best CEOs—in fact, our LinkedIn research tells us this—have generally not spent a great deal of time in many industries, but they have spent time across quite a lot of functional areas. This gives them the depth of understanding of what the challenges and issues are across a business.

KF: Moving into a C-suite role, reporting to the CEO, having access to the board, really is a big step up.

CR: It is indeed; the “leading” part becomes more important than the “controlling” part. You've got to learn to almost give up on the day-to-day control and to lead more on the “inspiring and setting the vision”, part of the job. But people aren't necessarily trained on how to set vision, how to relay values, how to authentically walk the walk and how to have a real open-door policy. There's no MBA program that can really teach that. Some people are just innately good at it and evolve into successful CEOs, whereas others really need to work on and develop those skills in order to become great at what they do.

KF: What are some of those really defining leadership learnings for you?

CR: Learning to listen is an essential attribute for CEOs. I think CEOs with real listening skills are the most successful. A quote that really resonated with me states that we all need to listen to learn rather than to listen to respond, which is what we do most of the time.

A CEO must be able to partition their day. That is something I think that great CEOs do well. They

know how to leave a crisis behind and move onto something else if need be. They cannot afford to take the emotion from one crisis into another situation that may have an entirely different context.

I also think CEOs need to surround themselves with diversity, not just gender diversity, but diversity of thinking; the introverts, the extroverts, for example, and make sure you are not hiring people like yourself. Great executive teams are balanced and bring to the table a broad set of backgrounds, cultures, and experiences.

KF: What do you like to achieve in your first 100 days?

CR: I think the best way to use one's time in the first 100 days is to focus on the following:

- Listen, listen, listen!
- Learn to really understand the numbers and the key drivers behind the business
- Understand the history, the business, the people and very importantly, the product
- Start the process of communicating your personal values
- Begin assessing your leadership team for skill gaps
- Don't make rash decisions, ie, gather all the facts first
- Meet with key stakeholders: clients, competitors, customers, staff, board

Clifford Rosenberg was appointed Managing Director of LinkedIn Australia, New Zealand in 2009. He is also a NED of ASX-listed Nearmap (NEA), Pureprofile (PPL), and Afterpay (AFY). Mr. Rosenberg has a Bachelor of Business and Science from University of Cape Town and a Masters of Science in Management from Ben Gurion University.

Chief Executive Institute prepares CEOs for the top job

By the time an executive reaches the top job, they are likely to have had several years' experience in executive roles, sharpening their skills for the CEO role. However, very few can transition to the role without facing unexpected challenges; for all the experience and planning, they won't yet have CEO experience and, as CEOs have told Korn Ferry, that role is different from any other.

A CEO stands at the intersection of two challenging stakeholder groups, internal and external. There are the executive team, sectors of the business, and people who make up the enterprise. And then there are customers, the board, investors, stakeholders, and the media.

New CEOs must quickly learn what it means to reside in this high performance juncture between internal and external stakeholders. Scrutiny begins even before a new CEO takes the reins, and the need to ramp up quickly is critical.

Korn Ferry's Chief Executive Institute development process has been refined for more than 20 years. The approach incorporates time- and field-tested best practices, offering new CEOs or CEO succession candidates a transformative experience. The program's participants gain personal, interpersonal, and enterprise leadership effectiveness within an accelerated time frame.

At Korn Ferry's Chief Executive Institute (CEI), new CEOs or designated CEO succession candidates will experience the following:

- **A team of coaches.** Four coaches, specifically focused on the distinct complexity of CEO development, work with the executive for 12 to 18 months. Each coach brings expertise in one specific area of leadership, and the team always includes at least one highly successful former CEO—an important program component given how few people can relate to the realities a new CEO is experiencing.
- **A tailored, in-residence approach.** Every executive's development program is designed specifically for his or her needs. Conducting the program in a specialised setting, away from everyday situations, allows for focused, in-depth work.
- **720° leadership development.** CEI develops leaders from the inside out by clarifying values, strengths, development challenges, and purpose, and from the outside in through interviews, feedback, and 360° assessment.

Those who participate in Korn Ferry's proprietary, program-specific coaching process will:

- Develop the self awareness and the skills necessary to manage the personal accountability that accompanies serving as the CEO.
- Create a personal legacy of leadership that helps to ensure the enterprise's long-term viability. Deliver enterprise-wide leadership that will move the entire organisation toward common goals.
- Develop the skills to manage the expectations of external constituencies, such as market analysts, shareholders, institutional investors, the media, the board, and customers, within the context of the organisation's objectives.





Conversation with Mark Scott, AO— Secretary, NSW Department of Education

Key Learning: Moving Up

- Be the best person you can be where you are

Key Learning: Moving In

- Enable people to do their best work

“I’m not an abrasive adversarial leader—that’s not my style—but at times you realise that to do your job well, and to do the things you have to do, you’re going to upset people.”

KF: What was your pathway to your first C-suite or leadership role?

MS: I haven’t had a sequential path but I think my first really senior leadership roles came at Fairfax where I started as a journalist and became editor of the Saturday edition of the Sydney Morning Herald. I had a different background than most journalists—I had worked in politics and I had a couple of post-graduate degrees—and I think because of this I was chosen to manage the journalists. Then Fairfax decided it wanted a journalist to negotiate the industrial agreement with their fellow journalists and I was nominated. Suddenly I was negotiating across the table from my peers and my colleagues.

KF: Negotiating those agreements must have been challenging. Was that a sliding doors moment in your career?

MS: Yes it was. I didn’t expect it and I didn’t particularly want the role but I think it toughened me up. I’m not an abrasive adversarial leader—that’s not my style—but at times you realise that to do your job well, and to do the things you have to do, you’re going to upset people.

I don’t think the experience made me ambitious for further management or leadership roles but it gave

me a comfort to operate at the executive table with my peers and certainly engaging strategically with a board.

I had thought I was on a trajectory to become editor or publisher of the paper but I joined the Fairfax executives and ran human resources across the group. I was a member of the executive team and had to develop strategies in a way I hadn’t previously done so. I think that put me more on a management than a journalism trajectory and gave me exposure to the board. I then looked after Fairfax’s metropolitan and community newspapers and from that role, I left to run the ABC.

KF: What was one of the key learnings from the Fairfax period?

MS: It broadened me out, it gave me insight into the company as a whole, and I think all the strategies I’ve used have been people strategies. I have a view that by and large you can have a great brand but that brand can disappear very quickly and you can have a technological advantage but the market catches up very quickly, so your most enduring asset are the people in your organisation. Can you create an environment where they can do their best work? I started learning those things at Fairfax and it was the strategy I took to the ABC and the strategy I have brought with me here to the Department of Education. It is about creating a sense of guiding coalition with the senior team, clarity, and objectives on what success looks like, and an environment where people can flourish. That’s always been the key to my strategy running organisations.

KF: When you recruit your direct reports, what do you look for?

MS: One of the things I learnt in my HR days was that the best predictors of future performance is past performance. Don't just tell me what you are going to do but tell me specifically what you've done and gain my confidence around that. That is your passport to the final round where the questions need to be quite different. I want to know what you are like as a contributor to that executive team; are you collegial, collaborative, generous? Are you going to find intrinsic value from the success of others around you and the success of the team as a whole and not just your own success?

It's a combination of IQ and EQ and I would trade a few IQ points for some EQ points. If I see people struggle around the executive table, it's rarely that they are not bright enough, it's that they simply cannot collaborate, will not be generous, can't listen, can't read the room, and/or don't get value in team success but only individual success, which are all signs of a lack of EQ.

KF: As the CEO, you control the energy in the room whether you intend to or not.

MS: Yes. Everyone is watching you. I noticed this early on at the ABC. This had nothing to do with me as an individual but just by the nature of the role. Every internal meeting you had at the organisation, you were the pivot point of that meeting and people were looking to you for what you would say, how you would summarise, what your action was. So you've got to think pretty carefully about how you use that and recognise how it is all amplified, and, if in fact you are feeling flat or disinterested, they are all hearing that more loudly than you intend.

KF: What advice would you give to somebody who aspires to a C-suite career?

MS: My advice is to be the best person you can be where you are. Partly that is to just demonstrate that you can apply yourself to the challenge, no matter how menial it might be. It might not seem to be part of that greater purpose but you can demonstrate that you can apply

yourself and knuckle down and do it. Build trust. There has been a strong element of personal trust in my appointment to every senior or significant job that I have held.

I also think the single greatest factor in me having the jobs I've had has been luck. I was born into a home that valued education, and into a part of Sydney where I could access great education, and I had tremendous social capital when I entered the workplace. I knew how it worked and how to connect. I think it is very important for people to recognise that they have had luck and that it is not all attributable to their own hard work and personal endeavours. I have worked hard and I've been focussed and been quite diligent where I've needed to be, but I don't kid myself for a moment that that's the defining thing that gave me success. The luck led me to the success. And I think if you have that mindset, you are more likely to develop the empathetic leadership skills that give you greater insight into those around you and to provide greater opportunities to those coming through. It makes for a better and fairer society and more compassionate workplaces.

Mark Scott was appointed Secretary of the NSW Department of Education in 2016 after holding the position of Managing Director of the Australian Broadcasting Commission for 10 years. He has worked as a teacher, a government advisor, in public administration and, as a journalist and media executive at Fairfax. He holds a Bachelor of Arts, a Diploma of Education and a Master of Arts from the University of Sydney; and a Master of Public Administration from Harvard University.



Conversation with Ann Sherry, AO— Executive Chairman, Carnival Australia

Key Learning: Moving Up

- Take risks and ask for roles

Key Learning: Moving In

- Communicating is fundamental

“I think communication is a really fundamental part of C-suite leadership; more fundamental than people give it credit.”

KF: Was your pathway to the C-suite planned and strategic, or more opportunistic?

AS: It was opportunistic but deliberate in the end. From the HR role at Westpac, I moved to Melbourne to manage the Bank of Melbourne merger with responsibility to both customer and people, and after one year, spent several months working with the CEO. When he moved, I realised I wasn't going to get the job unless I asked for it, and that was quite a turning point for me—realising I had to step up and ask. I also put my hand up for the CEO of Westpac New Zealand role.

KF: You could have done a lot of different things including politics. What were some of the sliding doors moments in your career where you chose one door over another?

AS: I've had quite a lot of those actually. There were a couple of moments where politics was an option but I decided after working in Canberra as a bureaucrat that I really did not want to be a politician. Often my sliding doors moments were where I could have most impact. Jumping industries when I returned from New Zealand was one. After working in banking for so long, the Carnival job was not a logical jump for

me but the more I looked at it, and at the markets overseas and how big they are, it appealed.

Often sliding doors moments are about a moment in time; what is it that a job or an opportunity offers relative to staying doing what you are doing?

KF: How would you advise people in terms of those sliding doors moments if they want to be a CEO?

AS: Ultimately, leadership is about risk taking and running a business is about risk taking—taking the right risks and getting the right reward. And when people say, “I can't imagine how you could have done that,” it's just judgment—a risk assessment. It's about, what do I know I am good at, what's in it for me, do I think I can do it, do I want to do it, and do I think I can do it better than others? And if the answer to all those questions is yes, then do it.

KF: Do you think women are generally more risk adverse?

AS: I advise women to take more risks and to stop trying to work in jobs where every risk is somehow controlled, because it's not. I didn't make decisions lightly, nor did I discard everything else in my life. It is not possible to manage everything, to control all the variables.

KF: Are there any early experiences in your life that you can connect to how you work as a leader?

AS: I worked for a trade union for nearly five years as an industrial advocate and health and safety officer, and the main learning for me in that role was dealing with

the outcome of terrible management and leadership. It gave me a lot of insight into disgruntled and unhappy workplaces and why they're that way. I often think about it. What do I have to do to get people engaged? How do I treat people? How do I deal with difficult environments?

The second was earlier, when we first lived overseas. We left Brisbane in the early '80s when it was a closed, small community and moved to London, where we had to work out how we fitted in to an international community. We worked in environments that were very challenging. I worked for an organisation that sourced jobs for ex-offenders.

I worked in the prisons and helped people, many who had never held jobs, get jobs. I was working with people who had been incredibly disadvantaged and poorly treated and I was trying to motivate them to believe that, when they are released, getting a job is a better outcome than doing what they did before. Plus, I had to convince an employer to take a risk on them. I was learning how to get people to see the best of themselves, which I think is what you do inside organisations as well.

KF: Did that role in London inform your advocacy for women?

AS: Yes it did. I stepped into a completely different universe of discussion, conversation, and activity that really that gave me a sense of possibility that I hadn't had in Australia.

KF: What were the main challenges you faced for the first time when you became a CEO?

AS: I think the biggest difference in the CEO role is that you spend a lot of time thinking about the longer term, beyond the immediate and day to day. A significant part of the CEO role is managing the team of people who report to you plus managing the stakeholders in your universe, whether that's investors, or board, or senior management, or global leadership.

Another challenge is making sure the messages inside the business are coherent so everyone in the

organisation is clear about priorities and direction. As the CEO of an international subsidiary, which I am now, a lot of time is spent filtering noise that comes from other parts of the organisation so that people stay focused on the business and outcomes we are accountable for, and aren't distracted.

KF: How important is it for somebody who aspires to a C-suite role to work on being an effective communicator?

AS: I think it is a fundamental skill and you must be authentic and possess the ability to communicate who you are. People feel your authenticity through your motivation and engagement. Motivating people is ultimately about quality communication. I think communication is a really fundamental part of C-suite leadership, again more fundamental than many give it credit.

Ann Sherry joined Carnival Australia in 2007 as CEO and is now Executive Chairman. Prior to this role, she worked for 12 years at Westpac in three roles: Chief Executive Officer, Westpac New Zealand; CEO, Bank of Melbourne and, Group Executive, People and Performance. Before joining Westpac, she was First Assistant Secretary of the Office of the Status of Women in Canberra. Ms. Sherry is a NED for Sydney Airport, ING Group and ING Direct (Australia), The Palladium Group, Australian Rugby Union, and Cape York Partnerships. She holds a Bachelor of Arts degree from the University of Queensland, an Honorary Doctor of Letters by Macquarie University 2014, and an Honorary Doctorate of Business by University of Queensland. In 2015, Ms. Sherry was named as the overall winner of the Australian Financial Review and Westpac 100 Women of Influence Award.



Conversation with Darren Steinberg— Chief Executive Officer, DEXUS Property Group

Key Learning: Moving Up

- Build resilience and flexibility

Key Learning: Moving In

- Keep leadership engaged in good and bad times

“There is a saying: You’ve got two ears and one mouth, so listen twice as much as you speak.”

KF: Your formative business experiences were strongly influenced by your sporting experiences. Can you explain how being active in sports helped you in business?

DS: I was very focussed on sport in my youth and played field hockey and cricket. I think playing a team sport is important in the formative years. Whatever you choose to play, you build resilience, which is a really important skill to have in the business world. You can tell people who aren’t used to failing and getting straight back on the horse.

I was quite successful at hockey and I was intimately involved in coaching peers, women’s teams, and kids. I was playing first grade and there were a number of the Australian Olympic players in the competition. We had some good coaches and what you learn about coaching is how to read people, how to deal with issues that aren’t everyday issues, and how to get a collective to achieve outcomes even if that collective may not be filled with people at the same skill level. A group of ordinary people coached well can be more successful than one made of higher skilled individuals. Coaching gives you a whole range of skills that at the time you don’t appreciate but that you can use later in life.

KF: How have those skills been applied as you have progressed?

DS: As I progressed and started to lead teams, one of the things that I learned was to make sure I didn’t form teams with five or six people who had the same background and ideas that I had. I sourced people with different strengths to me, or people who relate or think differently.

KF: Your C-suite career developed while working for some of Australia’s biggest names in property including Lendlease, Westfield, Stockland, Colonial First State, and now DEXUS. What have been some of your key developmental experiences?

DS: Early in my career I learnt to recognise there is the short game and the long game, and every career decision is a fork in the road. When I took the Lendlease job, I resisted a job offer with a smaller developer in Perth which paid 40 percent more. If I had taken the higher paying role instead of going to Lendlease, I would not be sitting here today.

When Westfield knocked at the door, I already knew I had an affinity for shopping centres, and what better place to go! The learning curve there, and the experience of working on so many new developments with the Lowy family and their experienced team was irreplaceable.

At Stockland, the company was rebooted under Mathew Quinn. Nothing had been touched since the 1960s or ‘70s. The entire Stockland team at that time learnt a lot about modernising a company and that was a valuable learning experience.

Leaving Stockland to join Colonial was a tough move but the opportunity to go there to work with John Gandal was so compelling. The learnings I had at Colonial broadened me out. Even though I didn't report directly to the CEO, Ralph Norris, I got to spend time with him and observed how he reengineered the bank. It was an eye-opening experience.

KF: You went from being a successful person in an operational role to a very strategic role where you had to change the business. What did you have to adjust about your style?

DS: There are a lot of learnings when you are sitting around the board table for the first time. You've got to think more strategically because you are not working on a one-off deal. You need to form trusting relationships with people around the board table. You may have exuberance and excitement but with maturity and experience you become more sophisticated and more thoughtful. That slowing down a little is important. There are not that many decisions where you need to be rushed. There is a saying, "You've got two ears and one mouth, so listen twice as much as you speak."

KF: You have had many "forks in the road" in your career. What goes through your mind when you have to make the decision to choose one path over the other?

DS: It can be stressful to make the decision because of the strong bonds you form with colleagues, but each time I go for the challenge. Each of my roles has had its own set of challenges and as you get more experienced you sort of know the game plan and the team you need to put together to fix them, as well as the type of skills you are looking for.

KF: You have talked about a lot about certain attributes for a C-suite career such as putting in time and effort, and having diversity of experiences, relationships and challenges. Any further advice?

DS: Add "running teams" to that. It is really important. I think I have probably got here because I love challenges and I do love working in teams.

I've watched a number of people who are driven to be the CEO and when they get there, they more often than not become very stressed because they haven't had

that breadth or depth of experience, or they are not used to working with boards or forming relationships with the directors. They get to the meeting and they don't know what to do.

KF: What do you look for when recruiting executives?

DS: It comes right back to support; moving forward, there are two things I really want in any direct report—resilience and the ability to be a pitch-hitter; in other words, to be flexible.

KF: What did you find the most challenging in the C-suite?

DS: The buck stops at the top, which I am used to as I have spent a lot of time in executive roles. I don't find that challenging, but executives and CEOs in particular need the energy to keep driving performance. When you do have those bad times or bad periods, it's important to keep the leadership engaged. When you're disappointed or have experienced failure, or things just haven't gone right, you must have the ability to keep the team motivated. Quite frankly, sometimes it's a challenge, but as the leader, you've got to do it.

Darren Steinberg is the CEO of DEXUS Property Group and an Executive Director of DEXUS Funds Management Limited. He has more than 25 years' experience in the property and funds management industry with an extensive background in office, industrial, and retail property investment and development. He is a director and the former National President of the Property Council of Australia, a fellow of the Australian Institute of Company Directors, Royal Institution of Chartered Surveyors, and the Australian Property Institute, and a founding member of Property Male Champions of Change. Mr. Steinberg holds a Bachelor of Economics from the University of Western Australia.

Conclusion

Reaching the holy grail of a business career is not for the faint hearted. CEOs and their executive teams operate in an environment where plans and operations are so frequently disrupted that, in order to future-proof the business, companies are—as Rod Drury points out—disrupting themselves.

Pathways to the top are ever changing and the skills and experience that position a talented manager for the executive suite can quickly become obsolete. Leadership development has never been more important, yet, as Korn Ferry's research of 7,500 global HR leaders reveals, it is, in many organisations, failing.² The focus has largely been on senior leaders, but for businesses to reach their full potential, development needs to be extended to people who are high potentials—not only high performers—and to first-level and mid-level leaders.

Interestingly, most of the business leaders interviewed for this report on C-suite pathways said their careers were more opportunistic than strategic, but perhaps this is more an indication of their willingness to try new opportunities, even if, at first, they appeared to stray from a linear career path. They were prepared to take risks and back themselves, all the while learning new skills and gaining diverse experiences.

They recognise that leadership success hinges on the whole being greater than the sum of its parts and they evaluate their C-suite executives on their ability to contribute to the team's success, before their own. A talented executive team, working together and led by a visionary CEO, creates true and lasting value. A value-creating team is also committed to unlocking the true worth of their workforce.

Korn Ferry's recent global research into the future of work³ reveals that human capital is the greatest value creator

available to organisations: For every US\$1 invested in human capital, US\$11.39 is added to GDP. The return on human capital—value versus cost—should give a clear signal to leaders that investing in people can generate value for the organisation over time that significantly exceeds initial financial outlay. The potential value to the global economy is US\$1,215 trillion—2.3 times the size of physical capital. In Australia, the potential value is US\$12 trillion, against physical capital of US\$5 trillion.

How can we unlock the vast reserves of human capital and improve performance? The first step is to treat the value of people in an organisation as tangible. Korn Ferry's future-of-work research reveals CEOs currently value technology more highly than other assets and will continue to do so for the next five years. Yet we know human capital, if properly developed, will be the biggest driver of business value. Workforce performance can be improved, in part by giving people the tools, conditions, and structure they need to do great work.

Our conversations with business leaders confirmed that there are several pathways to the top. Those who succeed in the C-suite do so by first working to strengthen team performance. They are people who are not afraid of risk, who take responsibility for their decisions, who can communicate well, and can create work environments rich with understanding, opportunity, and enthusiasm. They are innovators. They know how to develop leaders to meet the needs of the business, now and in the future. And, in this ever-changing world, they are equipped with a high degree of resilience. They also have a low degree of self-consciousness for, as many of our interviewees pointed out, “everyone is watching.”

² <http://www.kornferry.com/real-world-leadership> (2016)

³ Korn Ferry interviewed 800 business leaders in multi million-dollar global organisations on their views on the value of people in the future of work. The respondents included CEOs, Chief Strategy Officers, and Chief Commercial Officers. They were based in the Australia, Brazil, China, France, India, USA, South Africa, and UK. Korn Ferry also commissioned the Centre for Economics and Business Research to create a macroeconomic model to quantify the value of human capital in relation to physical capital. <http://www.kornferry.com/institute/the-trillion-dollar-difference>

Developing the next generation of leaders

When top executives don't pay enough attention to leadership development, it can harm the advancement of their direct reports and increase pipeline gaps. Frequently, this inattention is due to the day-to-day operational demands and short-term requirements placed on executives. Filling talent gaps, however, is a long-term exercise that is often overlooked. Korn Ferry's Four Pillars of Leadership Development can help organisations solve the challenge of developing a new generation of leaders.



Korn Ferry's Four Pillars of Leadership Development

To prepare leaders to meet today's demands, development must become more relevant and draw upon four critical pillars:

1. **Understand that context is critical.** Design development around the real business mission, culture, challenges, and opportunities. This provides the context required for leadership development to be transformational and drive measurable ROI.
2. **Develop the whole person.** Focus on what leaders need to be and do to help maximize potential and match individual strengths and motivations to organisational needs.
3. **Treat leadership development as a journey.** Move beyond transactional development. Leadership development is a career long process that requires continued learning, with an intensity and timeframe that match the ambition and scale of the desired strategic goal.
4. **Link business strategy with purpose.** The opportunity to contribute beyond oneself activates inherent leadership capabilities and enables people to experience the power and impact of true leadership.

<http://www.kornferry.com/institute/real-world-leadership-australia-edition>

Further reading from Korn Ferry Institute

2017, Unleashing “ridiculous” ambition. <https://www.kornferry.com/institute/unleashing-ridiculous-ambition>

2016, The trillion-dollar difference. <https://www.kornferry.com/institute/real-world-leadership-part-four-lead-with-purpose-and-sustain-superior-results>

2016, The tone from the top. <https://www.kornferry.com/institute/the-tone-from-the-top-taking-responsibility-for-corporate-culture>

2016, Predicting CEO performance. <https://www.kornferry.com/institute/predicting-ceo-performance>

2016, Leaders for a digital transformation. <https://www.kornferry.com/institute/leaders-for-a-digital-transformation>

2016, Real-World Leadership <https://www.kornferry.com/institute/real-world-leadership-part-four-lead-with-purpose-and-sustain-superior-results>

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About The Korn Ferry Institute

The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books and a quarterly magazine, *Briefings*, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.

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