



Staying Local While Going Global

New Zealand Leaders on Their Priorities for 2016 and Beyond

To get a sense of New Zealand's business mood, we recently surveyed a number of the country's senior executives and board members across a wide range of industries. Our study explores the critical issues facing New Zealand, and how executives would address them via talent and leadership strategies. Despite the typical increased interest in globalisation, a surprisingly high percentage told us that growth within New Zealand's borders is crucial to their business. They also said keeping and attracting talent is a key part of staying relevant and that they see disruption less as a threat and more as an opportunity.

To find these results, Spencer Stuart surveyed senior executives and board members in many different businesses. We received 91 responses, 75 percent of whom were board members and CEOs.

LOCAL GROWTH OPPORTUNITIES

Interestingly, New Zealand companies prioritize growth in their native land over expanding their reach globally. When asked where they see the greatest opportunities for growth in the near term, 44 percent said organic growth in New Zealand is the most important path, compared with 32 percent who listed overseas development. Twenty-four percent of New Zealand leaders say mergers and acquisitions offers the most potential for business growth.

These findings could be seen several ways: Indeed, it's critical for companies to develop a strong base in their own country from which to expand. But others find the local emphasis a little troubling, perhaps displaying a certain level of myopia.

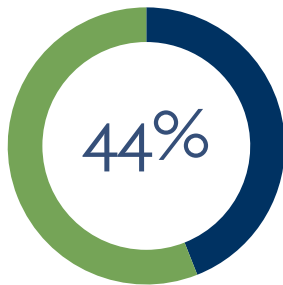


What really surprised me about the survey results was how inwardly focused we are in New Zealand! This is a major concern considering our relatively limited domestic market. I would have expected the majority of companies to have some sort of targeted innovation off shore.

Chief Executive Officer, New Zealand aviation company

The most important growth opportunities in the near term:

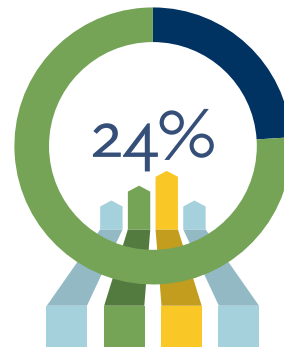
Organic growth in New Zealand



Overseas Development



Mergers & Acquisitions



THE IMPORTANCE OF FORWARD-THINKING

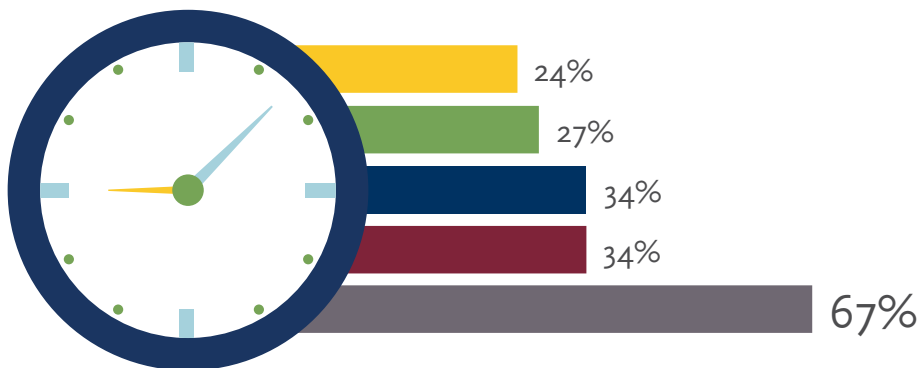
Staying abreast of information-technology advancements is a crucial concern for New Zealand executives: 67 percent list advances in information technology/disruptors in the marketplace as the top short-term trend. That’s almost exactly twice the next two trends, changes in regulatory policies and sustained volatility of global economies, which both had 34 percent. “With our millennial customers, we must be flexible and nimble with our digital marketing solutions to keep ahead of the competition,” said the managing director of a New Zealand brewery. Next on the list are slowing economic growth in countries like China and the U.S. (27 percent), and consolidation of businesses through mergers/acquisitions (24 percent).



We feel we are in a good position to do the disrupting! For example, we don’t have an extensive on-the-ground footprint compared to our competitors in some key growth markets and we believe we can rapidly expand using new means to reach consumers. We have a clear digital strategy.

Chief Executive Officer, dairy company

Most important short-term trends:



Consolidation of businesses through mergers/acquisitions

Slowing or continued slow economic growth in countries like China, US

Advances in information technology; disruptors in the marketplace

Changes in regulatory policies

Sustained volatility of global economies

BEING PREPARED FOR THE DIGITAL AGE

Clearly the digital age is no longer approaching — it's here. But staying abreast of the most recent digital/technological trends is still a large concern for New Zealanders — 49 percent listed it as a new area of expertise their boards may require. “Instead of being afraid of disruption, we have embraced digital innovation and we try and stay one step ahead of our competition,” said the managing director of one financial services administration company.



Digital is front of mind for boards. It is a key focus on three of the four boards I'm currently on.

Board member and chairman, specialized retail chain

That number was more than double the next three areas: international diversity (23 percent), commercial expertise (22 percent) and industry-specific concerns (21 percent). Two other recruiting priorities, gender diversity (18 percent) and risk/governance expertise (16 percent), round out the list.

The high percentage of boards prioritizing digital/technological expertise is no surprise — in an ever-changing business environment, no one wants to be left behind with yesterday's technology. But what may be surprising is the emphasis placed on diversity — individually, the numbers of those two categories don't look overly impressive. But combined, the demand for gender and international diversity total 41 percent, not far below the need for directors with digital/technological focus.



Diversity of views is a must at the board table, if we don't have these, it is likely over time we will lose our competitiveness. Counteracting group think is a significant challenge on boards. So it is not so much about fixing gender diversity but even a broader level with diversity of thinking.

Board member and chairman, specialized retail chain

New expertise your board may require:

Digital/technology

49%



International diversity

23%



Commercial expertise

22%



Industry specific

21%



Gender diversity

18%



Risk/governance

16%



KEEPING UP WITH GLOBAL TRANSFORMATION

The relentless pace of global change is one clear reason New Zealand leaders place a high emphasis on strategic planning and business development: 65 percent said this was the most important technical competency for senior leadership teams. Casting an eye toward the business's future was also seen as a key step, with 45 percent of leaders saying organization development and succession planning is the most crucial quality. Other important technical competencies include: commercial understanding (34 percent) and financial management and capital allocation (26 percent), risk assessment and management (24 percent) and supply chain management (18 percent).



Digital in the property sector has become more of a focus — it is a balancing act to incorporate mandatory regulatory requirements while ensuring ease of access for clients. We must have real time data so clients can see the underlying value of their portfolio at any time of their choosing.

Head of funds management, investment firm

Most important technical competencies for senior leadership teams:

65%

Strategic planning and business development

45%

Organisation development and succession planning

34%

Commercial understanding

26%

Financial management and capital allocation

24%

Risk assessment and management

18%

Supply chain management

THE CUSTOMER IS KING

Thirty-eight percent of New Zealand's leaders say understanding customer preferences is the most important skill that senior leadership teams can display. "Five years ago, 'customer mindset' was a secondary consideration to a board," said a board member and chairman of a specialized retail chain. "But now it is front and center, and decision-making revolves around the customer."

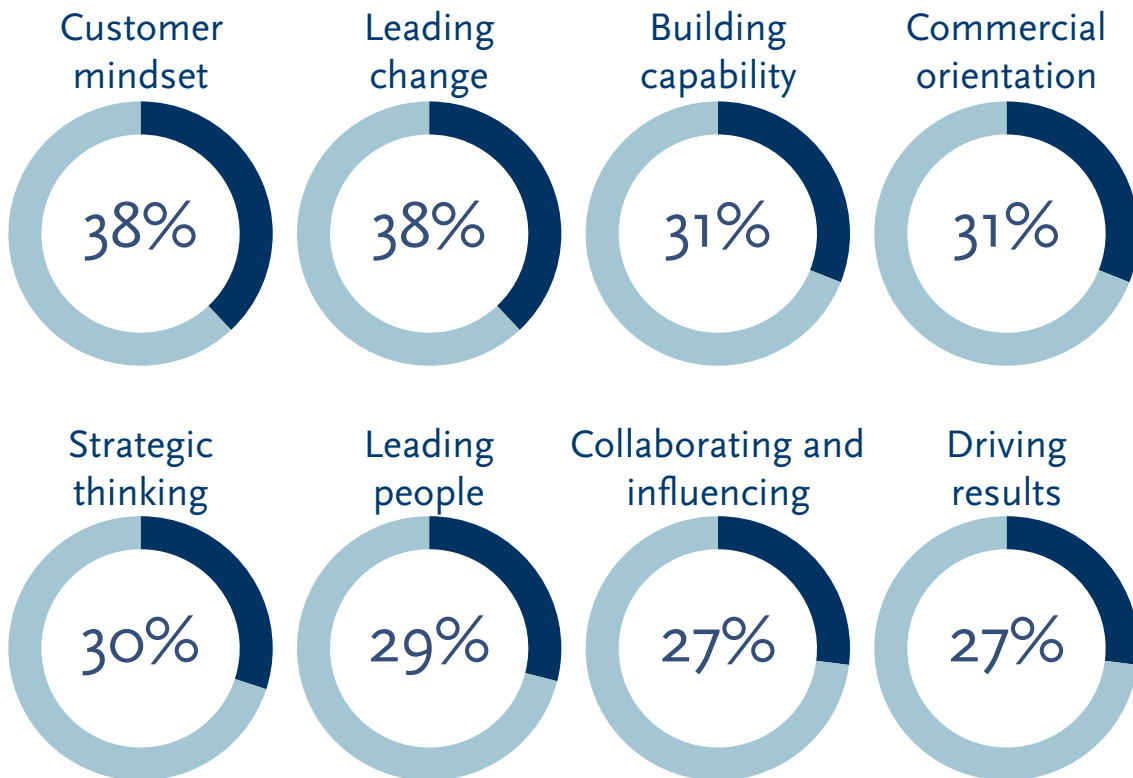
As previously mentioned, New Zealand leaders also want to ensure they're ready to align their businesses around transformation: 38 percent of the executives we surveyed said the ability to lead change is the key capability. Other desired leadership skills include building capability and commercial orientation (31 percent), strategic thinking (30 percent), leading people (29 percent), and collaborating and influencing and driving results both earned 27 percent.



We are now a large international company, however we have kept a culture that is nimble, flexible and most importantly strongly customer focused. We feel we are pretty good at working with our customers to find innovative solutions in each geography we work in.

Managing director, financial services administration company

Most critical leadership capabilities for senior leadership teams:



FINDING THE RIGHT TALENT

For New Zealand executives, attracting and keeping the right people is front and center when they prioritize personnel needs. When asked the most important human capital imperatives, a combined 65 percent responded that attracting (40 percent) and retaining top talent (25 percent) came first. Ironically, despite New Zealand's emphasis on staying local, the need to attract strong talent relates to the desire to have a larger global impact:



Our most important growth opportunities are offshore in particular in Asia. Talent development and leadership experience is therefore critical to our success.

Managing director, New Zealand dairy company

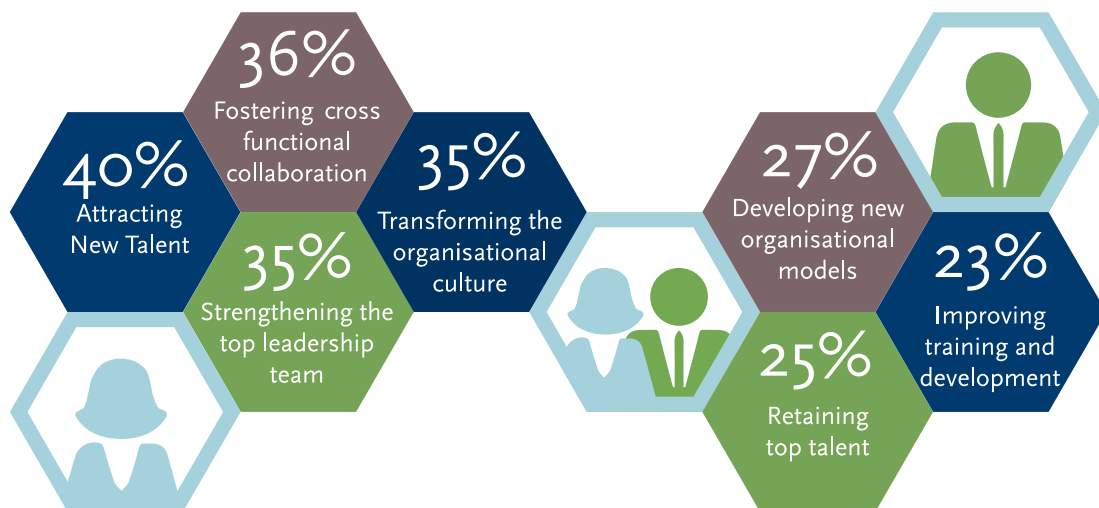
Other human capital imperatives include: Fostering cross-functional collaboration (36 percent), strengthening the top leadership team and transforming the organizational culture (35 percent), developing new organizational models (27 percent), and improving training and development (23 percent).



The war for outstanding human capital is a massive issue, which seems to be getting harder each year. Really good people are hard to find and retain, particularly when you are trying to grow in countries like China and India.

Director, special projects, New Zealand dairy company

Most important human capital imperatives:



Other thoughts from New Zealand business leaders:

85% Believe they are well-positioned to take advantage of short-term market trends

80% Believe their board is fully aware of, and ready to address, short-term market trends

79% Believe their HR team is well-prepared to support the human capital strategy of the business

77% Believe their senior leadership team has the right capabilities and experiences to take advantage of near-term opportunities

52% Believe their company's succession planning and leadership development efforts position the business well to address future challenges

WE ARE VERY GRATEFUL TO THE FOLLOWING BUSINESS LEADERS FOR SHARING THEIR INSIGHT AND PERSPECTIVE WITH US:

Ted van Arkel	Professional Board Member Including Chairman of The Warehouse Group
Paul Campbell	Group General Manager Mergers and Acquisitions, Fonterra Co-Operative Group
Andrew Ferrier	Professional Board Member Including Chairman of New Zealand Trade & Enterprise and Orion New Zealand Limited
Roger Gray	Group General Manager Business Performance, Air New Zealand Ltd
Nigel Greenwood	Chief Financial Officer Synlait Milk Ltd
Michael Holloway	Head of Fund Management New Zealand Vinta Group
Malcolm Johns	Chief Executive Officer Christchurch International Airport Limited
Stuart Jury	Managing Director New Zealand, Computershare Limited
Peter Landon-Lane	Chief Executive Officer Plant & Food Research Ltd
Joanna Perry	Professional Board Member Including Deputy Chair Genesis Energy New Zealand, Non-Executive Director, Trade Me Group Limited
Andy Routley	Managing Director DB Breweries Ltd
Kelvin Wickham	Managing Director Global Ingredients, Fonterra Co-Operative Group

WE ARE VERY GRATEFUL TO THESE ORGANISATIONS WHO PARTICIPATED IN THE STUDY:

Air New Zealand Ltd	Fisher & Paykel	Orion New Zealand Limited
AMP (New Zealand) Limited	Five Star Pork NZ Ltd	Payne Gould Corporation
ANZ Bank New Zealand Limited	Fletcher Building	PGG Wrightson
ANZCO Foods	Fonterra Co-operative Group	Progressive Enterprises Limited
AON New Zealand	Foodstuffs New Zealand	Qantas
Aotearoa Fisheries Limited	Frucor Beverages (New Zealand)	Ravensdown
Arvida Group	Genesis Energy Ltd	Scales Corporation Limited
ASB Bank Limited	Goodman Fielder (New Zealand)	Silver Fern Farms Limited
AsureQuality Limited	Hewlett-Packard New Zealand	Skellerup Industries Limited
Auckland Airport	Icebreaker New Zealand Limited	Sky City Auckland
Auckland City Council	Infratil Limited	Sovereign Insurance
Ballance Agri-Nutrients Limited	K9 Natural Food Limited	Spark New Zealand
BLM Feeds Ltd (GrainCorp)	Kimberly-Clark	Spotless Group
BNT Automotive	Kiwi Bank Ltd	Steel & Tube
BNZ Limited	KPMG New Zealand	Synlait Milk Ltd
Carrfields Limited	Kuehne & Nagel (New Zealand) Pty Ltd	Tainui Group
Carter Holt Harvey	LandCorp Limited	Tait Communications
Chorus Ltd	Meridian Energy New Zealand	Tegel Foods Ltd
Christchurch International Airport Ltd	Might River Power New Zealand	The Warehouse Group
Computershare Ltd	Mitre 10	Transpower New Zealand Limited
Comvita New Zealand	New Zealand King Salmon	Vector Limited
Contact Energy Ltd	New Zealand Merino	Vodafone New Zealand
Dairy Goat Co-operative (N.Z.) Ltd	New Zealand Post	Westpac
DB Breweries Ltd	Ngāi Tahu Farming Limited	Xero New Zealand
Farmlands Co-operative Society Limited	Norske Skog Tasman (NZ) Ltd	Zespri
Farmside New Zealand		

SpencerStuart

ABOUT THE AUTHOR

Michael Thomas is a member of the global Consumer, Industrial, Financial Services and Financial Officer practices. A former CEO and non-executive director in the consumer and industrial sectors, Michael brings 25 years of firsthand leadership experience to his client work.

Former industry CEO with broad strategic expertise

- > Prior to joining Spencer Stuart, Michael served as CEO of AsureQuality, Asia Pacific's largest food safety, quality assurance and biosecurity company.
- > Michael also held senior executive roles with PGG Wrightson, New Zealand's largest listed agribusiness.
- > During his 10 years with AWB, Australia's leading soft commodities marketer, Michael led the organisation's \$2 billion retail business, as well as strategy, M&A, marketing, corporate affairs, human resources and investor relations.

Contact

T: +61 3.8661.0100
mthomas@spencerstuart.com

ABOUT SPENCER STUART

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning 56 offices, 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment and many other facets of organizational effectiveness.

For more information on Spencer Stuart, please visit www.spencerstuart.com.

Social Media @ Spencer Stuart

Stay up to date on the trends and topics that are relevant to your business and career.



© 2016 Spencer Stuart. All rights reserved.
For information about copying, distributing and displaying this work,
contact: permissions@spencerstuart.com.

Amsterdam
Atlanta
Bangalore
Barcelona
Beijing
Bogotá
Boston
Brussels
Buenos Aires
Calgary
Chicago
Copenhagen
Dallas
Dubai
Frankfurt
Geneva
Hong Kong
Houston
Istanbul
Johannesburg
Lima
London
Los Angeles
Madrid
Melbourne
Mexico City
Miami
Milan
Minneapolis/St. Paul
Montreal
Moscow
Mumbai
Munich
New Delhi
New York
Orange County
Paris
Philadelphia
Prague
Rome
San Francisco
Santiago
Sao Paulo
Seattle
Shanghai
Silicon Valley
Singapore
Stamford
Stockholm
Sydney
Tokyo
Toronto
Vienna
Warsaw
Washington, D.C.
Zürich