



# Developing the Next Generation of Chief Executives for New Zealand



# **Developing the Next Generation of Chief Executives for New Zealand**



**Project Team Acknowledgments:**

Cheewei Kwan  
Zoe Watson  
Emily McGarry  
Amelia Long

© 2019 Kerridge & Partners

**Kerridge & Partners**

Level 15, 51 Shortland Street  
Auckland  
+64 9 969 9900  
[www.kerridgepartners.com](http://www.kerridgepartners.com)

# Table of Contents

## 2 Foreword

## 4 Executive Summary

## 5 Research Methodology

## 8 Megatrends Impacting Organisations

Digital Disruption

Increasing Consumer Power

Diversity

Total Societal Impact

What Does This Mean For New Zealand?

## 18 Changing Role of the Chief Executive

From Shareholders to Stakeholders

From Short-term to Long-term

From Local to Global

From Financials to Employees and Consumers

From Leader to Leadership

To what extent are these skills/competencies unique in the context of NZ?

What are the strengths of Kiwi leaders?

What are the aspects that need development?

## 28 Future Trends for Developing Chief Executives

Barriers to Chief Executive Development in New Zealand

What will the future of leadership development look like?

Role of formal leadership programmes

## 38 Self-evaluation and Next Steps

Checklist for Development

Area of Strength

Development Area

Next Steps

## 45 Appendix: Interview Questions

## 46 Acknowledgements

# Foreword

Armed with a vision of “transforming the leadership landscape of New Zealand”, it is hard to shirk from the natural responsibility that flows from that. And to start with, we need to understand the landscape fully.

The role of the Chief Executive is unique. Described by many as the loneliest job in an organisation, it is also the most visible. And with growing levels of transparency, no longer are Chief Executives’ words and deeds more visible to an increasing circle of stakeholders, they are also subject to greater scrutiny. This is true whether in the private, public or NGO sector.

A good proportion of our work involves advising boards on and around the appointment of their Chief Executives. While the majority will be externally appointed, some of these will be drawn from their own internal pool of talent. We are commonly asked by boards to offer thoughts on “what good looks like” when it comes to appointing their new Chief Executive. At the same time, we are also asked by senior leaders across all parts of the economy, “what is it that I can do to equip myself to be a future Chief Executive?” It is our hope that this report will offer guidance to both and indeed serve as a useful and uniquely Kiwi view of our leadership landscape.

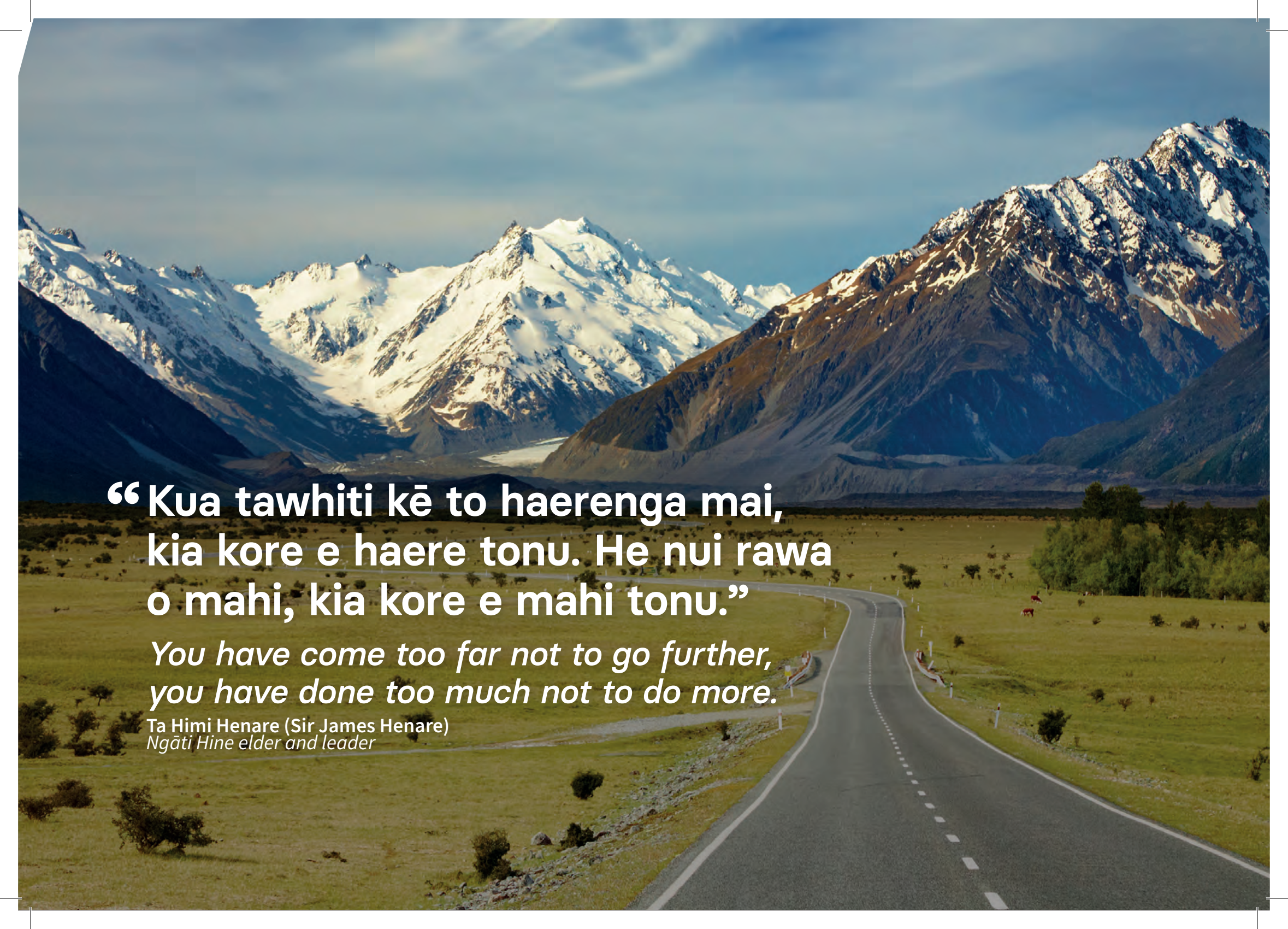
Our sincere thanks must go to the 41 leaders from across New Zealand who have contributed their thoughts to this project. Without their insights, this piece of work would not have been possible.

We trust that this document will serve as a valuable resource to anyone interested in the subject of leadership – and perhaps even serve as inspiration to some of New Zealand’s leaders of the future.

**Peter Kerridge**

*Founding Partner, Kerridge & Partners*






**“Kua tawhiti kē to haerenga mai,  
kia kore e haere tonu. He nui rawa  
o mahi, kia kore e mahi tonu.”**

*You have come too far not to go further,  
you have done too much not to do more.*

Ta Himi Henare (Sir James Henare)  
*Ngāti Hine elder and leader*



**“What got you here  
won’t get you  
there”**

**Marshall Goldsmith**

*Global thought leader, author and executive coach*

## Executive Summary

Digital disruption, consumer power, increasing diversity and the importance of total societal impact have significantly changed the operating environment.

For New Zealand organisations to thrive in the ‘new normal’, we have to leverage our unique strengths, embrace change, learn from global best practices and contextualise solutions that work for us.

With the fast changing operating environment, the skills, competencies and mindsets required for Chief Executives to be successful will need to shift from emphasising shareholder returns to meeting stakeholder needs; from meeting short-term targets to achieving long-term goals and vision; from being locally-oriented to taking a more global perspective; from purely focusing on business goals to engaging employees and understanding customer needs; and from being a ‘hero leader’ to developing leadership teams.

New Zealand senior leaders have many inherent positive traits, but there are also areas that we need to further develop to take on Chief Executive roles. Given our geographic location, the small size of the economy, and our cultural nuances, there are barriers to fast tracking the development of future Chief Executives. Nevertheless, these constraints can be overcome if we take a more proactive approach to identify potential Chief Executives and make the right investments in leadership development.

The traditional academic approaches to leadership development are becoming less effective. Chief Executives of the future will need to acquire broad exposure, develop a world view, develop cultural and network intelligence, develop trusted feedback sources, possess learning agility and build leadership teams. For many leaders, these development approaches will require a major paradigm shift in their mindset and self-awareness. To begin, leaders can start to reflect on their career journey and what has made them successful thus far and what they need to work on to get further ahead.



# Research Methodology

To gather the most compelling, relevant and representative input for this research theme, we curated a group of 41 senior leaders from across the country (refer to Acknowledgements, page 40), representing the private, public and not-for-profit sectors. Our group held leadership roles including those of Board Chairs/Directors, Chief Executives, Head of HR/People, and CXOs with strong potential to become Chief Executives in the future.

*Interviewees were asked to respond to the following areas:*

- What are the megatrends impacting organisations, and how do these impact on the role of Chief Executives in New Zealand?
- In light of the changing landscape and operating environment, what are the key competencies that will help Chief Executives be successful?
- How do New Zealand Chief Executives fare when compared to Chief Executives across the world? What are the strengths of Kiwi Chief Executives and what are the leadership aspects that can be improved?
- What are the most effective ways to develop Chief Executives? To what extent are formal senior leadership programmes effective, what examples of global and local programmes are you aware of and how would you rate them?

*Detailed interview questions can be found in Appendix on page 41.*







# **Megatrends Impacting Organisations**

# Megatrends Impacting Organisations

The changes facing the global business community are taking place at a pace never seen before.

A recent study by the Boston Consulting Group, cited in their 2019 article, *Tempo and the Art of Disruption*, found that during times of disruption only one in three firms evolve in such a way that enables them to capitalise upon the changes that they had made. When facing disruption, the response of business leaders appears to fall into one of three categories: combative and proactive, reactive – tied to a strong connection to traditional business models, or inertia – paralysed by fear. However, if met with the right approach the multitude of changes facing organisations today pose an array of opportunities and exciting challenges.

Many of the changes taking place can broadly be grouped into four major categories, or megatrends: **digital disruption, increasing consumer power, diversity, and the importance of total societal impact**. While these are global trends, we can already see their influence upon organisations in New Zealand.

## Digital Disruption

Not surprisingly, digital disruption was most frequently cited as one of the major shifts. Narrative around this has been prevalent for quite some time, yet the degree of disruption does not appear to

be diminishing. Whilst digital changes offer a plethora of opportunities for business, 61% of New Zealand respondents in PwC's *Chief Executive Survey 2018* expressed concern regarding the country's understanding and execution of digital skills. These digital skills are necessary for evolving businesses operations, data gathering and analytics, market engagement and decision-making processes.

Technology has lowered the barriers to entry for many industries and created a much more competitive landscape that cuts across



geographies and sectors. Offshore firms are now able to encroach upon the New Zealand market without establishing a physical presence. Organisations are now required to establish a broader ecosystem to remain responsive to wide ranging changes in an increasingly dynamic environment.

**“There is an acceptance of failure among New Zealand firms in their ability to compete with offshore firms. They see these firms as more agile, more technologically literate, and often (incorrectly) having better resources.”**

**Frances Valintine**  
*Founder, Tech Futures Lab*

Driven by an exponential increase in data availability and data analytics, organisations need to think how best to leverage this capability. While data analytics can significantly increase the profitability and success of a business, a recent article by McKinsey & Co (2018) – *Rebooting analytics leadership: time to move beyond the math*, highlighted that out of over 1,000 global firms, only 8% of senior executives are engaged in activities related to enabling Artificial Intelligence and data analytics to drive efficiency and effectiveness.

**“To completely understand your customer and prepare for the future New Zealand businesses must begin to effectively capture data, analyse it and derive something purposeful.”**

**Anne Blackburn**  
*Professional Director*

Due to the limited resources available to small and medium sized enterprises in New Zealand, Chief Executives are justifiably concerned about the lack of resources to respond. While larger firms may have the resources, they are struggling to find the right level of technical competencies to lead these activities.



On the flipside, the digital evolution has thrown up fundamental issues and new challenges, such as privacy concerns, cyber security threats and a capability shortage. The increase in data availability allows for the creation of highly personalised customer experiences. However this ability must be balanced with consideration and respect for consumer privacy.

Interviewees were commonly concerned about cyber threats – the many forms these threats take and the poor availability of skill and knowledge in this area. This capability gap is a broader concern and while there is a talent shortage, organisations are failing to invest in their current workforce. In a 2018 Deloitte survey, *The fourth Industrial Revolution is here – are you ready? Industry 4.0*, 37% of executives responded that their organisations still focus on the short-term, whilst only 7% of organisations consider themselves planning for and addressing the impending changes due to the technology evolution. On this front, executives often do not have the capacity to consider and evaluate all of the technological options available to them. As such they fail to effectively devise an organisational strategy and establish strong internal and external consensus.

### **Increasing Consumer Power**

Technology has enabled a dramatic shift in the balance of power between consumers and organisations. This shift in the balance of power has been largely due to three factors: the availability of data, rise of citizen media and competition from non-traditional sources.

With technology, consumers have unbridled access to data and information and this has led to significantly greater consumer demands and expectations. Consumers today expect a personalised digital experience and a high degree of ease in navigating digital platforms. It is

expected that, whilst personalised, there will be a consistency in both the physical and digital engagements with an organisation.

A study of over 2,000 United Kingdom citizens for Deloitte's *The Deloitte Consumer Review: The growing power of consumers* (2014) found that 81% of consumers read reviews and check feedback ratings, while 45% of consumers will research competitors' prices whilst in store. Since 2014 smartphone usage has increased exponentially and Internet of Things technology has advanced at an extraordinary rate. According to *The Deloitte Consumer Review of 2018: Digital Predictions*, smartphone penetration among United Kingdom adults is now 85% and every day 91% of the 41 million 16-75-year-olds who have a smartphone in the UK use their device. Consumers now expect to be able to engage anytime, anywhere, with seamless digital platforms and transparent and holistic information. With wide-ranging product choice, ease of access and consumer loyalty growing increasingly elusive, organisations must alter their engagement strategies to meet these consumer expectations.

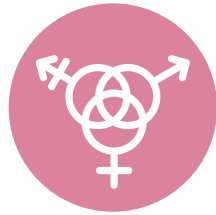
**“The consumer decision making process has been influenced by advances in digital, not just from social media and digital platforms, but also the way we communicate. Consumers are discerning and demanding, they are not only concerned about the total value their product delivers, but also the values of the organisation.”**

**Glen Sowry**  
*Chief Executive, Metlifecare*

## Organisational Resilience Through Increased Diversity



Thought



Gender



Ethnicity



Culture



Generational

This shift in power, although enabled by technology, has also been driven by a more discerning and demanding millennial generation. These consumers are now active in their involvement with the marketplace and organisations must ensure that their brand promise and values are aligned with the consumer experience. With social media platforms, organisations now face a new challenge where a failure to meet expectations can rapidly lead to wide ranging bad press.

Competition from non-traditional sources has placed additional pressure on established players to remain customer focused. New market entrants tend to be more agile, innovative, price competitive and not bound by legacy infrastructure and protocols. This presents consumers with greater choice and purchasing power.

### Diversity

Diversity in organisations, whether diversity of **thought, gender, ethnicity, culture or generational**, is a significant theme gaining attention from senior leadership and changing the way organisations operate.

In the current volatile business environment, embracing diversity is not only something that contributes positively to society, but also enables robust discussion as to how to tackle the wave of challenges facing organisations. A common theme in the interviews regarding generational diversity was the challenge in addressing the different expectations held by the different generations in the workforce.

Millennials account for an increasing portion of the workforce; their values most strongly align to generation Z who are now beginning to enter the workforce. According to PwC's *Millennials at work: Reshaping*



*the workforce* (2011), by 2020 millennials will form over 50% of the global workforce. They are known to place a greater emphasis on an organisation's social purpose and clarity around business objectives. They place a higher degree of importance on learning and development, flexibility of work, experiences and work-life balance, equality of pay (and good pay), and positive workplace culture, which are quite different from the baby boomer generation at the other end. A major challenge facing executives today is to appreciate and leverage the different competencies across the generations. As an example, while millennials offer valuable insights into their market segment and digital literacy, according to Deloitte's *Human Capital Trends 2018* report, 80% of US employers see employees aged over fifty as a valuable resource for teaching and mentoring.

This generational shift is also changing consumer profiles. The millennial consumer expects digital interaction, a high level of communication and, where possible, instant gratification. This affects how organisations engage the different market segments and marketing strategies are becoming increasingly customised for each generational cohort.

**“The different expectations of the younger generations have gained increasing prominence. A higher emphasis is placed on values, ethics, principled decision-making, customer-centricity and a more collegial workplace. These differences will be amplified in the future as millennials become leaders of the workforce.”**

**Neil Cowie,**  
*Former Chief Executive, Mitre10*

On gender diversity at the top leadership level in New Zealand, half of the ten highest paid directors of NZX listed companies were female (NBR, 2019's highest-paid directors, April 2019). However, only three of the top fifty NZX listed companies have female Chief Executive Officers – Chorus, Spark and A2 Milk.

Ethnic diversity in management and senior level positions is also becoming an increasing priority, not only to achieve a more equitable society, but also to provide a deeper



understanding of emerging market segments. Within New Zealand, a strong emphasis has been placed on cultural diversity and specifically promotions and partnerships with Māori. In addition to this wider social movement, an increasing understanding of the mātauranga held by Māori correlates with the increase in environmental and community concerns of society and the holistic thinking of many individuals. The true purpose of the Treaty of Waitangi is now being realised with Māori and Pakeha working in partnership, with a fair distribution of resources.

The diversity of thought provided through a variety of stakeholders, employees and executives leads to creativity, innovation and a broad ecosystem to test the boundaries of industry and thought. In the volatile world of today, diversity and customer-centricity must be intrinsic to an organisation's strategy. Diversity has become such a significant trend among organisations of today, not only because it is a priority value for consumers, but because there is correlation between diversity and organisational success.

### **Total Societal Impact**

Environmental sustainability, economic and social equity, as well as corporate responsibility are growing in significance across the world. Consumers today are much better informed and therefore many of these discussions have the potential to impact directly and indirectly on how organisations and businesses operate.

Harvard Business Review's analysis of the Best Performing Chief Executives in the World 2018 highlights that two high profile leaders, Satya Nadella (Microsoft) and Jamie Dimon (JPMorgan Chase), both believe corporations must take an active stance to support the right public policy. It is also interesting that as society faces major

challenges on these fronts, it is widely accepted that large for-profit firms can do more to be the key drivers of effective change due to their global influence and outreach.

Environmentally, new regulations as well as increased consumer awareness are forcing organisations to re-evaluate their carbon footprint and environmental impact. In addition, shareholders are beginning to favour investments in industries and sectors that are 'sustainable and responsible', as these have been proven to perform better financially over the long-term. Pressure for organisations to be sustainable in their operations is coming from many fronts.

Agreements such as the Paris Climate Accord, the UN's Sustainable Development Goals and the Youth Climate Movement are helping to shape consumer sentiments and influence consumption.

It is an expectation that organisations will now assist in combatting health issues, address social and economic inequality and driving innovation. The workforce today seeks to join organisations with clear values, a positive and inclusive culture and the encouragement and support of professional and personal development. Work-life balance, especially among the younger generation, recognition and assistance with mental-health issues and a contribution to the local community are increasingly common expectations of organisations.

**“Organisations must earn their social licence to operate – you have to be responsible to both the customer and the country you are operating in.”**

**Chris Quin**

*Chief Executive, Foodstuffs*

## What Does This Mean For New Zealand?

New Zealand is in a unique position, being a remote Pacific island, with a mere population of 4.8 million. Some would argue that we surpass what would be reasonably expected for such a small nation. New Zealand ranks 13 out of 102 in the World Economic Forum's Inclusive Development Index (January 2018), achieved a ranking of two on the Legatum Prosperity Index and remains a valued member of the international, Pacific and Asian communities. Despite these achievements, there are clear nuances to New Zealand society. In 2012 New Zealand was ranked thirteenth in the world for innovation, in 2018 this rating fell to a dismal twenty-second.

**“If New Zealand businesses want to remain competitive on the global stage, they need to increase their ambition, professionalism, and sophistication of risk-assessment, digital execution and their problem solving capability.”**

**Phil Veal**  
*Chair, Kiwi Expats Association*

A characteristic unique to New Zealand is the composition of its business community. As at February 2018, 70% of New Zealand enterprises had no paid employees, 27% of enterprises had one to nineteen employees, while less than 1% of enterprises had one hundred employees or more, yet together they engaged 48% of the workforce (Statistics New Zealand, 2018). Consequently, the New Zealand business community generally lacks the scale and the resources for research and development, investment in employees and innovation. This is a concern in the current business context where investment

and innovation (especially in technology) should be a top priority. Resources and knowledge are not the only things lacking, New Zealand also lacks the scale for research and experimentation.

The small and medium enterprise economy of New Zealand has reinforced our often cited “Number 8 wire” mentality as being our strength in creativity and innovation. In an era where technical advancement, globalisation and increasing consumer power create the need for sophisticated products and services, this outdated mentality encourages us to do ‘just enough’ and often results in an unrefined product or solution which is not competitive on a global scale. A dramatic shift in mentality is required if New Zealand is to remain relevant and prosperous.

**“The ‘No. 8 wire’ mentality of New Zealanders is outdated and detrimental to future progress. This mentality has hindered the distinction between good and great, and will create a major disadvantage for NZ organisations due to the increasing global and competitive nature of business.”**

**Nick Judd**  
*Chief Strategy, Networks and Alliance Officer, Air New Zealand*

On a more positive note, the small size of New Zealand makes us nimble and allows for change to be implemented rapidly. New Zealand has an abundance of natural resources and entrepreneurial and innovative individuals. If we can learn from global best practices, embrace change and contextualise solutions for New Zealand, we will develop the ability to thrive in the ‘new normal’.







# **Changing Role of the Chief Executive**

# Changing Role of the Chief Executive

With the global megatrends impacting New Zealand organisations across the board, the skills and competencies required by Chief Executives to be successful are rapidly changing

One major shift we are seeing is the move from largely profit driven objectives towards a more holistic view of an organisation's broader contributions to the country and society at large. Many of the senior leaders we interviewed were concerned that Kiwi businesses do not have the skills and organisational capabilities that will be required in the workforce of tomorrow. By canvassing our pre-eminent leaders and acknowledging our areas for development, Kiwi Chief Executives will be better placed to perform on the local and global stage.

The senior leaders involved in this research chronicled the changing role of the Chief Executive that is becoming apparent in Kiwi organisations. As the political, economic and social landscape continues to shift in line with globalisation, these leaders highlighted a number of critical skills, competencies and mindset changes that are increasingly necessary for leadership - both now and in the future.

The following key shifts emerged from the research:

- **From the emphasis on shareholder returns to meeting stakeholders' needs.**
- **From focusing on the immediate and urgent to focusing on the long-term vision and goals.**

- **From being purely focused on the changing landscape within New Zealand to appreciating global trends which will impact domestic organisations.**
- **From focusing purely on the financial outcomes to fully engaging employees and investing in understanding consumer needs.**
- **From being a 'hero leader' to developing leadership teams and leading as a collective.**

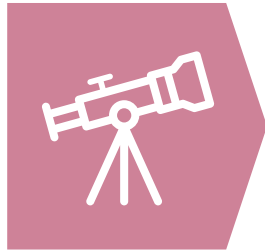
## From Shareholders to Stakeholders

The first shift, from shareholders to stakeholders, requires leaders to move from purely focusing on financial outcomes towards addressing the needs of everyone who is touched by the activities of the organisation. Leaders need to be more open-minded in considering who is important to the future of business. The trend towards meeting stakeholders' needs is only expected to become more critical. A continued demand for business to go beyond profit in engaging with the wider community means a careful balance of commercial focus with social and environmental needs.

Organisations that carried out corporate social responsibility initiatives purely to contribute to their bottom line are being encouraged to consider the positive implications that a broader approach would have on their brand and their customer. As previously discussed, total societal impact is growing in significance, with consumers and



**From Shareholders to Stakeholders**



**From Short-term to Long-term**



**From Local to Global**



**From Financials to Employees and Consumers**



**From Leader to Leadership**

members of the workforce looking to engage with organisations that offer a clear value set and a positive contribution to their stakeholder environment.

### **From Short-term to Long-term**

The Chief Executive of the future must also be forward thinking – adopting a long-term outlook and considering the sustainability of not just their business, but the natural and social ecosystems that it operates within.

“We need to worry about social concerns in conjunction with commercial concerns, going beyond the idea of doing good as another lever to increase profits, and instead focusing on a mindset

**in which the wider community is an extension of the stakeholder landscape.”**

**Nick Judd**  
*Chief Strategy, Networks & Alliance Officer,  
Air New Zealand*

This will require the Chief Executive to be more strategic and avoid the tendency to get stuck at the operational level. Kiwi leaders need to make the shift from being short-term focused to investing in developing their ability to think strategically translating strategy into execution.

“Strategy is like a rolling maul – Chief Executives need to have a long-term vision, and focus on a 12-month timeframe for execution.”

**Brian Blake**  
*Professional Director*



## From Local to Global

“There is no replacement for experience and exposure to offshore markets”.

**Albert Brantley**  
*Professional Director*

Albert Brantley emphasised the importance of learning from leaders from different sized organisations, sectors or industries. There is an increasing need to keep a lens on what is happening overseas, considering the impact of global trends on New Zealand.

Many interviewees commented that global megatrends are having a much greater impact on New Zealand than ever before. Hence, while many organisations operate purely on a domestic level, leaders need to develop a more global outlook and appreciate the potential competition from offshore companies that are able to compete and disrupt the status quo.

Given the increasing ethnic diversity of New Zealand and hence our multicultural workforce and consumer base, leaders who have the capability to relate and work effectively across cultures (cultural intelligence) will excel in their ability to engage various stakeholder groups.

“We need to be increasingly international in our experiences, connections, perceptions, and openness to learning from other sectors”

**Glen Sowry**  
*Chief Executive, Metlifecare*



## From Financials to Employees and Consumers

In line with the generational shift, the consumer and the employee have become more discerning and Chief Executives must be flexible to their needs as these demands increase. This is a major shift from the traditional view of shareholders as being the executive's greatest concern. Increasingly, we hear from Chief Executives of the need to invest in truly understanding changing consumer needs and anticipating consumer trends.

At the same time, with the multi-generational workforce and the changing expectations of the younger generation, Chief Executives need to invest significant amounts of time to engage and motivate their people.

**“Chief Executives need to be good at story-telling – to their people, to their customers, to their shareholders, and to their community.”**

**Vince Hawksworth**  
*Chief Executive, Trustpower*

Leaders who focus primarily on achieving short-term financial metrics run the risk of disengaging their people. Specific needs will differ for individual groups, but leaders may be required to consider aspects of accessibility, flexible working arrangements, automation, physical and mental health and employee well-being in ways they never have before.

## From Leader to Leadership

Traditionally, many Chief Executives would use the power of their position in the organisation to make decisions unilaterally, without

adequate consultation or engagement with the broader organisation. As the leadership landscape shifts, and with organisations becoming more complex, the Chief Executive today may not be the best or most qualified person to make the call and hence the skills that a team brings to the table become more critical in decision making.

The Chief Executive will need to navigate the changing world of work by drawing on the expertise offered by executive teams and other senior specialists within the business. A more collective leader chooses to develop a shared solution – accepting that others may have broader experience or skills in the areas required.

**“The Chief Executive of the future will need to work collaboratively – all specialties at the executive level need to be drawn on to meet the needs of a changing business.”**

**Anne Blackburn**  
*Professional Director*

## To what extent are these skills/competencies unique in the context of NZ?

One could argue that the challenges facing Kiwi leaders are largely aligned with those seen the world over, and thus the skills required to tackle them are not unique. A rising social conscience and an emphasis on planning for the long-term are synonymous with greater concerns surrounding sustainability, poverty, and other social inequalities. If New Zealand is experiencing a breakdown of geographical borders, then so too are the countries on the other side of the fence. As customers are exposed to offshore practices, they are becoming both more discerning and demanding of organisations.

However, there are several factors that contribute to the unique nature of these skills in the New Zealand market. Due to the relatively small size and scale of New Zealand, we are constrained by our availability of resources and relative geographical isolation. The Kiwi Chief Executive needs to be more willing to adapt and change, appreciate global trends and contextualise for the New Zealand market.

**“Kiwi leaders need to be able to address the unique nature of doing business here, but couple it with a global perspective.”**

**Greg McBain**  
*Leadership Coach*

The size of the market compounds the challenge of talent management, with up-and-coming young leaders often forced to look for opportunities offshore due to the lack of movement in local positions. Many senior leaders describe the existence of an informal ‘old boys’ network’, where personal relationships still play a role in who gets the top job.

Moreover, due to the limited availability of senior roles in the country, there is a perception that senior leaders have a tendency to ‘protect their patch’, remaining in a role longer than is beneficial to their own development and the best interests of the organisation. The only alternative seems to be to explore opportunities in other markets – requiring potential relocation or transition to another industry. Although research has found that long-serving Chief Executives feel more prepared to tackle key risks affecting growth, those that remain stagnant in their roles are doing little to provide their successors with

a similar confidence. The Chief Executives of the future will need to place greater emphasis on succession planning – building the capability in their teams and considering those who have not always chosen traditional career pathways for roles on the executive team.

**“There are not enough senior roles in NZ to develop the Chief Executive talent pipeline, and incumbent CEs tend to stay in their role for a long period of time, causing the talent pool to look for overseas opportunities.”**

**Richard Dellabarca**  
*Chief Executive, New Zealand Venture Investment Fund*


Another unique aspect of a Chief Executive’s role in New Zealand is the understanding of Māori business and wider iwi relationships. The Ministry of Business, Innovation and Employment 2018 figures estimate Māori enterprise is worth nearly \$40 billion, and growing faster than the economy as a whole. Economics aside, given the historical and cultural importance of Māori in New Zealand, it is incumbent on leaders to embrace Māori business and culture.

### **What are the strengths of Kiwi leaders?**

**“We underestimate what we learn as a result of our small country”**

**Neil Cowie**  
*Former Chief Executive, Mitre10*





**“Kiwi leaders need to have an understanding of Māori culture and the value of iwi partnerships – creating wealth for the community, not just their stakeholders.”**

**Nick Judd**

*Chief Strategy, Networks & Alliance Officer, Air New Zealand*

Kiwi leaders have always been known to be adventurous and these qualities have helped them thrive in leadership roles:

- **Innovative:** Kiwi leaders are renowned problem solvers. Long synonymous with the “No. 8 wire” mentality, Kiwis have developed several world-leading inventions and solutions.
- **Fearless:** Kiwi leaders are unafraid to challenge the status quo. We treat rules, policies and established procedures as simply guidelines and good practices, but that does not prevent us from seeking out ways to do things better and quicker.
- **Practical:** Kiwi leaders are also unafraid of ‘rolling up their sleeves’. Our prevailing egalitarian culture means that leaders tend to be non-hierarchical, people-oriented and down-to-earth and typically get along well with team members.
- **Generalists:** Many Kiwi leaders have a broad base of skills and experience that they can draw upon. Leaders often get exposed to multiple functions and roles within relatively small organisations, which is a unique feature of the New Zealand economy.
- **Humility:** Kiwi leaders generally do not crave the limelight. Instead, they appear understated and their humility is what makes them shine in business cultures where there is fierce competition.

### **What are the aspects that need development?**

Though Kiwi leaders possess many enviable traits, these traits can be counter-productive in a global context. From our interviews, many leaders suggest that we cannot rest on our laurels. For Kiwi leaders to step out and step up to take on significant global roles, investing resources to develop the following leadership traits will be critical:

- **Focus on strategic, long-term issues.**
- **Ability to lead and manage scale across geographies, by putting in place systems, processes and structure.** Leading across various countries requires different competencies from leading a domestic organisation, shifting from being hands on, present and visible to being strategic, inspirational and empowering.
- **Develop expansive thinking and global connectivity, aligning organisational goals with a wider global agenda.** A successful 21st century Chief Executive must both define and communicate a grounded point of view, and sequence changes that will stretch an organisation without overwhelming it.
- **A hunger to succeed on a global scale.** Kiwi leaders can be more ambitious, adventurous and be open to stepping out of the ‘Great Kiwi lifestyle’ by leading on a larger stage beyond New Zealand.
- **Balance a desire to be liked with the need to give constructive feedback for better team performance.** Many leaders interviewed agree that Kiwi leaders tend to avoid confrontation with team members.

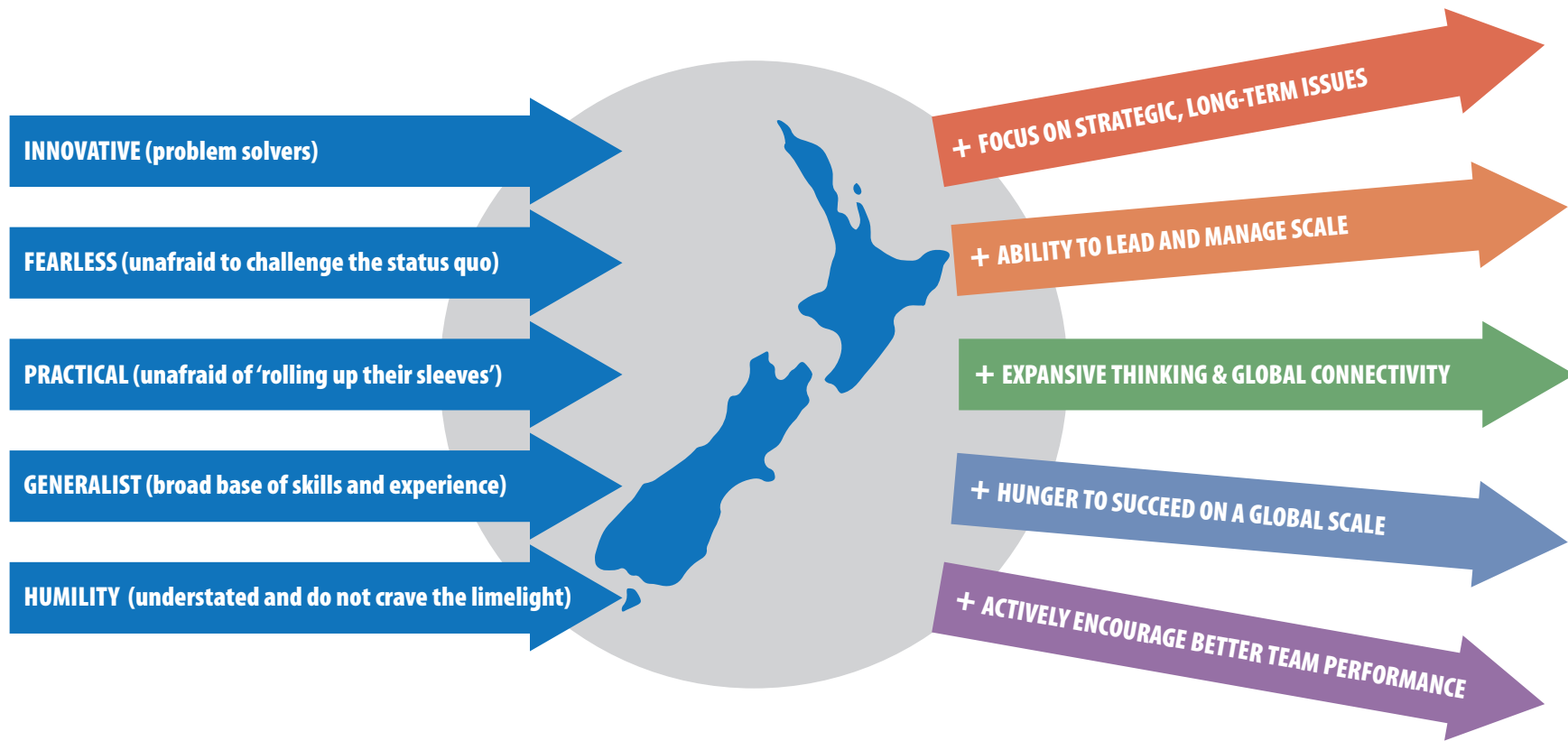
It is important to bear in mind that for a country the size of New Zealand, we are well-represented in Chief Executive/CXO and other senior leadership roles in large global organisations. In fact, these numbers are more significant than we immediately recognise, which testifies to the Kiwi’s famed humility and our ability to just get the job done. Whilst our natural strengths position us favourably as leaders, there is much we can learn from those who have succeeded in the global arena.

**“The Chief Executive’s ability to adapt and lead change will be critical for organisational success in the context of today’s operating environment.”**

**Peter Chrisp**  
*Chief Executive, New Zealand Trade and Enterprise*

**Kiwi leaders are known to be:**

**Kiwi leaders need to develop these aspects:**







# **Future Trends for Developing Chief Executives**

# Future Trends for Developing Chief Executives

Given the megatrends that are impacting organisations today, and the implications for the role of Chief Executives, the traditional approaches to leadership development have increasingly become less effective.

“Traditional Executive Development programmes are no longer relevant for today’s business environment. Short, practical modules coupled with on-the-job applications are key to development, and Chief Executives need to be able to take global best practices and contextualise it for the New Zealand market.”

Neil Cowie  
*Former Chief Executive, Mitre10*

From the interviews, these common themes emerged:

- **The operating environment has changed – it is more Volatile, Uncertain, Complex and Ambiguous (VUCA).**
- **The leadership skills needed for Chief Executives to be effective have also changed – effective communications to engage various stakeholders, adaptive thinking and constant learning have become critical competencies.**
- **The traditional approaches to develop leaders have hardly changed over the years.**
- **The majority of Chief Executives are developed via on-the-job experiences, formal leadership programmes and coaching/mentoring.**

## Barriers to Chief Executive Development in New Zealand

### 1. Small economy and limited opportunities

Given the fact that we are a small economy compared to global benchmarks (97% of NZ companies are considered small and medium domestic enterprises comprising of fewer than 20 staff, and 70% have no staff other than the owner), there are clearly limited opportunities to develop leaders to take on Chief Executive roles. For many SMEs/owner-led businesses, the founder-owner mentality is deeply ingrained and leadership development is often not a priority. For other mid-size companies, operational matters and immediate revenue generation often take priority over longer term investments in infrastructure and leadership development.

“Many New Zealand organisations grossly under-invest in leadership development which can impact their ability to respond quickly to rapidly changing needs in the market. Leadership is no longer about a few accumulating status and wielding control. Modern ways of working requires leadership at all levels, with decisions federated to those with the best understanding of the problem and a coaching rather than



directive style. This enables organisations to increase their agility, pace and productivity.”

**Nicki Raistrick**

*Managing Director, Innovate and Transform*

Many leaders we interviewed also reinforced the notion that our “No. 8 wire mentality” becomes a mental barrier to investing time and resources on developing leaders, i.e. we are paid to do our jobs and we will somehow figure it out along the way without the need for external intervention.

“Training is for the job you’ll do today; personal development is for the job you will do tomorrow. Kiwi leaders need to invest more time for leadership development!”

**Sam Shosanya**

*Chief Executive, Paper Plus Group*

Amongst the large organisations, there are a select few who have and will continue to invest the time and resources to create a leadership development roadmap for executives and plan for succession for the top jobs, including that of the Chief Executive. In addition, for many of these organisations, Chief Executive succession is also one of the top priorities for the board.

“We are a small economy with a relatively small talent pool. We need to embrace talent from outside of New Zealand – that talent can bring in best practices and help raise the bar for what great looks like.”

**Phil Veal**

*Chair, Kiwi Expat Association*





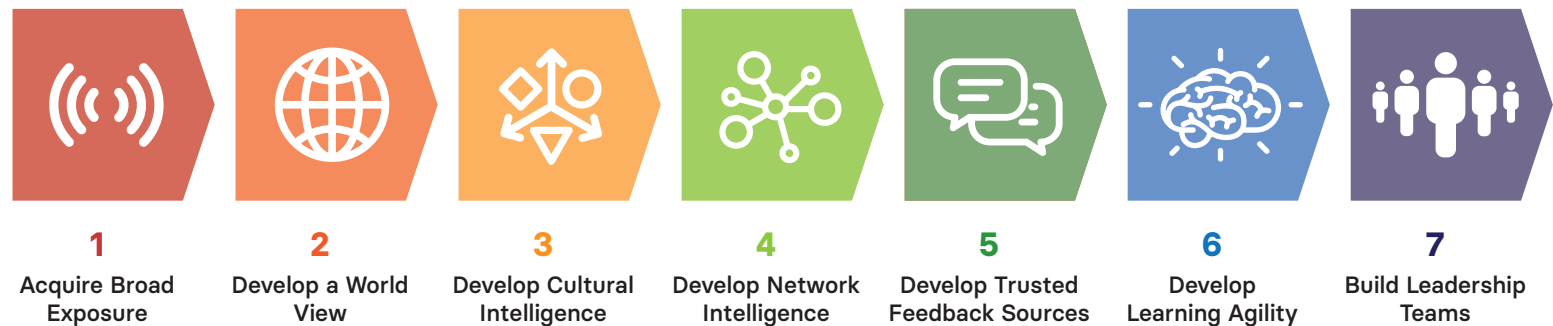
## 2. Cultural nuance

Many of the leaders we interviewed highlighted the lack of emphasis and investment on leadership development and continual professional development in New Zealand organisations. While some argue that this is due to the small size of many domestic organisations and the limited resources available, others attribute this to our culture where leaders tend to think they 'know it all' when it comes to leadership, they can make do with the "just get on with it" mentality, or leaders are afraid to show their vulnerability by admitting their weaknesses.

A number of leaders also lament the state of our educational system in that they do not adequately prepare our students for the business world.

**“Our education system is 19th century – this is holding New Zealand back as we do not adequately prepare our next generation of leaders to succeed in organisations. We need to teach life skills, impart the right values and reward for aspects beyond academic achievements.”**

**Mike Pohio**  
*Professional Director*



## What will the future of leadership development look like?

*From our interviews, the future of Chief Executive development can best be summarised by the following:*



### 1. Acquire Broad Exposure

Chief Executives of the future need to have spent time across different industries, held different functional roles and be exposed to different cultures/geographies. This will help the leader adapt and thrive in a context where deep content expertise in one discipline will not be sufficient to deal with the issues and challenges faced by organisations. For aspiring Chief Executives, one should jump on any opportunity to take on a new portfolio, lead a cross-functional project team or get an overseas assignment. Many leaders shy away from lateral career moves or moving into a new industry or taking on different functional roles, thinking that such moves will slow their progression. However, different experiences gained from such exposure becomes invaluable when the leader eventually takes on the Chief Executive role.

“To develop Chief Executives, take them out of their comfort zone, expose them to situations and cultures that they do not normally experience, teach them to ask the right questions and learn how to learn.”

Ashley Smout  
Professional Director



### 2. Develop a World View

Chief Executives need to develop much more expansive thinking and a world view. Regardless of whether one is leading a domestic or a regional/global organisation, leaders and organisations today are not immune to developments taking place across the world. With digitalisation impacting most if not all sectors, leaders need to keep abreast of latest trends and implications for their organisations.

Perhaps the most important attribute that shapes a leader's world view is one's curiosity and openness to new ideas.

Developing a world view can be done in many ways, including exposure to other leaders and organisations, overseas

assignments, participation in international conferences, study tours and leadership programmes.

**“Chief Executives need to be exposed to global developments, appreciate geopolitical developments and develop a world view.”**

**Tony Nowell**  
*Professional Director*

### **3. Develop Cultural Intelligence**

With the ethnic diversity of New Zealand today, it is not sufficient for leaders to just recognise and respect cultural differences, they need to be able to reconcile the differences and leverage the knowledge and understanding and turn it into a competitive advantage for the organisation. This cultural intelligence can only be developed if the leader has a keen sense of self awareness, has spent time working and living in another culture that is diametrically different from his or her formative experiences, and develop the ability to truly appreciate the nuances of different cultures.

### **4. Develop Network Intelligence**

**“The Chief Executive position is lonely. It is important for the leader to develop a strong support network.”**

**Craig Wilson**  
*MD Rentokil Initial, NZ & Fiji*

In today's VUCA world, a Chief Executive is unlikely to be the expert in every aspect of the business. Hence, it is important for the leader to develop a broad network of contacts across

geographies, industries and expertise that he/she can draw upon for advice and support. To do so, a leader needs to first map out his/her existing networks, decide where the gaps are and be very deliberate about investing time and energy in activities that will help develop their network intelligence.

**“Chief Executive networks are great platforms to meet and learn from peers from other industries. For Chief Executives that are new to NZ, such networks can help the leader gain a broader understanding of business in New Zealand and establish key relationships.”**

**Chris Brooks**  
*Chief Executive, Regional Facilities Auckland*

### **5. Develop Trusted Feedback Sources**

The power of feedback cannot be over-emphasised. In some organisations, there is a culture of transparency and open feedback, and the Chief Executive may get honest feedback from the executive team or other staff. In reality, most Chief Executives do not get any feedback, or if they do, it is often only positive. Many have commented that it is lonely at the top and there are very few individuals within the organisation, if at all, that will give them honest and direct feedback or are individuals they can confide in. Hence there is a significant role for external coaches to play in holding up a mirror to the Chief Executive and challenging the leader on his or her thoughts and actions. Mentors can also play a valuable role in providing career advice and guidance.

“Mentoring and coaching can be powerful for a Chief Executive’s development. Otherwise, who is going to challenge and guide the leader?”

**Hamish Rumbold**

*Chief Digital & Technology Officer, KiwiBank*

Many leaders also highlighted that we have many successful Kiwis holding top corporate roles in global organisations across the world, and we should tap into this pool of global talent to mentor aspiring leaders in New Zealand.

“It would be great if we can leverage global Kiwis to mentor local Chief Executives.”

**Richard Dellabarca**

*Chief Executive, New Zealand Venture Investment Fund*

One of the best sources for a coach/mentor would be experienced Board Directors and Chairs, many of whom have been Chief Executives in their previous careers.

“One of the most effective ways to develop the Chief Executive/ executive team is for board members to mentor them. This also provides board members with a good understanding of the talent benchstrength and helps them to identify potential Chief Executive successors.”

**Alastair Kerr**

*Professional Director*



## **6. Develop learning agility**

Two decades ago, Bill Gates wrote, “The most meaningful way to differentiate your company from your competition, the best way to put distance between you and the crowd, is to do an outstanding job with information. How you gather, manage, and use information will determine whether you win or lose.” This could not be truer today where good leaders never stop acquiring and assimilating knowledge.



Hoffman, Yeh & Casnocha, Harvard Business Review, Mar-Apr 2019, highlights that “Leaders must become infinite learners – those who not only enjoy learning but feel a constant need to acquire new skills.”

“Chief Executives need to have the curiosity and the willingness to engage, to grow a capability for learning rather than the acquisition of knowledge. They need to unlearn to learn and be comfortable with discomfort.”

Mike Bennetts  
Chief Executive, Z Energy

If Chief Executives are to engender a learning environment across the organisation, they need to start with themselves and lead by example.

“Chief Executives need to demonstrate vulnerability as a leader, admit one’s shortcomings and show that you are open to learn from others.”

Ken Moynihan  
Chief Executive, Compac

With the speed of technological change, while Chief Executives are not expected to be experts in the field, they need to learn how to leverage technology and be able to ask the right questions. In the digital era that we live in today, there is no better way for Chief Executives to learn the latest trends in technology than from the generation of digital natives. At the same time, by

engaging them in a reverse mentoring process, Chief Executives can better understand and engage the younger workforce.

“Do not underestimate the importance of learning from younger members in the organisation – they know much more about technology and often make you see things from a totally different perspective.”

Mike Bennetts  
Chief Executive, Z Energy

To develop learning agility, Flaum & Winkler (*June 2015, Harvard Business Review*) suggests one practices the following:

- **Innovating** – repeatedly seek out new solutions.
- **Performing** – seek to identify patterns in complex situations. Find the similarities between current and past projects, enhance your listening skills – listen instead of simply (and immediately) reacting.
- **Reflecting** – explore “what-ifs” and alternatives, play the devil’s advocate to see if there are aspects that may not have been covered.
- **Risking** – take on “stretch assignments” where the probability of success is not a given.



## 7. Build leadership teams

In the context of today’s VUCA world, some leaders would argue that it is more important to develop team capability than simply focus on self-development. The complexity of the new environment increasingly presents ‘adaptive challenges’ in which it is not possible for any one individual to know the solution

or even define the problem. Hence, collective leadership has taken on increasingly greater importance for organisational effectiveness. These collectives often cross geographies and reporting lines, collaboratively share information, create plans, influence each other and make collective decisions.

“Chief Executives need to be honest about what they know and do not know, and supplement their shortcomings with capabilities in their executive team.”

Albert Brantley  
*Professional Director*

## Role of formal leadership programmes

### 1. What leading global leadership programmes offer

Interviewees generally agree that leadership programmes offered by global executive education providers bring together faculty that address the latest trends and issues impacting leaders. They challenge leaders to think outside the box and provide a platform for participants to build a global network that cuts across geographies and industries. For bespoke in-company programmes, they are able to address the organisation’s current challenges and requirements but may not have the advantage of a broader network of participants from other organisations.

“Formal leadership programmes provide access to global thought leadership and cross sector

learnings, then the leader needs to contextualise learnings for the New Zealand market”

David Carter  
*Executive Director, BECA*

### 2. What such programmes fail to deliver

On the flip side, many of the leaders we spoke to question the return on investments for these global programmes. While participants benefit from the global exposure and networking, the question often asked is “how much of the content addresses the needs of New Zealand organisations given our relatively small scale and unique market context where 97% of companies are SMEs?” When we factor in issues like iwi partnerships and distance from other geographies, it makes the role of the Chief Executive relatively unique and therefore the challenge is to translate global best practices for New Zealand.

“Most global leadership programmes do not address the unique nature of the New Zealand market, including an appreciation of the iwi component.”

Albert Brantley  
*Professional Director*





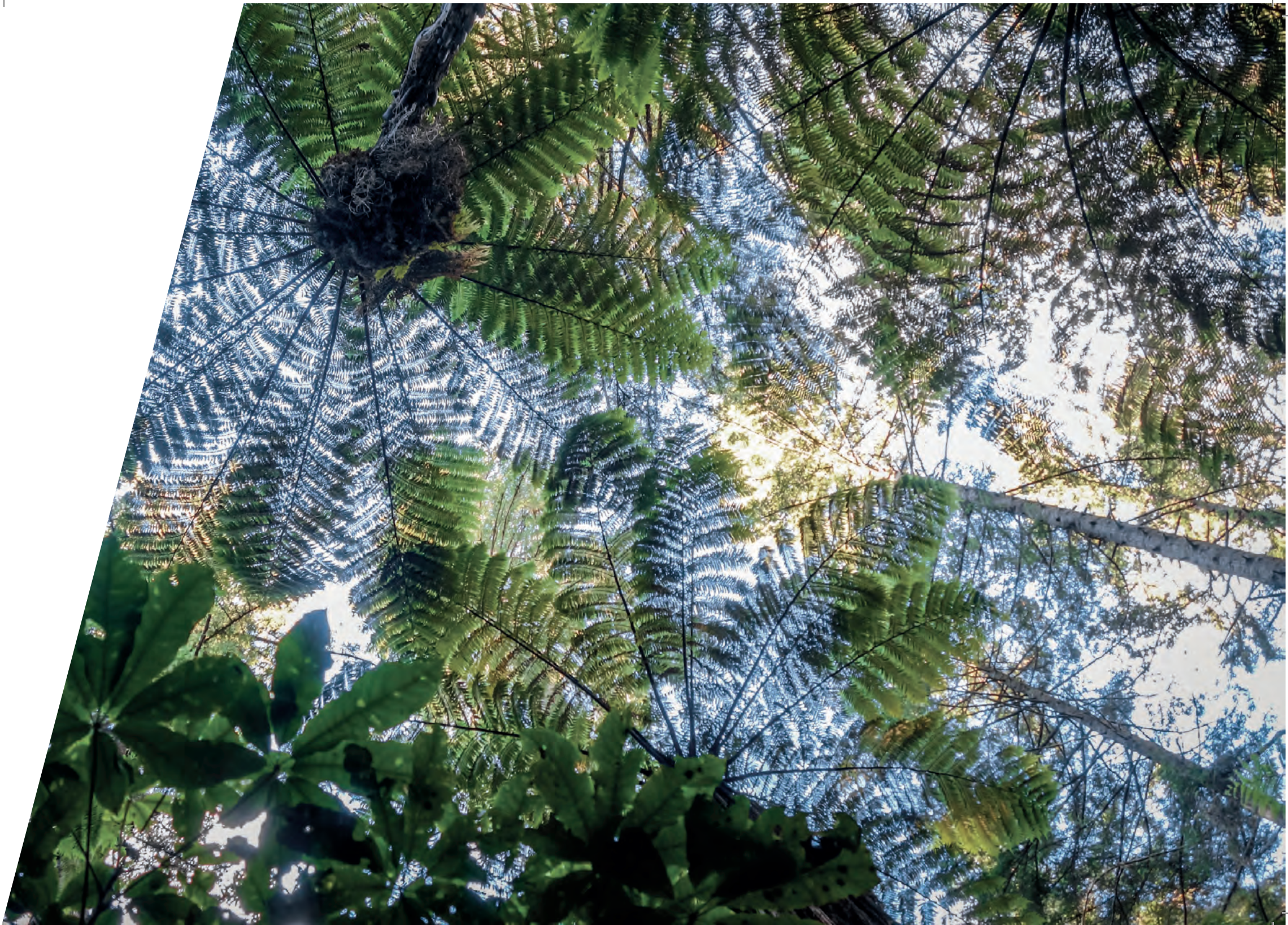


# **Self-evaluation and Next Steps**

## Self-evaluation and Next Steps

To effectively navigate and deal with the megatrends that impact organisations, Chief Executives will need to make a paradigm shift – their mindsets, their capabilities, their awareness and their portfolio of experiences.

As a leader, the following pages may be useful as a self-check to see where you are doing well and aspects that you may want to work on in your career journey.



Checklist for Development	Area of Strength	Development Area
<b>Acquire broad exposure</b>		
Experience in more than one functional area	<input type="checkbox"/>	<input type="checkbox"/>
Experience in more than one geography	<input type="checkbox"/>	<input type="checkbox"/>
Experience in more than one industry/sector	<input type="checkbox"/>	<input type="checkbox"/>
<b>Develop trusted feedback sources</b>		
Cultivate trusted feedback sources from within the organisation	<input type="checkbox"/>	<input type="checkbox"/>
Engage an external coach for leadership development	<input type="checkbox"/>	<input type="checkbox"/>
Have a mentor to provide career advice and guidance	<input type="checkbox"/>	<input type="checkbox"/>
Engage Board Chair/Directors for feedback and guidance	<input type="checkbox"/>	<input type="checkbox"/>
<b>Develop learning agility</b>		
Sense of curiosity and openness to new ideas	<input type="checkbox"/>	<input type="checkbox"/>
Hunger to acquire new knowledge beyond one's industry/sector	<input type="checkbox"/>	<input type="checkbox"/>
Engage younger workforce to learn latest technology developments	<input type="checkbox"/>	<input type="checkbox"/>
<b>Build leadership teams</b>		
Accept one's shortcomings and hire team members to reinforce the executive team's capabilities	<input type="checkbox"/>	<input type="checkbox"/>
Invest time and resources to hire, develop and motivate team members	<input type="checkbox"/>	<input type="checkbox"/>
Empower team members	<input type="checkbox"/>	<input type="checkbox"/>
Build a culture of collective leadership	<input type="checkbox"/>	<input type="checkbox"/>

## Checklist for Development

Area of  
Strength

Development  
Area

### Develop a world view

Keep up to date with latest global trends and geopolitical developments



Regular exposure to new ideas



International travel for conferences, study tours, learning and development programmes, overseas projects/assignments



### Develop cultural intelligence

Keen sense of self-awareness – strengths, biases, blind spots



Experience living/working in a culture that is significantly different from one's own culture



Demonstrate success in integrating different cultures to achieve positive outcomes for the organisation



### Develop network intelligence

Have contacts to draw on from within the industry



Have contacts to draw on from outside the industry



Have a wide network of international contacts



## Next Steps

- Reflect on the areas for development and validate this with your trusted feedback sources.
- Prioritise what you think will give you the most return on investment in your current role and for future roles.
- Map out the next steps in your development plan and the resources/support that will help achieve your development objectives.
- Consider the barriers that will stop you from getting to your desired outcomes and find ways to mitigate the risks of not following through with your development actions.

**As a leader, your desire to change  
must be greater than your desire  
to stay the same...**







# Appendix: Interview Questions

These are adapted depending on whether the interviewee is a Chair/Director, an incumbent Chief Executive, a potential Chief Executive-successor, or a Head of HR/People & Culture.

## Macro trends

1. What are the megatrends impacting organisations today across the world and how are these playing out in New Zealand?
2. What has changed in the operating environment?

## Role of the Chief Executive

3. How have the megatrends impacted the role of the Chief Executive? What new challenges are confronting Chief Executives today?
4. What are the key competencies and personal attributes that make Chief Executives successful in today's operating environment? What behaviours/skills are increasingly becoming more critical?
5. Who are the key stakeholders and what does the Chief Executive need to do to better engage them? (e.g. Board, Executive team, all staff, customers, NGOs, community at large)

## New Zealand trends

6. How would you describe the capability of Chief Executives in NZ today and their ability to respond to the increasing demands of the role?
7. How do NZ Chief Executives compare with global benchmarks? What are the strengths of Kiwi leaders and what are the areas that Kiwi leaders should develop to take on larger/regional/global roles?

## Developing Future Chief Executives

8. What do you see are the biggest gaps between Chief Executives and their next-in-line in NZ organisations? What are the most effective ways to develop senior leaders for the Chief Executive role?
9. How can organisations create a pipeline of potential Chief Executive successors? To what extent do you think NZ organisations invest time and resources in leadership development?
10. To what extent is it important for a Chief Executive to have spent time working outside of NZ? What can one learn from an overseas stint that a career within NZ may not provide?

## Role of formal leadership development

11. What development programmes (internal/external) have you participated in?
12. What are your views on the cost-benefit from participation in global/local senior leadership programmes? What are your thoughts on the quality of such programmes?

# Acknowledgements

We would like to thank the following 41 leaders who have given their time to be interviewed for this research.

**Mike Bennetts** *Z Energy, Chief Executive*

**Anne Blackburn** *Professional Director*

**Brian Blake** *Professional Director*

**Albert Brantley** *Professional Director*

**Chris Brooks** *Regional Facilities Auckland (RFA), Chief Executive*

**David Carter** *Beca, Executive Director*

**Peter Chrisp** *New Zealand Trade & Enterprise, Chief Executive*

**Gabrielle Clezy** *Haumarū Housing, Chief Executive*

**Siobhan Cohen** *Compac, Former VP of Global People & Capability*

**Neil Cowie** *Mitre10, Former Chief Executive*

**David Cunningham** *The Co-Operative Bank Ltd, Chief Executive*

**Richard Dellabarca** *New Zealand Venture Investment Fund, Chief Executive*

**Jon Hartley** *Professional Director*

**Vince Hawksworth** *TrustPower, Chief Executive*

**Lindis Jones** *Z Energy, Chief Financial Officer*

**Nick Judd** *Air New Zealand, Chief Strategy, Networks & Alliances Officer*

**Michele Kernahan** *Halls Group, Chief Executive*

**Alastair Kerr** *Professional Director*

**Jonathan Mason** *Professional Director*

**Greg McBain** *Leadership Coach*

**Joe McCollum** *Spark, Former Human Resources Director*

**John McKay** *AsureQuality, Chief Executive*

**Lesley McTurk** *Professional Director*

**Ken Moynihan** *Compac, Chief Executive*

**Andrew Norton** *KiwiRail, Group General Manager - Human Resources*

**Tony Nowell** *Professional Director*

**Mike Pohio** *Professional Director*

**Chris Quin** *Foodstuffs, Chief Executive*

**Nicki Raistrick** *Innovate and Transform, Managing Director*

**Hamish Rumbold** *KiwiBank, Chief Digital & Technology Officer*

**Andy Shenk** *UniServices, Chief Executive*

**Sam Shosanya** *Paper Plus Group, Chief Executive*

**Ashley Smout** *Professional Director*

**Denis Snelgar** *Professional Director*

**Glen Sowry** *Metlifecare, Chief Executive*

**Carolyn Tremain** *Ministry of Business Innovation and Employment, Chief Executive*

**Frances Valentine** *Tech Futures Lab, Founder*

**Phil Veal** *Kiwi Expat Association, Chair*

**Simon Whyte** *Professional Director*

**Craig Wilson** *Rentokil Initial, MD Fiji & NZ*

**David Wright** *Professional Director*





**Kerridge & Partners**

Level 15, 51 Shortland Street

Auckland

+64 9 969 9900

[www.kerridgepartners.com](http://www.kerridgepartners.com)