The CEO Institute

A meeting of minds ®

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The CEO Report

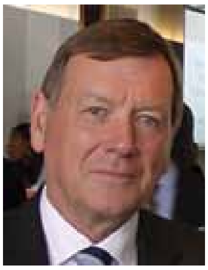
THE MAGAZINE OF THE CEO INSTITUTE

The CEO Institute turns 20

Also in this issue:

Interview with Ken Gunn
State news
Certified CEO
CEO buzz
Social media success
Future CEO: born for the top job?

The CEO Institute turns 20



Founding a membership organisation for CEOs in 1992 required a Rolodex full of contacts and a recognition that life in the top job can be lonely.

Let's rewind back to 1992, when many of The CEO Institute's long-standing members were early in their careers and anxious to make their mark in business. It was the year that Bill Clinton was elected US President, that the Australian High Court brought down its Mabo decision and that Prince Charles and Princess Diana announced their separation.

It was also the year that Ken Gunn acted on a thought that had been bothering him for a while: "Why should it be so lonely at the top for CEOs?". Ken began trying to round up enough CEOs to form a peer group. Twenty years later, The CEO Institute is a thriving, national success story.

Growth has been phenomenal, rising from eight members at the first meeting in June 1992 to more than 1000 members in 66 syndicates across Australia. The CEO Institute is the fastest-growing leadership organisation in the country.

Peak performance

The success of The CEO Institute is understandable in hindsight. Why? Because it can be very lonely at the top. There are no more peers or mentors to turn to for advice and support within the organisation; all the big decisions – and responsibility for them – are the CEO's alone.

Loneliness and isolation are key reasons that many members of The CEO Institute give for joining an organisation full of their peers. They are the only ones who truly understand the pressures and pleasures of life at the top.

However, The CEO Institute has never just been a lonely hearts club for CEOs. Ken Gunn's aim in 1992 was to help business leaders connect with their peers and learn from each other. He knew from his own experience that CEOs regularly confront similar problems and he wanted a confidential forum and stimulating environment where they could candidly share solutions and insights with each other. By grouping CEOs into groups – or "syndicates" as The CEO Institute calls them – of non-competing peers, openness and sharing are encouraged.

Kevin Dale
Andale Repetition Engineering
Syndicate 8
Member since March 1993

"I can now distance myself from the daily grind and look at the broader picture for future planning. Combining the monthly guest speaker and Open Forum, all the little one percent gains in knowledge add up over a period of time."

Growth path

The first meeting of the CEO Syndicate® program was held in Melbourne at the Savoy Park Plaza Hotel in June 1992 with just eight participants. But getting even that number together then was an achievement. Gunn says: "Our biggest challenge in the early days was that the CEO Syndicate program had no track record. We were selling an idea rather than a reality – and that was hard. Some of the CEOs I approached said 'Come back and see me when it is a success'".

Thankfully, many business leaders realised the value and embraced the idea. The CEO Institute was underway."

Ray Keen of Printgraphics loved the concept from the start. He attended his first meeting in July 1992 and stayed as a member until his retirement in December 2011. His successor, Mark Terrill has taken his spot at The CEO Institute.

Since establishing a foothold in Melbourne, The CEO Institute has spread to other states. Between 1997 and 2007, it founded operations in Sydney, Adelaide, Brisbane and Perth. And CEOs seem to appreciate being members: some 18% of current members have been with the Institute for five or more years.

Steve Agar
Agar Cleaning Systems
Syndicate 5
Member since December 1993

"Recruiting the right people is critical, and then investing in them not just financially but by taking an interest in them as people will help see them deliver better results. The CEO Institute, through the CEO Syndicate program, has provided me with the opportunity to spend time with successful and knowledgeable business leaders. I have been able to draw on knowledge gained in many areas to improve my performance and that of the company."

Worldwide CEO certification

The CEO Institute continues to trademark its brand and logo, and plans to expand its CEO Syndicate program internationally. The global expansion will be underpinned by the new Certified CEO (CCEO) designation, which recognises a CEO's demonstrated commitment to leadership best practice and continuous learning.

The Australian Competition and Consumer Commission (ACCC) has approved The CEO Institute's Rules for Certification and is satisfied with the Institute's competence to issue Certified CEO Certification.

Mark Tailby
Graphic Art Mart
Syndicate 67
Member since July 1998

"As CEO you are often alone and your decisions directly affect the business. Although I have a strong management team around me that I can seek advice from, at the end of the day the final decision is mine. The CEO Institute has put me in contact with people, businesses, friends and acquaintances that I would not normally have contact with. These people have helped grow Graphic Art Mart."

Gunn says: "We wanted to create a professional designation for CEOs in Australia. A Certified CEO award shows that you take the business of being a CEO seriously, that you strive to constantly improve the quality of your performance as the leader of an organisation. It is a mark of recognition that you are a successful CEO."

There are two pathways to certification: experiential (by participating in The CEO Institute's CEO Syndicate program) or academic (by completing four Open Learning programs and the associated assessments with the prestigious Mt Eliza Executive Education, which is part of the Melbourne Business School).

Gunn says he aims to make the Certified CEO designation a prestigious recognition of experience, skill and achievement. "As more business leaders embrace the need for continuous learning, the CEO Syndicate program's experiential learning system will continue to grow. I am very proud that our members typically enjoy significantly greater business success than their peers. Our members business failure rate is negligible when compared to the wider business community."

Behind the scenes

Ken Gunn, the national Chairman and CEO of The CEO Institute, has a background in education, human resources and accounting. The biggest challenge throughout the organisation's history has been finding the right people to support growth. Gunn says: "It's the same issue our members' deal with in their businesses; getting the right people is critical." That challenge will become a global one in coming years.

He is most proud of the passion and commitment of The CEO Institute's staff to making it a thriving, successful membership organisation for CEOs.

"We have all been on an exciting journey here, expanding from a tiny Melbourne outfit with a dream to a national organisation. I just love the ideas our staff have for growing the Institute, improving our offering to CEOs and finding new ways to add value. We have all had a lot of fun in between the hard work. Some of our most senior people have 18 years' service with the Institute and that makes me very happy indeed."

Interview with Ken Gunn, the national Chairman and CEO

What changes have you seen in the role of a CEO over the past 20 years?

Ken Gunn: We see a much clearer distinction now between being a leader and a manager. Today's CEO embraces the leadership role and avoids the old-style autocratic approach. Our members are constantly searching for ways to empower their people, which is the key to a successful organisation.

CEOs now tend to focus on achieving strategic goals rather than micro-managing the day-to-day activities of their businesses. Micro-managers clearly don't get the best results. More CEOs now accept the need for continual personal and professional development as part of their role.

The other change over the past two decades has been the recognition of how important it is for the CEO to clearly communicate their leadership message to all stakeholders, especially to their staff.

How has the role of the Institute evolved?
Ken Gunn: Our role is the same as in 1992, just on a larger scale. It is much easier for us to attract quality members today than in 1992. Once we had our first Syndicate, it was easier to grow because of the great feedback from our original members. Also, there has been a subtle mindset change among senior managers. Today's leaders recognise that professional development should not stop when you get to the top office. This change in attitude makes for better equipped leaders.

Are there issues that have stayed constant for CEOs since 1992?
Ken Gunn: Number one has always been people: hiring the right people, training people, retaining and incentivising people, empowering people, dismissing people, communicating with people.

The economics and politics of business ebb and flow: think of the Y2K bug, the Mabo decision, the GST and now the Carbon Tax. But the issue of finding and motivating people is a constant.

Why has The CEO Institute expanded so rapidly?
Ken Gunn: In the privacy of our peer Syndicates, CEOs can cut to the issues that bother them really quickly. We filter out the clutter that every CEO has to deal with because every other member is a CEO. That peer support is invaluable. Having access to a group of fellow CEOs who are dedicated to learning by solving problems, improving capabilities and sharing their experiences is of incalculable benefit. I think that the value-add a CEO Institute membership provides is becoming widely recognised.

Our members tell us they benefit from being able to connect with like-minded leaders in a supportive, secure environment. It is stimulating to mix with successful CEOs and hear how they are achieving growth and business success. It is hard to place a value on access to this type of environment, especially if it becomes contagious – and success breeds success.

State news

New South Wales

Yvonne Howie
Chief Executive - NSW

Members say that reducing costs and confronting competitive pressures are their key challenges as they cope with the high dollar, interest rate uncertainty and the need to access capital. The carbon tax is seen as a costly burden.

But the picture is not all doom and gloom: many members are feeling bullish and confident. They are focusing on how to run their businesses better and keeping a tight rein on costs while the economic indicators are still confusing.

The Chief Executive Summit in January attracted more than 400 delegates. The theme was *Change*, *Innovate and Collaborate*. Speakers included Phil Ruthven, chairman of the forecaster IBIS World, who projected a growth rate for the Australian economy in 2011-12 of 3.2%. He picks telecommunications; health; and professional and technical services including finance, transport and mining as the top growth sectors. Leaders from NAB, Pitcher Partners, GOOGLE Enterprise, Bell Partners and futurist Craig Rispin were among the eminent thought leaders presenting at the Summit.

Ilkka Tales has been appointed the new chair of Syndicate 70. Ilkka is a seasoned IT entrepreneur, executive and adviser, with 20 years' experience worldwide. Louise McCann will chair Syndicate 76. She is CEO of Hall and Partners, an international research firm, and is a non-executive director of IINET. Sharon Williams will chair Syndicate 74. She is the entrepreneur who established the very successful public relations and marketing company Taurus Marketing. These new appointments complement our strong and successful group of CEO Institute chairs in Sydney.

Queensland

Evan Davies
Chief Executive - QLD

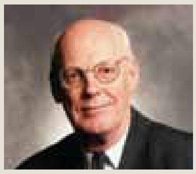
Queenslanders remain cautious about the economy despite some improvement in growth. The prospect of higher interest rates, stagnant household consumption and a weaker manufacturing sector are affecting sentiment. Strong mining investment growth continues to lift capital expenditure indicators. There is some optimism that this investment boom will flow on to other sectors of the economy.

Other worries include the effect of the high AUD on exporters and political uncertainty and inconsistency. Rising pressure on wages has provoked concern that these costs will further harm Australian competitiveness. Strategic planning is becoming more difficult in this uncertain environment.

Members are saying that the issues which are most likely to keep them awake at night are sourcing and retaining skilled staff, achieving top-line growth and implementing a healthy reduction of costs.

At the recent 'All Members Day', we were honoured to have the Hon Keith DeLacy AM as one of the guest speakers. Keith is a former Queensland Treasurer and is one of Queensland's best-known company directors and public figures. Keith was joined by Bill Shields a former Chief Economist and Executive Director of Macquarie Bank Limited and Professor Boris Kabanoff, Director, Research and Development, Business and Management, Queensland University of Technology.

South Australia



Jeremy Harris
Director - SA

Business confidence in South Australia depends on where you are in our multi-speed economy. Manufacturers are feeling the pinch; miners are doing well.

Most members are well into their annual business planning. Overall, there is a feeling of quiet confidence, tempered by trepidation about external factors that are beyond the control of CEOs.

There was a definite "What next?" factor about the unsettled political climate at federal and state levels but this has moderated. For example, the new Premier's declared commitment to innovative manufacturing has helped to increase confidence.

Manufacturers and exporters have been hurt by the high Australian dollar. There is a growing acceptance that this is the way it will be for some time. A recurrent theme is one of frustration with the bureaucratic and compliance imposts faced by business, especially those in the SME sector.

The CEO Institute's South Australia: *Looking Forward* event drew an impressive array of speakers. The keynote speaker was the newly installed Premier, Jay Weatherill, who shared his vision for the future of business in South Australia.

Keith Smith, the inaugural chair of Syndicate 23, stood down due to ongoing illness and will be missed by all members. Richard Hancock, currently chair of Syndicate 24, will replace Keith.

Victoria

Joanne Neely
Acting Chief Executive – VIC

The carbon tax has been a talking point in Victoria, with people seeing it as an extra cost of doing business. This is particularly difficult when margins on products and services are being squeezed.

Confidence remains largely positive, despite recent instability at the federal government level and uncertainty about the international economic outlook. Some business sectors in Victoria – especially in manufacturing – are facing real challenges. But there have been some real successes based on innovation.

A perennial issue is the struggle to attract, retain and reward good people. Growth depends on developing new strategies, implementing change management and responding to new challenges – all of which require quality staff.

We have had some very stimulating events. The year started at the MCG with over 500 people attending the Leaders' Summit *Capitalising on Change*. The International Women's Day Breakfast *Inspiring Journeys – Women Making Their Mark* which featured four CEO Institute members – Ricky Nowak (MC for the event), Dr Jess Dart, Marie Felsbourg and Margaret McLelland.

Experienced independent Company Director Michael Stillwell has settled into his new role as a Syndicate Chairman.

Congratulations to Paul Wheelton OAM who was recognised as an Australia Day Ambassador, a program which acknowledges high achieving and proud Australians.

Western Australia

Steve Stanley
Director - WA

WA's booming resource sector continues to drive the local economy, although businesses outside the resource sector are lagging behind in relative terms. There is a downside to the resources boom: competition for labour produces wages pressure. Overall, the mood in WA is one of cautious optimism.

We were privileged to have John Worsfold – coach of the West Coast Eagles AFL team – as a guest speaker this quarter. John spoke about having the courage to stick to your plan and stay true to your vision during tough times. It's a topic close to his heart, having faced calls from the media and fans for his resignation as West Coast sank to 16th place in 2010.

The poor result did not reflect the fact that John had a plan to rebuild the team and was on track to achieve it. The pay-off came in 2011, when West Coast came in 4th place and stunned the football world.

John's key message? The need to lead through difficult times. You need to hold your nerve when doubters are questioning your direction. If you have confidence in your vision, your life values and in the strength of those around you to do their part, you will succeed. The temptation is to change and jump in a different direction but that is sure to derail you.

Certified CEO

Publicising the first recipients of The CEO Institute's Certified CEO (CCEO) designation has evoked an astonishing response. Perhaps we should have expected that: an innovative award that recognises the real, practical experience of CEOs is entirely new to Australia. And like all innovations it has attracted some carping and plenty of support.

To date, 104 CEO Institute Fellows have been awarded the Certified CEO designation. To qualify as CCEO, these men and women had to have been members of The CEO Institute for five or more continuous years, attended a minimum of 55 meetings of the CEO Syndicate program, have had five or more years in the CEO (or equivalent) role, and displayed a commitment to ongoing professional development through experiential learning among a group of their peers.

The debate about providing a certification of ability to perform the top job will continue. It takes time for people to adjust to the concept of recognising experience, knowledge and professionalism as bases for a credential of CEO-worthiness. However, judging by the smiles on the faces of those proud recipients of the first parchment CCEO certificates, having a CCEO post-nominal to add to their business cards is just fine.

Esmé Alfred
Program Director

CEO buzz

What business issues are taking air-time in The CEO Institute's syndicates around Australia? Each month, Syndicate Chairmen report what's being discussed in the peer groups. Here are some of the issues:

Business development managers. Pay for a good one. The upfront cost may be high but the revenue returns can be extraordinary with the right person.

Buying businesses. How should you value a potential purchase – and what sort of payment terms are best?

SME issues. Outside managers can struggle when dealing with directors who are also founders. For example, how should you handle a founder who starts draining staff time and money for their philanthropic interests without consulting you?

Improving operational efficiency. If you can't increase sales, to reduce costs you need to run a very efficient business and manage risks effectively.

Customer service. Competition is fierce. As the competition put CEOs under the pump, they are repeatedly asking "how are we managing our customer service?".

Retaining skilled staff. Despite a reasonably high unemployment rate, CEOs are having a hard time getting top talent on board - and keeping them.

Achieving top-line growth. Top-line growth is all about customers and sales. Develop strong sales and marketing strategies to acquire new customers, increase customer loyalty and retention.

Well workplaces. Creating a healthy, supportive workplace culture can improve productivity, reduce sickies and improve retention rates. Mental wellness is an important issue in the workplace and the community.

Cloud computing. New term; old concept. There are some great advantages – and significant disadvantages – to remotely storing your organisational data. Beware!

Motivation management. Is money the only way to show your appreciation? Managers, supervisors and workers can respond to different incentives.

Redundancies. These need to be handled in a respectful, sensitive way for the emotional well-being of the person leaving and the employees left behind (wondering if they will be next).

Social media success

The rise of social media seems unstoppable. Business has been quick to log on to twittering, blogging, LinkedIn, Facebook and other options. But are these all just message chaff blowing in the wind or do they represent real communication opportunities? Social media expert and CEO of Working Three, Mark Cameron (Syndicate 52) says the latter is true – if you approach it the right way.

Cameron says it is important to start by defining your goal before establishing a social media presence. For example, do you want to attract new leads, to cement your brand reputation or to communicate directly to specific segments of your market? He says: "Focus on one goal and then set a realistic timeframe."

Cameron says that part of your goal setting should be to define the key performance indicators that you want to achieve. According to Cameron there are three main analytic tools for measuring impact: site analytics, social media monitoring and data mining. Then you need to choose the right platform for your message. Should you use Facebook, LinkedIn, Twitter or any of the many other routes?

By being on social media, you can help to shape the conversation that your customers are already having about your business. He says: "There is a good chance they are already talking about you. If you want to get on the front foot and respond to that, then get moving – start to collect data and make decisions based on what it is telling you."

Future CEO: Born for the top job?

Nurturing the next generation of leaders is arguably the most important task for any business. This is especially true for family businesses, which typically draw their new leaders from a small pool of siblings or relatives.

But not everyone is born to lead. Leadership is an art and a skill that can only be learnt by both academic study and experiential learning. The CEO Institute's Future CEO™ program has been specifically designed to address both these learning needs.

In the Future CEO™ program, peer groups of future leaders work together on real problems from their workplaces. They are under the guidance of an experienced chairman-facilitator who has been hand-picked for their professorial credentials as a leading business academic with practical business experience.

The Future CEO™ program will be launched in Victoria in May 2012.

When joining or renewing your Qantas Club membership, quote 4008701 to be eligible for The CEO Institute's corporate membership rate.

Selection of photos from recent events

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