



Board Level podcast
Australian Institute of Company Directors, powered by CommBank

Episode 5: Finding the right board

Hosted by: Catherine Fox
Interviewee: Melanie Willis

Featuring:
Rebecca Warren, GM Strategy and Transformation, CommBank
Rhian Richardson, Board Diversity Manager, AICD

Melanie Willis is a non-executive director of Challenger Limited, Southern Cross Austereo, PayPal Australia and Chief Executive Women. Previously, she was CEO of NRMA Investments and a director of Deutsche Bank.

Here Melanie talks about finding the right board, how to have your voice heard at the board table, the importance of listening and making the transition from your executive career to the boardroom.

Rebecca [00:00:04] Hello and welcome to Board Level, the podcast that's changing the conversation around boardroom tables. Board diversity and gender balance makes sense and delivers better outcomes for shareholders, consumers, employees and the community. But with women holding under 30% of ASX 300 positions in 2019, having a seat at the boardroom table can still feel elusive. So we're here to challenge and change this. I'm Rebecca Warren, General Manager of CommBank's Women in Focus and we're proud to support the AICD in this valuable conversation. As a board member myself I know the challenges and the value of contributing at this level. We all have a role to play in improving board equality and diversity. So let's level up with your host Catherine Fox, award winning journalist author, presenter and leading commentator on women in the workforce.

Catherine [00:01:02] Welcome to episode five of Board Level with director Melanie Willis, who talks to us about the dynamics around the board table, making your voice heard, actively listening, dealing with creative abrasion and decision making along with some practical advice. Melanie, welcome to board level.

Melanie [00:01:20] **Thank you, thank you very much for having me.**

Catherine [00:01:22] Now, I have to ask you about making your voice heard around the board table. I suspect this is something that concerns a lot of people who might be considering a board position. And of course, you're talking about a group of people around the table who have strong opinions. How do you do that? How do you cut through?

Melanie [00:01:42] **That's a great question. I think that there's a few elements here. One is, I think, making sure that you select the right board where you know that you have skills and expertise that will be highly valued by that board. So that's baseline, that you have to feel that you are going to be a key contributor on that board because of your skills and expertise and equally because of your outlook, your future outlook. That's the first point. The second point, I think, is to make sure you take time outside of your board to really understand the economic, the competitive environment and bring an outside-in perspective to that board. So you're really looking to contribute beyond the board papers that you've received on a particular issue. Be very well prepared in terms of your board papers and your**

understanding and be confident and back yourself in your views. If you think it's important, you think it's an issue to raise, then be confident and pick your timing carefully. Sometimes you don't actually have to raise the point. Sometimes it's really important to be supporting someone else who frontlines that point. But you come in and support them and bring a different perspective and add to the debate on a particular discussion.

Catherine [00:02:52] Have you found over the years that there's some tactics? Somebody once told me it's actually about leaning in, not the Sheryl Sandberg version, but actually physically leaning forward when you want to make a point. Are there any things like that that you found useful?

Melanie [00:03:08] I think that one of the things is timing is really, really important. I think it really has to be contextual when you make your point. Sometimes leaning forward and being open and big shoulders, big hands is important to give yourself the gravitas you need to deliver your point and get cut through. So I think leaning in may be a good way to do that.

Catherine [00:03:33] Now you mentioned making sure you were on the right board. How do you do that? Because frankly, I think for a lot of people, they may think all the ingredients are right, but the dynamic around the board table can be a bit of a revelation and not always a positive one. What are the checks that you do to ensure that maybe you are going to be more likely to have success?

Melanie [00:03:54] So and I think that's for aspiring directors, that's one of the most important things that they need to think about. The first part of that is really to do a lot of research around the board and the board members and the chair. So the most important role is the chair. And having an outstanding chair who is very high EQ, who sees themselves as being the servant, not the master to the board; who encourages discussion and debate, is happy to have those difficult conversations with a view to arriving at a better outcome. So chair selection is essential. The second part, I think, is to find an industry that you feel you have a good understanding of, are passionate about and want to be involved with and want to be involved for a nine year - up to a nine year period, because you have a reasonable understanding about how you feel you can contribute in growing that business within that industry for your insights.

Catherine [00:04:58] So the chair sets the tone, don't they? Needless to say, I just wondered about the whole area of asking questions. We've talked about sort of physical presence and so on. What about making sure you have that fine line where you've balanced the need to bring something up and ask about it, but you also don't want to be seen as interrogating management because that can be a pitfall, can't it?

Melanie [00:05:22] That is difficult. And that's something that directors learn on the job, I would say. But at the end of the day, a director has a huge amount of personal liability sitting on the line as a director, and it's incumbent on you to ask those difficult questions because, and where it's really important, you've got to get cut through. Because if you don't, there are as we've seen in the last 12, 24 months, there's serious consequences for yourself and for the company.

Melanie [00:05:49] I'll give you a good example. Right. So on one of my boards recently, we had a we had a scenario where management came forward with a position. And the board didn't agree with that position. And the chair did a wonderful job of going around the entire boardroom individually and saying to each single director, tell me what you think about this. Tell me what you think we should be doing in this scenario. And each director then gave their perspective on it. And some of those people gave their perspective from a very much a principles based leadership like what do I actually think is the right thing to do in this scenario? And at the end of that discussion, we ended up doing something quite different. Management came on board and they were completely supportive because they had the opportunity to hear each individual director. The chair then summed up the position, which is very, I have to say, people came at it from different angles, but there was very clear agreement on what the direction was. And then the board had very clear line of sight beyond that as to how that particular issue was going to be prosecuted with a view to getting to a good outcome.

Catherine [00:06:58] And in that case, management came along with that. They heard the discussion and heard all the different viewpoints at the time.

Melanie [00:07:06] And I think the management then had the benefit of the expertise of the board who were sitting on a number of different boards and could see particular issues from very different lenses the management may have, because they were seeing it through their own lens, through their own industry, through their own situation of their organization versus, versus others. And I think that's a real benefit of a board is to bring those different insights and also think about all of your stakeholders. So in a decision, in a difficult decision, you need to think about every single one of your stakeholders. And that's the regulators, that's the customers, that's your employees, that's your investors. And at different times, different one of those stakeholders may be more important in making that decision than others. So sometimes maybe the investors at the bottom of that decision tree simply because if you don't get the customers right, the consequences for the investors is catastrophic. So that's the sort of multi-dimensional decision making that's really important and is becoming increasingly more complex that directors have to do.

Catherine [00:08:20] Also why, of course, it's important to have diversity of all kinds around that table and also have good listening skills, isn't it? So we've talked about asking the question, but listening, really genuinely and actively listening. That's an important skill too. Have you seen that in practice?

Melanie [00:08:39] So I'll answer two of those questions because one of them is my particular passion, which is the diversity one. So from a diversity point of view, there's someone called Professor Malone, an M.I.T. professor who's done some recent research on looking at smart teams and what is a smart team. And that applies equally to any team or sports team, I think, to a board. He said there's three ingredients that are actually essential for teams to be smarter than any particular individual. One of them is the IQ of respective individuals around the table. The second is that not one person dominates the conversation because you end up with the IQ of that particular person. And the third, and most important, is that the team has the capacity to read social cues very carefully and cautiously, and that makes a huge difference to the collective IQ and EQ of a whole team. And what he said is the more women within a diversity construct you have in a team, the more opportunities you have for people reading social cues, and the better the collective team is to create a smart team. And that's that's come out of pure M.I.T. research, which I think for me validates the absolute importance of diversity. And I personally see that as a director that you're much more powerful, you have a bigger voice, when there's two or more women on the board. And that means a better outcome and better decisions.

Effective listening . . . So that for me, is always a work in progress. I think for all of us, but for me particularly. And I think that's a few things. One is really listening, not listening for the purpose of thinking about what the next thing you are actually going to say, but actually really listening to what that person is saying, and understanding what they're really trying to say and what the real outcome is they're seeking from what they're saying, which may be very different to what they're actually saying - what is underlying that and underpinning their agenda. So that is actually what they're saying. But it's also all the social cues as well.

Catherine [00:10:51] So those skills that mix around the boardroom table and that ability to read those social cues. Such an important thing when there is dissent and debate as well, isn't it? I wonder if you've got examples of where you've seen how important that is, because it happens, you've got strong opinions and at times people will clash. How has that changed when you have people who are more adept at what we, I suppose, would call emotional intelligence?

Melanie [00:11:18] I think boards are about conflict and dissension because I think often you don't get to good decisions until you get everyone to have a . . . so a good chair will ensure that if someone comes to the table to have a very strong view on a particular matter, that person is fully heard and other people around the table have the opportunity to respond to what they're saying, management and other

directors. And the discussion is really fully fledged in terms of how people are thinking through. So conflict and dissension is an important part of getting to good decisions, I think. I think if you don't have those around the board in a positive way, I think if people understand that everyone is bringing their perspectives, which may be very different to others, to the table with the best possible interests of that organization, with strong good values and principles, I think it's fine. So I think it really depends on why people are dissenting. So if they're doing it because they're more concerned about their own position versus really thinking about how do they bring this forward with a view to showing and demonstrating to the rest of the group that they're actually raising this because they're more worried about the longer term sustainability of the business and the customers and the employees through that process.

Catherine [00:12:39] I heard someone describe that as 'creative abrasion' recently, and I thought that was a nice way of putting it. So you know that you do have to have those animated discussions. And I guess something that you also have to be able to strategically think about and not take personally. And I wonder again if you've got any tips on that?

Melanie [00:12:59] I think you know, I think I think it's the same everywhere. I mean, sometimes you'll say something and someone may say to you or that, you know, that's a dumb question, you know, or you actually if you're worried about what you're saying, you say this may be a dumb question. And I think on a board, there are no dumb questions, because sometimes the dumb questions are the questions that no one wants to ask because they're too scary. So, you know, or they're too confrontational.

So if you put it in that way, you're disarming other people by putting the elephant in the room. And that's really helpful. So I think you just have to back yourself. And sometimes you come out of that thinking that you got it wrong, you know? And that's okay. You know, I think I was completely offline or I had the wrong perspective. I didn't know what I was talking about. I need to go into a bit more work around that. And that's, and that's fine. I think if you've got a supportive board and a supportive chair, then you're fine.

Catherine [00:13:54] How do boards manage to get that balance between directors who are first time directors? So haven't got the experience and clearly the need to have expertise, experience directors around the table, too.

Melanie [00:14:07] I think it's really important to actually have the balance between people who understand the longstanding directors, who have the corporate history and understand why decisions have been made. But equally, it's also important to have those fresh eyes and fresh thinking around the table. We at Mantra, which was a ASX listed tourism and leisure organization, we on that board decided we wanted to bring on another female director. And we looked around the table and we decided we all actually had ASX listed experience. So we actually didn't need any more of that. What we wanted is someone with very strong strategic marketing and disruptive skills. And we brought on a wonderful lady who had very strong skills in working with disruptive business models such as easyJet and Virgin, was strong on brand with strong customer experience and was strong on disruption. They were skills we didn't have. So she was new to ASX, but she definitely was a strong contributor because she complemented the existing skills of the group.

Catherine [00:15:18] Melanie, there's the board meetings, the formal meetings that happen. But of course there's all the other stuff that happens outside of that, the informal dynamics. Tell us a little bit about what that involves and how you can be strategic about how you communicate with other members of the board.

Melanie [00:15:36] So I think it's actually following your passions that are connected to the board you're involved with. So for me, I invest in a number of technology companies. I sit on advisory boards for those companies. So I will meet with other directors and CEOs of start-ups with a view to sharing perspective on things that I'm particularly passionate about, be it whether it's fintech, whether it's A.I. and understanding from directors on other boards where there's not a competitive conflict, how they're seeing the world changing and what that means. And I think it's having lots of coffees with people not to

say how do I get on a board, but to understand how they think as directors, how they're thinking about the economy and how it's changing.

For example, how they're thinking about negative interest rates right now. What does that mean for their organizations? And it's really seeking out. I would say thought leaders on different boards and having cups of coffee. And they're probably your own little board, actually, of people who you respect and admire, who you think are great directors serving on boards where their insights will be incredibly valuable to you. And through that and how they operate, you'd learn a lot on the social cues and the EQ piece.

Catherine [00:17:00] Tell me a little bit about having a career as an NED with board roles. How do you manage that? What have you learnt over the years about how much you can take on and contribute at the appropriate level and what, what's the best advice, I suppose?

Melanie [00:17:15] I decided I was going to pursue a portfolio career about 15 years ago and it's ebbed and flowed over that period between executive combined with non-executive roles, because I felt for me, I felt taking on a board would be a great thing to do because I would learn how directors think and what's in their mind and the questions they're going to ask. And that meant that as I was presenting to boards and I was preparing board papers, I would be better positioned to answer the questions. I know what the right questions were, and to think about how I would answer them appropriately.

So I think building a board career as you are in an exec role if you can take one board role on, I think that's a useful thing to do. I think it's great for boards because they get contemporary thinking and it's great for the executive, as I've mentioned before. As you build a board career, I think as a board member there can be times when it's 24/7. It really is. . . and, you know, I think a lot of directors get their papers 9 pm on a Friday for a board meeting, you know, the next week. And that means, you know, maybe two weekends in a month that it's full on. So I think you have to realize that it's not nine-to-five, and it ebbs and flows. And you have to be very fluid and flexible in how you work for different boards. And you don't want to overcommit because you have to have the capacity within the board and outside of the board to make sure you're really contributing. And that's a lot of work. That's lots of coffees, too many coffees, but lots of coffees with lots of different people who give you different insights that would be useful.

I think the other thing about directors is you're at that stage in your life where it's really important to give back, actually. And I think that's an important part of being a director because it's a privilege to be serving as directors. So not only on your boards like the boards I'm on, most of those boards I mentor two, three women on those boards. And it's wonderful, actually. But I also I'm on the board of chief executive women. And I'm very passionate about gender diversity and the importance of building and growing female leaders. And I chair the education committee for the 30 percent club, which is about getting greater diversity on our boards. So that takes quite a bit of my time up. But it's all important stuff to grow women leaders and grow more diverse teams, which creates better opportunities for everyone.

Catherine [00:19:44] So given those roles, I wonder what is the essentials that you pass on to some of the women you're mentoring, whether they're looking at furthering their executive career or in fact looking perhaps over the longer term at a board role? What are the kind of the key things that you like to pass on to them?

Melanie [00:20:03] I think I think partly there's so many, particularly in the executive ranks, there is so many impressive women out there. I just get blown away by them, to be honest. So they've got all the tools, they've got all the skills and expertise. I think it's just continuing to back themselves and back their confidence and getting that next role. I think that they have everything that they need.

And so I encourage them to do a few things like courage and to take more risks in their career. I think you need to be brave and take yourself out of your comfort zone to reach the top. I think it's really important to continuously be learning and acquiring new skills and to continuously be looking outside of your organization to understand where the opportunities are. And sometimes it's really important to take a lateral or maybe a back backward move and not be afraid to do that, to understand where that could really take you; but often it means maybe taking yourself out of a big cushy job, taking yourself out of

your comfort zone. Throwing yourself into an area that you clearly may not think you have the skills, but you clearly do because of everything you've done to date and giving it a go.

Catherine [00:21:18] Is there a right time - and by that I mean everyone has very different careers and lives and so on - but is there a time when women should think about that? So, for example, if you've been in an executive role and you've found it satisfying, but you are at a bit of a crossroads, is that the time maybe to do that? Or do you tailor your advice to whoever you're talking to?

Melanie [00:21:41] I suspect the women I'm talking to are always thinking about transitions. So from one exact role to a NED role, I think it's really important if you are interested in a board career to stay in an exec role as long as you can. And to get depth and breadth of skills. So I think one of the most important things is to get P&L experience. We've just done a very important piece of research. So if you've got HR or legal skills, finding that opportunity to move into a position where you're seeing a much broader part of the business, where you're actually running a profit and loss, where you're running a part of the business, doesn't matter how big it is, is really important. And I think that gives you such a great opportunity to understand the financials, understand the strategies of that particular business, understand the leadership and what it means to be a leader. Understanding your own coaching, your own mentoring, all the pieces of the puzzle. So I always sort of talk to women about seeking to move from roles, if they're very keen to get to that next level, get breadth and depth of skills.

Catherine [00:22:49] How do you think women can get access to the P&L kind of expertise that is often sought after and in fact necessary for a lot of board roles? It's not always easy, is it, especially if you're working in a larger organization.

Melanie [00:23:05] I think that is, that is a really important point. And I think it is something that we all need to keep thinking about as directors and as female leaders. How do we get more women into P&L roles? The first point that I would say is for all women, I would say when you go to work tomorrow, you go in as a leader. So you think of yourself as a leader. And if you think of yourself as a leader of that particular organization, you will start operating quite differently because you will seek to understand much more than what your current job is. And you'll be looking across and you'll then try to understand the strategy of the organization is, and what the financial levers are driving that organization. You then seek to have coffee with a whole group of other people in the organization to better understand people's roles. I would then say if you really feel, depending on what your level of financial skills are,, you may actually want to go and do a course. There's some great courses out there that really help with consolidating skills around cash flows, balance sheets and P&Ls. Then I think you make your interests loud and strong known to HR and to your leader in your area that you're really keen and you ask them what you think the gaps are and what your skills are, and what the skills you would need to move to that next level to run a P&L. I'm aware one of my boards, the person who was running HR, is now responsible for sales and distribution and a massive part of the P&L because the CEO saw the talent of that person, understood how important leadership skills were in running a business, and understood that she had the capacity to pick up the other parts and run a key part of the business. And she's doing an amazing job.

The other thing I would say is if you're not getting that opportunity in your organization and you can't see a pathway to it and it's really important to you. Be brave and go and find it somewhere else.

Catherine [00:25:15] When you look back and you've had an enormously successful executive and board career, are the areas that you think, gosh, I wouldn't have done it that way. In other words, the challenges and the areas to perhaps avoid which are equally important in terms of advice to aspiring women?

Melanie [00:25:33] The things that I've done that I'd probably say I shouldn't have done that are the things that I've really learnt a lot. I mean, I started my career coding COBOL, it's probably not even around anymore. And I realized within 18 months that I was really going to be on the streets because I was such a bad COBOL coder. I was so bad at it. And then I moved into investment banking, and so I've had a very, I've done lots of different things. And I was a CEO of a startup. And so the CEO of a startup and financial

services for 18 months, which started with literally a blank sheet of paper and people who handed me two million dollars. And that process of building a company bottom up, attracting wonderful people, deciding what that blank sheet paper would look like in terms of strategy, in terms of business model, in terms of I.T. plan was incredible.

We got all the way to 18 months in six weeks before launch and the GFC came. So all of my two hundred million that I was going to get from funders disappeared and we had to mothball it. But that experience of what I would say is building a business from day one has been unbelievable. I mean, I was actually gutted at the time; but I always think now as a director, when I, when we move into a strategy phase, I always think about Jeff Bezos, who always says you need to look at a company as a day one company. I never want to be a day two, because day two is looking at processes, which is obviously very important. But day one is remembering why you started and why you built it. And is that still relevant? Because there's a whole bunch of start ups there with a day one for your business and for your company. So you always have to have that mind. So I think the things that I've done, you know, that haven't worked have been the things were I've probably got the most amount of experience from to be honest.

Catherine [00:27:23] Builds resilience as well, doesn't it?

Melanie [00:27:25] Yeah.

Catherine [00:27:25] And Melanie, when you put your chief executive women's hat on, how optimistic are you about the speed of progress and getting more women around the board table?

Melanie [00:27:37] CW has 550 about to move to 600 members. So you have 600 really influential women. So the fact that we've grown very quickly to 600 members shows that female leadership is growing and it's growing fast. But it is not . . . it's nowhere near where it needs to be. There was a census that's just come out which you'd be aware of showing in certain areas like the CFO role, we're going forwards, CEO we're going backwards, and we're going backwards in line management, which are the really important roles for women to get into leadership, into the CEO or the CFO into the C suite . . . So I think we have a lot of amazing supporters. We've got the Male Champions of Change and we have 600 CW women. But clearly progress is still glacial and we need to work harder and be more focussed in terms of how we drive that. And I think it means more female directors, more male champions of change. And looking end to end of what the reasons are from the 60 percent of women who finish at University to the 2 percent who are CEOs, what are the pain points? What are the reasons today that we're not actually closing that gap? And a lot of those are structural. And we believe at CW, what is really important is equal opportunities for men and women. And that means equal opportunities for paternity leave, equal opportunities for flexibility. And we believe if you create choices, that are choices for men and for women, we'll get a much more equal representation at the top. So we will be pushing for deductible childcare. We will be pushing for a lot more men to take paternity leave. And it's all those things from beginning to end that we need to continuously be working towards fixing.

Catherine [00:29:39] There is a lot there, but as you say, we've got to have those things clearly mapped out I think as well. Melanie, thank you. Fantastic to hear about the work that you're doing in your mentoring and so on to say that we do have that pipeline of women making it through.

Melanie [00:29:55] Oh, thank you very much. It's been a great discussion. And I would just encourage women to be brave, to take risks and to not take no for an answer and push forward. Keep pushing up.

Rhian [00:30:09] Thanks for listening to Board Level hosted by Catherine Fox for the AICD and powered by CommBank's Women in Focus, as we change the conversation around boardroom tables. I'm Rian Richardson, Board Diversity Manager at the AICD, inviting you to visit aicd.companydirectors.com.au, where you can join the conversation, access show notes with all the links mentioned in today's show, and discover valuable resources.

Subscribe to Board Level wherever you get your podcasts so you don't miss an episode. There is so much to be gained by shifting the balance, so let's level up together and keep the conversation flowing.