

METTLE

ISSUE ELEVEN

METtle, a collection of stories and interviews with influential New Zealand business leaders, curated by MinterEllisonRuddWatts.



Welcome to the eleventh issue of METtle, and my first as Chair of MinterEllisonRuddWatts.

As a new Chair, I enjoyed reading about the journeys being taken by people who are stepping into similar positions in their organisations. I'm also pleased to see that we tell the stories of two exceptional female leaders in this issue, as it would have been a challenge to write these stories of change, diversity and achievement even three years ago.

As one of the country's most innovative firms, MinterEllisonRuddWatts is being recognised for leading change within the legal profession, and I am very pleased to see our firm delivering new, relevant and provocative insights from leaders at the absolute pinnacle of their organisations.

I believe in this firm, its people and its vision. We are in a very strong position, and our momentum in the market continues to grow. I am enjoying working with the partners and our executive leadership team to embrace new technologies, and fresh ways of working with our clients: driving exceptional value through being innovative in what we do.

I look forward to the opportunity of partnering with your organisations to help achieve your goals. On behalf of everyone at MinterEllisonRuddWatts, I thank you all for your continued support.

SARAH SINCLAIR, CHAIR, MinterEllisonRuddWatts



MEttle has always had a clear purpose: to offer relevant insight to New Zealand company governors and senior executives by examining the themes and issues that affect NZ Inc., as well as the leaders of the organisations that power our country's future.

This issue of MEttle puts special emphasis on leadership, particularly emerging leaders. In telling the stories of four corporate leaders who are either just beginning new roles at the top of their organisations, or who are completing their first year in-role, we were fortunate to speak to Jolie Hodson, who recently picked up the reins as CEO of Spark; Rob McDonald, Chair of Contact Energy; Abby Foote, Chair of Z Energy; and Steve Jurkovich, who is coming up on his first year as CEO of Kiwibank.

CATHY QUINN ONZM, MinterEllisonRuddWatts

These inspirational individuals gave us valuable insights into not only how they view the challenges of their industries and the wider business landscape, but also how their own personal journeys have informed who they are as leaders – and the leadership styles they now seek to demonstrate.

One theme kept emerging from our interviews: having the courage to embrace change – whether through new technologies, new challenges, or taking on new risks. Having courage means you have to put yourself out there with enthusiasm and energy to listen and to learn, so you can then add value and be accountable for the opportunities you will undoubtedly attract.

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CHANGE ABLE

JOLIE HODSON

Not long ago, MEttle was expressing deep concern about the dearth of women in senior corporate roles. Now, although C-Suites around the country are still nowhere near representative of the nationwide gender split as a whole, it is positive to see female chief executives emerging among some of our biggest and most important organisations: Kate McKenzie became CEO of Chorus in early 2017, Angela Mentis was appointed CEO and Managing Director of Bank of New Zealand in January 2018, and Vittoria Shortt has been leading ASB as CEO since February 2018.

Into this pre-eminent tier steps Jolie Hodson, the newly minted CEO of one of New Zealand's iconic companies, Spark. MEttle was privileged to speak to her shortly ahead of starting her new role on 1 July, to understand what has driven her rise to the top and the challenges in front of Spark and New Zealand as a whole.

“We don’t live in a command-and-control world anymore.”

Jolie Hodson, Spark

“For New Zealand to be more productive, and to have our rightful place on the world stage, we need to embrace digital technology more than we have.”

Jolie Hodson, Spark

FIRST, SOME BACKGROUND

Starting her career, and financial grounding, in Auckland with Deloitte in the early 1990s as an Audit Graduate, Jolie rose to Senior Audit Manager before moving to Australia in November 2000 to join Lion. There she served in what she describes as ‘various commercial and business roles’, which culminated in her becoming Finance Director. This was a role she held for five of her thirteen years with the food and beverage giant.

The opportunity then came up to return to New Zealand and join Spark, in the CFO role.

“It was at Christmas time that I got a text asking me to come in, and I did,” says Jolie, simply.

“It piqued my curiosity in the industry, and it was an opportunity not only to bring my family home, but for me to join an organisation going through tremendous change.”


After three years in the CFO role, the opportunity arose to lead a business unit, becoming CEO of Spark Digital, which Jolie describes as a great opportunity to learn about the business and build a new range of skills.

“It gave me great exposure to think more broadly about ‘where to now?’, and to work with different businesses and communities across New Zealand to better understand customer needs while exposing me to new issues I hadn’t seen in previous roles. I now have this amazing opportunity to step up into the role of Spark’s CEO, which I am really excited about.”

READY TO EMBRACE TECHNOLOGY AND DISRUPTION THROUGH STRATEGY

Jolie says that she is stepping into the role at a time when Spark has truly embraced technology and disruption within the industry.

“If you think about the era that has just been, and where our business was seven years ago, it is fundamentally different. Fibre wasn’t rolled out in New Zealand, and far fewer people had smartphones. Now, more than half of our customers are on fibre or wireless broadband.”



“We’re revolutionising the streaming experience, allowing people to watch content whenever and wherever they want, live or on demand.”

Jolie Hodson, Spark

Spark has embraced technology and the disruption that is happening in the industry.

“If we don’t, we will be left behind. And I would say that’s true of most industries. How I think about this is, what’s your business strategy, what are you trying to achieve for your customers in terms of their needs and the experiences you offer, what are you trying to achieve with your supply chain, or productivity and efficiency?,” says Jolie.

“Digital inclusion is high on my agenda.”

Jolie Hodson, Spark

“Then the question is, how might technology help you do that? Not ‘let’s lead with our technology strategy and then think about how that fits into the business’. When you think about it like that, the question becomes ‘how will it enable me and who can help me to deliver this?’ It starts to break the opportunity into bite size pieces.”

IT’S ALL ABOUT A CHANGE-ABLE MINDSET, TO LEAD WITH PURPOSE

Not being afraid of what technology will bring is important, says Jolie.

“For New Zealand to be more productive, and to have our rightful place on the world stage, we need to embrace technology more than we have. That’s one of the things we must create; adaptable, strong infrastructure within New Zealand with digital services that sit over the top.”

Heading into this new role, Jolie is more than aware that nothing stands still.

“That’s one of the great things about this industry. To work in it you must be change-able, able to move at pace to deliver results. We don’t have the luxury of waiting, or thinking it will be some point in the future or that it is someone else’s problem to solve.

“This is part of the reason why we went to the agile way of working: to ensure we work at the pace of our global digital services competitors. It’s also about leading with purpose, in terms of what’s important to your people, shifting away from that mission of ‘what we will do’ to a purpose of how do we want to be as an organisation and what does that mean for our people and how will they be empowered to deliver that?”

As a result Spark’s purpose became, To help all New Zealand win big in a digital world.

“This talks to consumers, it talks to business customers and it talks to the community we serve.”

THIS MEANS DIGITAL INCLUSION

“Digital inclusion is high on my agenda for leading in sustainability,” says Jolie.

“There are over 40,000 families with school-age children who don’t have access to broadband, affordability is one barrier, but so are things like lack of confidence with technology. One of the things I would like to do is solve this, and that requires both public and private organisations working together. It is about creating a coalition of the willing to help solve the digital literacy and inclusion challenge.

“For me there can be fear about the role of digital, and what it means, but it is a great leveller and gives us a great ability to compete in markets we wouldn’t otherwise be able to access as easily without it.”

In terms of the big challenges out there, Jolie says with a backdrop of a constantly changing industry, the things that are important are:

“First, building greater customer intimacy using data and digital experiences to not only understand individuals, but to better understand the needs of households: asking what’s important to you? Then make sure we are offering services that our customers value into the future.

Secondly, “Creating a wireless future for New Zealand requires strong and adaptable infrastructure to power businesses. 5G in conjunction with the Internet of Things, is a significant game changer. New Zealand needs to keep pace with the rest of the world.

“Creating a wireless future for New Zealand requires strong and adaptable infrastructure to power our businesses.”

Jolie Hodson, Spark

“The thing to remember about each new generation of wireless technology is it has always exceeded our expectation.

“What we have learned is that every G has developed faster than we thought it would and the use cases come along faster than expected. At Spark we want to keep pace with the world and make sure we offer New Zealand a chance to participate.

“One of the things we did with the Spark 5G Lab was to create an environment for our business customers to develop

and learn how to use the new technologies across 5G. When 5G is commercially available, they will already know how to maximise performance for them and this is a mind-set change from previous approaches.”

STREAMING INTO NEW SPACES

Spark is also stepping into new spaces, as is widely known, says Jolie – the most prominent being premier sports streaming.

“Our aim is to revolutionise that experience,” she says, “allowing people to watch content whenever and wherever they want, live or on demand.”

Mobile, cloud and data security are also key areas of growth for New Zealand business. Helping business to be as productive and efficient as possible, while creating better experiences for their customers.

“Helping customers transition to the cloud is one of the things we need to do well. Using established methodologies, tools and ‘know how’ to help our customers make the best choices with this transition.”

LEADING INTO EMPOWERMENT

Turning to Jolie’s own journey into leadership, as she steps into this new role MEttle asks if there are particular leadership approaches she admires, or ways in which she wants to do things?

“If I draw on strengths I have seen, the ability to be bold and change-able are things I need to hold onto. When I think about my own leadership style, it is about being very approachable, about listening. We don’t live in a command-and-control world anymore. Yes, you must make decisions, and be really clear about those decisions, but it is also about creating the opportunity for new ideas to prosper and for teams to flourish. So, it’s about getting people around you who are excellent at what they do, and giving them the opportunity to build those characteristics in their teams.”

She says that part of the journey that Spark has been on as an organisation is shaping the purpose for the organisation and the purpose for each of the tribes that support it.

“This is so people understand when I’m working at Spark, I understand my contribution, how that shows up to the end customer and the specific role I play within my squad or tribe in achieving this. That’s part of leadership and purpose driven organisations are different to previous organisations I’ve worked in. It has been a learning, but you see the value and accountability in it.

“This is not a free-love model: there is a responsibility in terms of ‘if that’s what we are going to pursue, then you’re accountable for the milestones too.’ Performance alongside empowerment.

“I think about why I show up to work. I love a challenge, the ability to make a difference in what I do for our organisation and New Zealand, and creating the opportunity for others to do that too. When we are successful we will be delivering for our customers while creating a better New Zealand.”

“I love a challenge, the ability to make a difference in what I do for our organisation and New Zealand.”

Jolie Hodson, Spark

BRINGING THE FUTURE FASTER

As the leader of Spark, Jolie says that she is most excited about the opportunity to bring the future faster to New Zealand.

“A growing and profitable organisation, delivering value for our customers and the communities we support. That is really important for New Zealand. At times we get caught up in the fear of what might be, when actually we need to think about how we make technology become more of an everyday part of what we do.”

She is also excited about being part of the female leadership wave coming through.

“When I think about my daughter and my friends’ children seeing that it is possible, it is good motivation. Nothing comes for free of course,” she says.

“You have got to work hard, to take risks, and the thing that has had the biggest impact on my career is having the courage to try new things. Whether new industries, working in different countries or expanding into broader roles, through courage my rate of development accelerated.

“I am seeing more people make choices in their career to build broader experience like I did, which sets you up better to take the next step. As a result we are now seeing a group of leaders come through with greater business experience, better ready for the opportunities out there.”

MAKING CONTACT

ROB McDONALD

Seizing opportunities that arise through change is at the heart of the long and highly successful career of one of New Zealand's leading governors, Rob McDonald. Soon to start his second year as Chair of Contact Energy, one of New Zealand's largest energy generators and strongest share market performers, Rob has held a number of senior management roles with a focus on business and strategic planning.



“It was a great experience to work in a company and industry that is so dynamic, and intensely competitive.”

Rob McDonald, Contact Energy

In a finance career spanning over 30 years, Rob McDonald has worked in professional services at Coopers and Lybrand and in executive roles at Air New Zealand, where he was named Deloitte’s Top CFO of the Year in New Zealand in 2015. He also received the Fairfax Media New Zealand CFO of the Year award in 2010.

Most recently Rob has made the move into corporate governance. These days, alongside his role at Contact Energy, he is a director of Sovereign Assurance, Fletcher Building, and Chartered Accountants Australia & New Zealand.

Rob’s story has always been one of business, he says.

“I grew up in a family of businesspeople. I was immersed in that world from a young age, so when I left school it was natural for me to take the opportunity do a commerce degree and go into accounting.”

Rob joined James Hardie as a trainee accountant in 1980. He attained a Bachelor of Commerce from Auckland University, and in 1999 completed the Program of Management Development at Harvard Business School. After six years in industry ‘including some offshore travel and working in various companies’, in 1985 Rob joined Coopers and Lybrand, working there for seven years till the early 1990s, when his head was increasingly turned by the idea of re-jumping the fence and working client-side.

“I really liked being accountable and responsible for getting things done. It is different to the profession, where you write reports, send off a bill, and hope something will happen with what you wrote.”

TAKING FLIGHT

The company that he joined was of course Air New Zealand. Having been on a secondment to the airline for over a year while at Coopers, and having got to know many people there, it was a natural – and successful – move across.

“I had a long and enjoyable career there,” he says of the quarter century period in the airline.

“For me, the highlight was being CFO for nearly 14 years: it was a really great experience to work in that role in a company and industry that is so dynamic, and intensely competitive. Everyone has to get out of bed every morning willing to go into battle every day – it is such a stimulating industry to be in.”

It also satisfied a personal passion of Rob's.

"Ever since I was a child I've liked planes, although I don't fly them. For me, my time at Air New Zealand joined my love of aviation to my passion for the commercial parts of it. It was a dream outcome for me; something that turned into an incredibly satisfying career."

Rob was involved in the purchasing and leasing of aircraft for over 20 years.

"That involvement taught me the importance of strong processes for evaluation, acquisition and governance. When you buy or lease an asset for 20 years you had better have a long term perspective and put yourself in the shoes of the person who will be dealing with that asset in 20 years' time."

GAINING ENERGY

Then, as Rob started to get into what he describes as the latter part of his tenure as CFO, he started thinking about other ways to contribute through directorships. His appointment as a director of Contact Energy in 2015 was fully supported by the airline, he says.

"I was very grateful that Air New Zealand was willing to support me – and it works both ways. Often executives later in their tenures find that directorships are a great way to get stimulation and bring things from the outside world back into their companies. Now I look back on it though, more importantly it gave me a start that meant I wasn't a novice director straight out of executive life when I went into it full-time. It gave me a great head start."

Having been at Air New Zealand for a long period of time, Rob had also experienced a variety of chairs and directors, which fuelled his own views as to what makes for a good approach to governance roles.

"I was incredibly fortunate as an executive to have some really strong chairs," he says.

"Certainly, John Palmer, as Chair of Air New Zealand, saw it at its rock bottom and then as it came through over time, leading a very strong board with seasoned executives who had become directors, people who brought a lot of wisdom to the board.

"In the early years there were some really difficult times; the directors brought a lot of energy, diligently working through issues over a long period. There was so much executive experience around the table, which meant that they could bring some really insightful guidance and support to executive management."

Knowing where the line stopped was also a director strength, says Rob.

"They knew how to have a good fight and then walk away and play tennis afterwards. They had strong opinions that were loosely held and able to be changed by the debate. They saw their job as one of guidance, and in terms of strategy to test, give feedback and then get on and give their executives support."

LEARNING LESSONS

At this time, he also learned a critical lesson for any executive looking to transition into a governance role.

"The thing I have learned to be avoided is that you're not there to do the work of management. If you can't accept that management are doing their jobs right, then that's a different issue for the board to resolve. You can't do their job, and you shouldn't try. It is one of the really key adjustments you have to make."

"You're not there to do the work of management. You can't do their job, and you shouldn't try."

Rob McDonald, Contact Energy

The learnings never stop, says Rob. Now, as Chair of Contact Energy, a key learning he says is to see the role as the bridge between management and the board.

"I think the Chair should always talk last, because if they talk first that influences other directors. This is an important attribute to generate good debate. You have to be conscious as Chair not to jump in and express your view too early, and potentially stifle the ending of a debate.

"I think the Chair should always talk last, because if they talk first that can influence directors."

Rob McDonald, Contact Energy

"Ultimately, boards need to make decisions and get the work done, and ultimately you want to see consensus. Even if people don't always agree, they are generally accepting if they feel their position has been heard even if it is not accepted by the majority, at which point it's time to move on, and take collective responsibility."

CONTRIBUTING WISELY

When it comes to company responsibility, a topic that is at the forefront of company minds – and particularly in the energy generation sector – is sustainability. Rob is careful to point out that Contact Energy has many renewable assets that the company inherited in its formation, so the danger to avoid is being 'too high and mighty' on the topic.

"The question you have to ask," he says, "is what have you done since the company inherited the assets. Many of the generators have done really good things. In the case of Contact, its been quite material in the last ten years in reducing our carbon footprint. We closed Otahuhu and built Te Mihi, and we've now started our drilling programme for another tranche of geothermal production. We'll make a final decision on that next year."

Contact Energy has certainly put its money where its mouth is, in this area. In recent times the company has invested around \$1.7 billion in building a flexible, reliable and renewable generation portfolio which is now more than 80% renewable. It has reduced its greenhouse gas emissions by 51% since 2012, and has set a new target to further reduce emissions from generation by 30% by 2030.

"We're doing a number of things that will contribute to New Zealand being a low carbon economy, and we take great pride in that," he says.

"The things that we intend in the future are the right things to do, and very much part of the de-carbonisation of the New Zealand economy. As long as electricity grows through sustainable – geothermal, wind – generation, it is going to be able to contribute to the growth of electric cars and the decarbonisation of industry."

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Rob McDonald, Contact Energy

LOOKING AHEAD

When looking at what he considers to be the big issues and challenges for New Zealand Inc. and governance, Rob turns to the topic of governance clutter, particularly relevant since research has revealed that insurance premiums for directors and officers' insurance typically taken out by companies on behalf of board members have more than doubled in the past year for some organisations.


"Directors are avalanched with things like conduct and culture reviews, new privacy regulations and increased health and safety regulations than in the past. It can be quite distracting if they become the centre point of board discussions, away from what the core role is. All are important but can be dealt with through the right frameworks and processes.

"Coming out of executive life, I found it strange how people now talk about reputation being really important, but when was reputation not important, when was it not important for people to come home at night in the same state they left for work in the morning, when was it ever fair not to pay a man and a woman the same for the same job?"

"We cannot lose sight of our real purpose. The most important thing boards do is ensure their companies grow, and generate long-term sustainability."

Rob McDonald, Contact Energy

"We could run the risk of getting a little overwhelmed by it, but we cannot lose sight of our real purpose. The most important thing boards do is ensure their companies grow, and generate long-term sustainability. All the other things contribute to it.

"Ultimately, it is the strategies that the company employs and how the risks associated with those strategies are managed that becomes the most important things the board should be focused on. And we can only do this if we seize the opportunities in front of us." 

CHAIRING A DIVERSE BOARD

IN AN AGE OF COMPLEXITY

In this dynamic world where competition, management of risk and technology are in a constant state of change and flux, boardroom leadership is also evolving rapidly to keep pace.

First becoming a director at just 32 years of age, today Abby Foote is one of a new breed of directors rising to the challenge and leading a new governance style that recognises the changing demands of the role of directors in an increasingly volatile, uncertain, complex and ambiguous world.

The current Chair of Z Energy, Abby also serves on the boards of TVNZ, Sanford, Freightways and the Museum of New Zealand Te Papa Tongarewa. Her previous governance roles include Transpower New Zealand, Livestock Improvement Corporation (LIC) and the New Zealand Local Government Funding Agency (LGFA).

MEttle caught up with Abby to hear her thoughts on the challenges faced in the boardroom and the importance of culture in managing the ever-increasing emphasis on risk and safety.



As companies face into the disruptive challenges of the 21st century, boards are becoming increasingly focused on environmental, social and governance (ESG) performance as well as financial performance. To do this well, boards are looking for a diverse range of directors' views, experience and perspectives. This puts the onus on a more collaborative model of leadership, says Abby.

"More and more, the task requires bringing out a genuine diversity of views in the room, and doing that in a way that makes people feel safe and doesn't create personal conflict. Insight and facilitation of group dynamics is key; employed effectively, they can lead to more well-rounded and robust decision-making, and ultimately outcomes that are best for the organisation. There is now a great deal of evidence around the link between thought diversity and business performance.

"As a director, I've always had a willingness to challenge. I've always considered it important for directors to ask questions without worrying too much about whether it's something that other people might not want to hear. As the Chair, my role becomes more of a facilitator, working to create an environment where everyone feels free to offer up diverse views."

"I don't think it makes a difference whether it is a female or male driving it. It is more about ensuring that directors keep investing time in upskilling and understanding factors beyond factual industry knowledge, to apply broader strategies and techniques to problems. You can't rely solely on previous executive experience to do the job; you need to be on a continuous learning journey, particularly in a world where the rate of change is faster than ever before."

GETTING THE CULTURE RIGHT

Now more than ever, there is significant responsibility on directors when it comes to the management of risk and safety within an organisation. Abby has significant experience in governing risk. She was a director at Transpower, which runs the national grid and manages risks to both business continuity and also people's lives. More recently in her role at Z Energy, she chaired the Health and Safety Committee of the Board prior to chairing the Board itself. Health and safety are paramount at Z given the organisation's diverse mix of heavy industrial and retail operations.

Abby says the emerging trend in recent years is recognising that safe outcomes require more than rigid engineering, with a stronger focus now on creating an active safety-conscious culture. The same she says applies to the management of risk.

"Where a strong culture is not happening, it's about ensuring people are willing to call out those not living the values."

Abby Foote, Professional Director

"There's been a tendency in the past to relate to enterprise risk as a compliance task. As we recognise the value of thinking about enterprise risks, particularly strategic risk, and as we face into some of the uncertainties of the future, it is increasingly apparent that diverse thinking and people are an important part of the mitigation. A strong culture becomes critical: it's about ensuring people within an organisation believe in – and live – the company's values. Where it's not happening, it's about ensuring people are willing to call this out.

"Organisational culture is one of the biggest challenges for directors, as it's hard to monitor culture and be assured about what it looks like. You can get snapshots of it and an ability to influence it trickling down from the executive, but it's not fast – not overnight."

To respond, Abby encourages directors to get out into the frontline and back offices of the organisation to get a feel for the broader operations environment and understand how business is conducted. At Z, Abby has spent time at the bio-diesel plant, visiting high hazard terminals around the country, and engaging in "safety walk and talks" with frontline Z people. Most recently she did a shift with a Z mini-tanker driver, providing direct refuelling into heavy machinery on customer sites, with a 5am start.

If directors aren't already looking deeply into the risks of the businesses they govern, the Australian Royal Commission report into misconduct in the financial service industries released in February this year certainly provided impetus. However, Abby isn't sold on whether it has made New Zealand directors more risk-averse as a result.

"The challenge is to properly understand the risk that you're taking."

Abby Foote, Professional Director

"What I suspect is that overall the report has made directors more aware of the mantle of personal responsibility they carry. Does that make them generally more risk averse? I don't know. I'd like to think not, as my approach to risk is that you have to be prepared to take risks to get rewards.

"The challenge is to properly understand the risk that you're taking. If anything, the findings from the report should be directing us more towards that conversation: do we understand the risk being assessed? Is that risk the risk you think you're taking?"

AN EYE ON THE BIGGER PICTURE

Abby is proud to be a strong role model for a wide range of people looking to succeed in business, including those from non-traditional business backgrounds. From her perspective, this is about a greater appreciation of people's lives outside of work and bringing this insight into the boardroom to make better decisions and better reflect the makeup of the world our customers live in.

"Actively promoting and offering true flexibility in the workplace is key to bringing greater diversity into the boardroom and into business more generally.

"Although I have pursued my career while also raising three children, this is not, and should not be, something that is exclusively the domain of women at work.

"Regardless of gender, let's all talk about our families more and be upfront about the fact we have a life outside of work. By embracing all of our people's lives, we can build deeper connections with them and positively impact on the intrinsic amount of time and commitment they're willing to offer."

As a final point, Abby encourages businesses to collaborate on the bigger picture when it comes to the environmental challenges facing the economy.

"We've now got a zero-carbon vision out there, but we don't yet have a clear sense of the path we follow to achieve that vision.

"The business community wants to do more to help New Zealand transition to a lower carbon future so we need to work together with the government to plot out a meaningful pathway."

Abby Foote, Professional Director

I sense the business community wants to do more to help New Zealand transition to a lower carbon future so we need to work together with the Government to plot out a meaningful pathway that recognises the challenges in achieving the vision while providing greater certainty.

"It's about identifying where to make choices, what the consequences of those choices are, and how we help people inevitably impacted by those choices. There are no easy answers. Admittedly, the company I'm Chair of sits in the middle of the debate as a provider of fossil fuels but Z Energy is committed to moving from being part of the problem to being part of the solution. Now is the time to work together and drive the topic forward."



BANKABLE ENERGY

STEVE JURKOVICH

Steve Jurkovich is a man who thrives on the energy that a sense of progress brings. Everything he does, from his career path to his MEttle interview, it all happens at pace.

Steve Jurkovich certainly has achieved a lot in his life so far: born in New Zealand and raised between Paeroa and Auckland's North Shore, he graduated from Otago University with a Bachelor of Law, and completed an MBA at the University of Sydney. He began his career practising as a solicitor at Shieff Angland, where he was the youngest and fastest appointment to Associate in the firm's 50-year history.

Transferring to the banking sector as one of ASB's Legal Counsel in 1998, and soon promoted to Senior Legal Counsel, Steve's eye was caught by the potential of the online world. He then moved across to become GM Online for the bank, where he led all aspects of internet activity across ASB's business unit offerings.

Rising rapidly through the ranks, Commonwealth Bank then became an option at the beginning of 2006, and Jurkovich headed off into a national sales leadership role that covered all aspects of customer transaction banking and working capital needs, further widening his skillset. Then, in 2008 Westpac offered him a role back in New Zealand to develop and launch the bank's local business banking offering, which was followed by another senior position as Regional Manager for the Northern Business Banking Team.

In 2012, ASB lured Steve back, this time into the role as Executive General Manager – Corporate, Commercial and Rural. He then served as Executive General Manager of Business Banking at the bank, before moving across to become CEO of Kiwibank in July 2018.

Now coming up on his first year as CEO of Kiwibank, he took the time to speak directly to MEttle about his journey.

HOW DOES YOUR BACKGROUND INFORM YOUR JOURNEY TO BE WHERE YOU ARE TODAY?

In a lot of ways, mine is a typical New Zealand story. My mother's side of the family came from the UK, and they have been here for multiple generations. On the other side of the family, my grandmother and father came from Dalmatia. Like many Dalmatians they came to New Zealand in the hope of a better life. They settled in Paeroa, drained a swamp and created a farm out of nothing.

My parents divorced when I was young, so I spent my time split between Paeroa and Auckland. I ended up going to Glenfield College on the North Shore, which was pretty multi-cultural, a mix of kids and backgrounds, not blessed with the resources of a decile 10 or private school. I also spent a lot of time in provincial New Zealand, which helped me later when I worked in agri-banking.

I was the first in my family to go on to tertiary study. In a bit of a false start, I went to teachers' college, but it wasn't for me. I then went for a job in a bank, but decided to go Otago University for what became a life-changing few years. It was the first time I hadn't been living at home, and Otago was a real melting pot. I met a couple of people who were influential on me; their willingness to reach out, create energy and relationships, and their entrepreneurial outlook, were powerful. As a result they have become lifetime friends.

I believe you get out of life what you put in, and when I came out of law school it was with okay to have average marks, to be fair. I then had a lot of goes at getting a job, getting dozens of 'no thanks' responses to my applications, which was sobering.

I probably still have a soft spot from my learnings from my first job at Shieff England. In professional services around the world you have to allocate your time to a particular job or file. The question always is: Is your work valuable enough that someone wants to pay for it? Now I work in an environment where there is no billing, but I still think bringing the discipline of asking what adds most value, and is it worth it? It's a very important lesson.

"I am a massive believer that opportunity comes when you show a bit of energy and enthusiasm for progress"

Steve Jurkovich, Kiwibank

"All great leaders have special magical powers. Hugh had one around clarity, and Ralph helped me to see clearly the marriage of risk management, technology and the customer"

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After four years there at the firm, serendipity. I was ready for a change, and the ASB Legal Counsel job came along. It was a formative time for me, if I think back on the interactions I had. The executive who led the legal team, Linley Wood really encouraged me to branch out into the business, as she recognised I was ready for the challenge. I noticed that when you're working for big organisations you get opportunities from within – you might not get them from the outside. I am a massive believer that opportunity comes when you show a bit of energy and enthusiasm for progress. These are attributes I look for now in people: a sense of purpose, a bias to action and drive.

Now I look back at the first time at ASB, I recognise how privileged I was to work around leaders like Sir Ralph Norris, Hugh Burrett, Ross McEwan and Barbara Chapman. Each were quite different leaders, but they all brought a unique sense of being part of a team and bringing the team with them, and they were super-clear on their goals. It was a fantastic period.

Barbara always was a source of encouragement. The really great thing she imparted was to control your energy as much as your time. She recognises that what gives you energy is to have people around you who can help, while knocking the jobs over. Her sense of passion for people and fairness, and Hugh's, was and is very impressive.

All great leaders seem to have special magical powers. Hugh had one around clarity, and Sir Ralph helped me to see clearly the marriage of risk management, technology and the customer was a critical range of experience and capabilities for banking careers, giving me concise but very powerful advice early on in this area.

Dr Lester Levy mentored me, which was hugely valuable. He gave me a huge lesson in how Socratic teaching is in the questions that get the best out of you. Then, in terms of lessons, I went and worked in Australia at Commonwealth Bank, that job involved three time zones and many days a week of flying and being away from home too much. While I enjoyed the job and the scale of Commonwealth Bank I also learnt there what not to do – I got my perspective on work and life and family out of balance: a powerful lesson. Interestingly, Hugh Burrett during his time as CEO always emphasised that success is anchored on "keeping your life in balance". I clearly didn't take that lesson as early as I could have.

Returning to New Zealand to Westpac, it was a very different organisation and a different role in a different part of the market, with different leadership voices and context. Those different perspectives, leadership styles and expectations definitely helped me to grow and understand that each and every organisation has its own vibe or narrative that is right for

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them and it takes some time as a leader to orientate to those. Then I went back to ASB for more than six years. Regardless of where I have worked my biggest motivation comes from the customers who take the risk, show the determination and make the economic magic happen in New Zealand. What I love about banking is that it gives you a privileged look inside people's lives, and the knowledge that you play a small part in helping them is very rewarding – customers who take the risk; their ambition drives things. I enjoy that.

Now I am 10 months into the Chief Executive role here at Kiwibank. It is an interesting time in banking with lots going on, lots of change, in an organisation with a different ownership structure with Kiwis owning the bank. I'm still learning about it, but I do appreciate that this group of shareholders is at the heart of New Zealand; very skilled people with great perspectives. I'm blessed in that sense.



WHAT IS YOUR APPROACH TO LEADERSHIP?

What works for me is, I hope that people here think we're working with each other, not for someone. In my view, the best leaders are on the same team, maybe in different roles but not as master-servant. No one is good enough to have all the answers, and even if you have a good spell somewhere it is only temporary, before you hand the role on to someone to take it to the next level.

I try to create a sense of enthusiasm and energy; a mix of levity and a drive for results. I try and create a sense of possibility and sense of desire to move the organisation forward. People are often attracted to that, so I focus on it. I have tried to stay away from being a leader with an 'I say, you do' attitude: I don't enjoy that style, so I try to avoid it myself. I prefer the growth I got out of really good quality questions through my mentoring time, which lead to an 'I can always do better at this' thought process. Therefore, I try to do this with people who work with me.

When I prepared to move into this role, Ross McEwan at RBS passed on a great piece of advice to me: that leaders need a deep sense of curiosity to understand the real drivers of a business and a situation. In an environment where there's never been more scrutiny, this is very important. A deep sense of curiosity would have solved many banking issues.

WHAT DOES HE SEE AS THE OPPORTUNITY FOR KIWIBANK AMID THE CHALLENGES IN THE BANKING INDUSTRY?

We are the biggest of the small banks, the New Zealand-owned banks. That's attractive to many current and prospective customers. The returns we make are for, and by, Kiwis – and for some people that's really important. Our shareholders think about the world in a long-term manner. We're well positioned to take a long-term view, with the requisite focus on the here and now, including sustainability and the good customer outcomes, which is absolutely appropriate.

“We're undergoing a significant change in terms of technology and how we face our customers. It's a once-in-a-lifetime opportunity.”

Steve Jurkovich, Kiwibank

We are focused on New Zealanders and the businesses they own. In a world of distractions that is an advantage, as we can focus on our core group of people and customers. We're undergoing a significant change in terms of technology and how we deliver for our customers. It's a once-in-a-lifetime opportunity and we are about to embark on what is an exciting chance to reinvent how we do things.

Kiwibank was formed to be progressive, and this is as true today as it was then. There is no one more all-in for New Zealand than we are, because every New Zealander owns us. While our competitors are trying to create a sense of ownership in and by New Zealand we have it and it's a privilege and a powerful motivation; I feel a strong sense of obligation, as everyone who works here and lives in New Zealand owns us.

What we and the industry as a whole need to do is bring banking alive in a much more modern way than we have. Everyone would accept it is the interaction of people, process, product and technology that brings banking alive. The poster children for technology – Uber, Netflix and Spotify etc – they make it personal. It's evolving fast, but in banking for the foreseeable future the marriage of technology and people is the winnable play. However, we aren't forgetting that there are also moments when it simply relies on the fact that people want to talk to someone with their best interests at heart.

When I started 20 years ago, internet banking was just getting started. The challenge banks have is that we're still offering a very similar service 20 years later. If I think about our new competitors and the technology companies and how they interact, they know much more about how we all live our lives and they are really leveraging that knowledge to deliver for their customers. If banks don't get on with matching those really timely, contextual and relevant services we risk being marginalised, so the opportunity is to push forward.

These days products are much more integrated in people's lives. When you think about broadcast TV versus Netflix for example, both deliver content and escape, but they offer it in very different ways with very different levels of insight, responsiveness to the customers context and situation. If you think about that and how those differences apply to banking, we're still quite a way off.

ANY COMMENTS YOU CAN MAKE ABOUT THE ROYAL COMMISSION AND ITS RELEVANCE TO NZ?

The Reserve Bank of New Zealand (RBNZ) didn't reveal systemic issues in New Zealand but it did point to things we have to do better, and that's fair. It used to be that saying we had good, stress tested frameworks was enough. But now, we have to show the evidence that a framework is working effectively, and how the customer is at the heart of the business. The question really now is “how do you know and evidence that the customer is getting the right outcome?”, that's at the heart of everything. In a digital world, information spreads fast, so you have to really live up to that level of transparency and scrutiny.

If I zoom out, we are living in a new era of transparency, and that can be uncomfortable sometimes. That said, I don't think we're ever going back. For you to have good customer outcomes at the heart of your business, transparency and understanding are the new norm.

In my view, the drive for personal and shareholder return got out of whack with customer outcomes. Across the world, banks have to stare into the uncomfortable truth that they have been overly focused on just growing returns for shareholders and the banks. Things change and we need to do so too: so how we act and our focus has changed. Acting for the good of the customer means the best organisations will adapt.

The less distracted banks will be the winners, so we will all have to re-orient our investment decision towards making sure we have the right balance between our customers, stakeholders and shareholders.

ARE THE RBNZ'S CAPITAL REQUIREMENTS PROPOSALS COMPETITIVELY ADVANTAGEOUS FOR KIWIBANK?

The philosophy that the Reserve Bank Governor has for New Zealand stability is not one we can argue with. There are differences of opinion as to the levels of capital that need to be held – and we are in the midst of consultation now.

Although the spirit is very positive, one area that it is hard for me to understand how a borrower from Kiwibank is more or less safe than one with the Australian-owned banks. The question we ask is how can it be possible for half the capital to

be held for the same borrower in the same street with the same income. We are looking for a level playing field. That needs to change. The scale of the Australian-owned banks gives them significant advantages: if you want vibrant competition you need to think carefully about that and the access to capital and capital markets for the smaller players in the banking industry.

ARE YOU OPTIMISTIC ABOUT NEW ZEALAND'S FUTURE?

New Zealand is a great, safe place to live and work. Our traditional challenges of scale and distance are less and less relevant. We can scale in a digital world and we can be very successful. We do have to work harder in the way we evolve and support the transition of some of our traditional industries, such as agribusiness.

New Zealand has a lot going for it. But as we look forward, our use of resources and their impact need to adjust. We need to think carefully about how we leverage our natural endowments in ways that are sustainable. Today, we are borrowing from our kids' future. There are big opportunities around green energy and transitioning to that sort of world. We must all have big ambitions to do that.

The world I see in front of me is one where the people that can orchestrate opportunities and partner with people are really developing winning businesses in New Zealand more than anywhere. I don't believe that any one business can do it by themselves. When companies open up and trust each other, they partner with each other to get better outcomes.

There's no doubt in my mind: I am very optimistic about New Zealand's future. 🇳🇿

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