
Slice of heaven

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The outgoing CEO of Westpac, Ann Sherry, spoke recently at the Dean's Distinguished Speaker Series at The University of Auckland Business School. As she returns to her native Australia, Sherry reflected on her four years in New Zealand. This is an adapted and edited version of her speech.

Most of life's experiences, whether good or bad or indifferent, can be summed up in a song. So when it came to looking back over four and a half very happy years in New Zealand Dave Dobbyn's *Slice of Heaven* seems to fit the bill nicely. From a personal and professional perspective my time in New Zealand, has been a privilege, fantastically stimulating, educational and it really is a slice of heaven.

On the personal front, I've loved the opportunity to get on the road and see a large chunk of New Zealand, from Invercargill to Kaitaia, and a myriad of points in between, whilst visiting all 200 of our branches. New Zealand is a quintessentially beautiful place. Not only is it beautiful but it is beautifully different from my country of origin.

It's hard to remember in great detail my early weeks, and months but some things do stick in the memory. I ended up occupying a building that was largely empty. There I sat in my office on the fifteenth floor of the new PWC building on Quay Street with not a single person around. There were very few people for me to bump into because most of Westpac's new floors had yet to be occupied by groups

Photo by Mark Henderson

Women and leadership

“One notable feature of the New Zealand landscape, when seen through Australian eyes, is the leadership role of women in public and corporate life. In the time I’ve worked in New Zealand women have filled the roles of Prime Minister, Chief Justice, Speaker of the Parliament and Governor General, as well as posts as diverse as head of the Commerce Commission and Banking Ombudsman. In the corporate world, Theresa Gattung has led New Zealand’s largest listed company for seven years.

What explains this phenomenon of distinguished female leadership, and why hasn’t Australia moved in a similar direction? This is a question I am often asked in Australia. I’ll credit it to a mixture of talent, circumstance, history and the ‘demonstration effect’. In a small economy, we can’t afford to ignore talent – even if it does come in a skirt and is not the dominant culture. This demonstration effect is surely very important for generations of future women leaders in New Zealand.

The medium term challenge, as some of us exit the New Zealand stage, is to ensure that the next generation of women leaders comes through.”
– Ann Sherry

shown an overwhelming preference for fixed rates on their home loans, and a capacity and willingness to shop around for the best deal. Consumer confidence has been robust, and sustained through a tight monetary policy stance and one of the lowest unemployment rates in the developed world – it’s now at 3.5%, compared with 5% four years ago.

The commoditization of banking products has also been demonstrated in the credit card market. Again, there is a plethora of products and prices to be had by the savvy consumer. New channels and ways of banking have become entrenched, to the point where we sometimes have to think hard to recall what banking used to be like.

My role in leading this has been important, but more important is the energy and focus we have

of staff from Auckland and Wellington who were getting ready to move.

Another of my early experiences was a 2-day stay at the Orakei Marae. I needed to understand more about NZ culture and so I grabbed an opportunity to take my executive team to the marae. I assumed that I was the only person who didn’t have any direct cultural experience or knowledge and was surprised (and a little shocked) that only June McCabe – a member of my team who is Maori – was the only person to have previously been on a marae. Much has changed. The rise and rise of Maori in New Zealand seems certain to reshape national identity and perception for the remainder of the 21st century.

The past four years have been an incredibly exciting one for my industry. It has been exciting, and not for the faint-hearted. At one level, the period has been a godsend for retail banking. A sustained housing boom has seen

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and minds of New Zealand consumers.

The last four years also brought the outbreak of the so-called “mortgage war”. New Zealand homeowners have

unleashed internally by doing this. Our organisation is now full of people with big hearts, who live in their communities and want to make a difference. When I came to New Zealand, leadership (or the absence of investing in leadership) was a topic of much public discourse on the back of the Knowledge Wave conference. The America’s cup was about to begin and we were conscious that Auckland was a city that had much to offer but much to be done. The themes of leadership, confidence and outlook are still the subject of much public discussion.

New Zealand has produced many distinguished leaders, and I’ve enjoyed meeting, working with and learning about many of them

LEADERSHIP

Given the nature of this evening’s event, I’ll start with leadership. The words of Chinese philosopher Lao Tzu have resonated down the ages: “Superior leaders get things done with very little motion. They impart instruction not through many words, but through a few deeds. They keep informed about everything but interfere hardly at all. They are catalysts, and though things would not get done as well if they were not there, when they succeed they take no credit. And, because they take no credit, credit never leaves them.”

New Zealand has produced many distinguished leaders, and I’ve enjoyed meeting, working with and learning about many of them in my four years here. In the field of business New Zealand leaders I’ve admired include designer Trelise Cooper, Stephen Tindall, Navman founder Peter Maire, and

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the owner of the Stage baby food company, Dana Mitchell.

These business people have all pursued very different careers, and on very different scales, but in all cases innovation, determination, focus and passion have been their hallmarks. They are confident constantly learning, prepared to make mistakes and adjust, and are all committed to success.

Dana Mitchell was the highest bidder in a charity auction for a lunch with me and what a pleasure it was to share time with her. She had been recognised internationally for the quality of her product but had received no local

Confidence has been described as the sweet spot between arrogance and despair.

acknowledgement. That has since changed. I enjoyed hearing about her success in moving the world of baby food way beyond stewed pumpkin and apple and making sure she had a great banker to support her efforts.

Sir Edmund Hillary is one of New Zealand's iconic leaders and a childhood hero and icon.

I was particularly interested to read Hillary's comments on who he regarded as exemplars of leadership. It wasn't Robert Falcon Scott Sir Ed spoke admiringly of, but Ernest Shackleton. Shackleton didn't make it to the Pole, after his ship the *Aurora* was trapped and crushed by pack ice, but he did get himself and all of the men with him back to safety after a truly heroic journey. That's the model of leadership Hillary exemplified – he always acknowledged Sherpa Tenzing; he has worked with the Nepalese for 50 years, opening schools, raising money and putting something back.

Sir Peter Blake also occupies the pantheon of New Zealand's great leaders. I never met Peter, but have chaired the Trust established in his name since I've been in New Zealand. I know from reading and watching footage that he wasn't prone to sentimentality or nostalgia. He was a direct sort of character and the Trust is taking a similarly practical approach to fostering good, positive leadership under his banner. The Sir Peter Blake Trust Leadership Awards are now in their third year and are a response to the call I received early in my time in New Zealand to find and recognise real leadership talent.

Many of the people recognised in this year's awards are set to make contributions that are lasting and significant. They include 31-year-old Emeline Afeaki-Mafile'o. Among her many leadership achievements, she's the founder of Affirming Works Ltd, an innovative social service organisation developed in Manukau City. The company delivers mentoring programmes to 400 people each year students who need support to succeed. Another awardee was senior sergeant Andrew Berry, the area community services manager for the Counties-Manukau Police. He leads over thirty staff, initiating, maintaining and improving community relationships. And before he entered the Police force he was a leading light in Project Jonah's whale

stranding team. And he's still only 33 years of age. Both are local leaders with a national impact and incredible courage and potential.

CONFIDENCE, OUTLOOK AND ATTITUDE

Confidence has been described as the sweet spot between arrogance and despair. The capacity to find a way to move forward. To take the risks necessary to achieve change. New Zealand has much to sing about:

- it is the easiest place to do business in the world
- a clean and beautiful physical environment
- and has a sophisticated and accessible education system

I returned from a trip to India recently and thought, "New Zealanders really do need to get out more." Certainly for me, I came back with a rejuvenated and better informed sense of what's possible, and confidence requires a sense of the possible. Certainly the Indian experience casts a whole new light on the perennial infrastructure debate here in New Zealand.

The fact that they haven't got good infrastructure is not a constraint. It's merely an obstacle to be overcome through innovation, risk and good planning along with a keen eye for the future. Many big companies in India have built their own power plants. They're not waiting for other people to do things for them – they just decided to do it for themselves, and in the process have gone from being domestically-oriented to becoming global companies. The companies attract and hold talent by building campuses – replete with child care, restaurants, drycleaning and gyms.

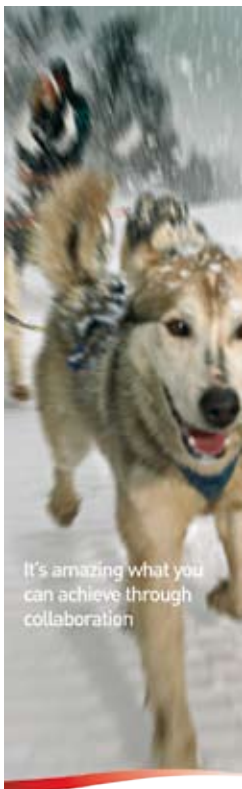
The state of New Zealand's infrastructure has been one of the most important national conversations in New Zealand during my time here. I look out of my window every day and get a literal perspective on this debate. Some progress has been made over

the past four or five years. The infamous "spaghetti junction" at the heart of Auckland's motorway system finally looks like it was supposed to when first envisioned forty years ago. The construction of the Britomart railway station shows some progress in public transport.

Just wait until we have enough trains, and the points don't break down! And the gradual redevelopment of the Auckland waterfront is probably the biggest infrastructural game in town – with or without a national stadium in the foreground. We are stuck in the mire of levels of government and a lack of clear vision and to action what is still a huge opportunity.

The 2011 Rugby World Cup, and the possibility of the America's Cup coming back to Auckland, must galvanise our thinking and decision-making in areas such as

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infrastructure development. Managing the lead times for these grand global events is critical to the perception of New Zealand internally and externally.

A degree of boldness is in order, along with a common purpose and the means to drive it. In these areas Auckland continues to come up short. Why is it that the country's economic and corporate powerhouse, and home to nearly one-third of its population, continues to suffer from a sort of paralysis of vision, process and action in critical areas? Why did the snuffing-out of the waterfront stadium idea seem so predictable, and what opportunities have been lost along the way? Across the nation, much remains to be done, in all areas of infrastructure, including broadband and energy central investments for the conduct of NZ Inc. I believe the future for Auckland is so significant that it requires a national rethink and a national commitment that is intergenerational.

THE TRANS-TASMAN RELATIONSHIP

The trans-Tasman relationship plays an important role not only in the life of Westpac, but in all New Zealanders' lives. The trading relationship ushered in by the Closer Economic Relationship agreement is now a deep and abiding one for both countries. Meanwhile the process of harmonising the rules and regulations attached to doing business in New Zealand and Australia continues, as an integral part of the drive towards a truly single economic

market.

But with the consolidation of this relationship, new concerns and areas of discussion have arisen, certainly on this side of the ditch. One such area has been the ever-widening gap between average incomes in the two countries. Is this a case of the mineral-rich lucky country just getting luckier, or is New Zealand not doing enough to generate its own luck?

Stock exchange head Mark Weldon commented on some of these concerns back last April, in comments he gave to the *New Zealand Herald*: "The consequences of denying that there is an issue here at a broader national level... will be an economy that is hollowed out, with our best people and our best companies heading permanently offshore and taking with them our best chances of a great future and standard of living." The big "issue" to which Mark was referring was that of national savings, and the questions and fears it raised. Are we saving enough as a nation? Are the right incentives in place? What are the consequences of an inadequate level of savings? They might include the departure and delisting from the NZX of many of our largest companies, such as Ports of Auckland and Carter Holt Harvey.

Why, compared with Australians, are New Zealanders

Are the right incentives in place? What are the consequences of an inadequate level of savings?



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“A slightly harder edge”

In response to a question from the audience, Sherry described the differences between doing business in Australia versus New Zealand:

“Business here is very relational, and I see that as a positive and a negative. It’s a positive because when people meet each other they do business together, there is a very strong network. I think it is negative because sometimes you need to make hard calls and it’s hard to do that if you can’t separate the business and the personal relationships. So I think that of the things that I have observed is that in Australia the description is more ‘hard-edged’ but is actually a greater separation of who you engage with socially versus the way you deal with them on a business level. If it’s business it’s business, and the fact that it’s your friend is interesting. So that I think there is a slightly harder edge to that and I think that catches people out sometimes when they move their businesses to Australia or expand in Australia. They are often engaged with people on a social level and then wonder why they have just had one of their hands chopped off because something wasn’t going well in the business. So in Australia that relationship element has been lost. It used to be like that when we were a smaller market. Some would say there is a great positive in that but I think that’s probably one of the big differences. It is “blokkier” in Australia as well and the dominant cultures tend to have more of a testosterone feel to them, although I have encountered plenty of that here too.”

I will return to Australia with a strong appreciation of New Zealand, the energy and enthusiasm of its people – its landscape, and of the contributions played by Maori culture. Now that I’ve had a slice of heaven I shall maintain a close connection to New Zealand.

As I leave, New Zealand is potentially on the cusp of great things:

- sporting greatness with the Rugby World Cup and the America’s Cup
- in Auckland, with the taking of bolder steps to make this a great global city
- we are starting to celebrate the breadth and depth of leadership in our economy
- taking the lead on sustainability globally and locally
- understanding the value of cultural diversity
- killing off the last of the myths of women’s capacity to compete equally

seemingly more averse to holding shares? What factors are at work here? Cultural? Educational? Economic? A national psyche that elevates residential property ownership above

all other forms of investment? And what lessons should we take from the increased presence and activity of Australian equity funds in New Zealand? Will New Zealanders still “own the farm” a generation from now?

A recurrent feature of most discussions about New Zealand’s economic fortunes is the issue of whether we should

have compulsory superannuation. We look westwards and consider the mammoth size and reach of Australia’s compulsorily-accumulated fund, which is now worth the thick end of one trillion New Zealand dollars. That’s about six times New Zealand’s annual GDP. The advent of the KiwiSaver scheme in New Zealand may over time take us a long way towards addressing the savings issue, even if compulsion is not a feature of the scheme. Not yet, anyway. That’s another issue I’ll be monitoring.

CLOSING THOUGHTS

Any overseas experience, and especially working in another country, can’t help but leave you changed. Sometimes in subtle ways, sometimes in more obvious ones.

Character is a term used often by successful people and organisations. Character is shaped by values and values are to be taught, communicated and then enforced by reminders of responsibilities to the wider world. When the chips are down you can count on a person of character to dig deeper, they work through adversity and they knuckle down to eventually win.

Then when faced with problems – winners are willing to move forward and take risks, even the risk of being wrong. This is a country with character and values. And I have met hundreds of people who lead, who win, who take risks. When I first came to New Zealand I saw lots of habits that screamed “lack of confidence” or “lack of real sense of purpose”. But I leave watching a country and community looking positively at themselves and the hidden value of these assets – a great mindset for discovering more and more of the strengths worth cultivating.

I leave you with this final thought from Henry Thoreau “We cannot see anything until we are possessed of the idea of it and then we can hardly see anything else.” We should be possessed with the idea of possibility, of leadership, and a wonder of who and what we are.

When the chips are down you can count on a person of character to dig deeper, they work through adversity and they knuckle down to eventually win.