



YS UP GOVERNANCE AND BOARDS PODCAST

Episode 29– Best Practice Corporate Governance at Collins Foods Limited with Fran Finucan

Transcript

Intro:

Welcome to YS Up Governance and Boards podcast brought to you by 3YS Owls Governance Consultants. Covering hot topics in governance, risk, latest regulatory changes and issues keeping directors and executives awake at night. Here are your hosts Ainslie Cunningham and Deb Anderson.

Ainslie Cunningham:

Welcome to another episode of YS Up. Today, we're joined by Fran Finucan, Company Secretary from Collins Foods Limited. Fran is a confident, personable and results oriented senior professional with a proven track record in high level relationship management, corporate governance and provision of policy advice on complex regulatory issues. Her experience in legal, commercial and corporate governance across industries has been gained whilst working in legal, regulatory and company secretarial roles in Australia over 17 years, including a rare opportunity working as a senior listings advisor in market supervision at the Australian Securities Exchange. Fran is recognised by internal and external stakeholders as an approachable, valued business partner, sharing know how and best practice in corporate governance. She is a graduate of the Australian Institute of Company Directors (GAICD), fellow of the Governance Institute of Australia and admitted as a solicitor in Queensland. Welcome, Fran.

Fran Finucan:

Thanks for having me.

Deb Anderson:

Welcome.

Ainslie Cunningham:

Tell us a little bit about Fran Finucan.

Fran Finucan:

I think most people would say that their careers have not followed the usual path but I truly believe that my opportunities have been unique. And so, I started my career as a lawyer, as the last cohort to do or have the ability to choose articles of clerkship, to become qualified as a lawyer. And in that time, I was given the opportunity to rotate through three different areas of practice and really design and come out as a well-rounded practitioner. Shortly after I was qualified, I was given the opportunity to go and work in house in a financial services ASX 20 company for a short time. And that gave me an insight into what life on the other side of a lawyer is like, where you are providing real time, real advice to the business, so that they can go out and get on with doing what they're good at, which is making money. And so that as a junior lawyer, was immensely valuable and gave

me a taste of what life can be like and showed me how to be more commercial and real with the advice that I was writing for those clients.

Fran Finucan:

And then whilst I was out on secondment, the opportunity came to apply for a role as an advisor at the ASX office in Brisbane, in the days when they had an ASX office here in Brisbane and Adelaide. And that was one of those moments where I just thought to myself, "Oh, that is an opportunity of a lifetime. I really need to throw my hat in the ring for that."

Fran Finucan:

And so, I did and six years I spent at the ASX listing office and really just loved it. It was one of the most interesting, varied, dynamic environments to work in. Being part of these companies' stories from when they first listed on ASX, processing that application, seeing their successes and then helping them through some of the more challenging times as well. Being able to build those relationships and see how different companies and businesses across different sectors and sizes operated and how they made decisions and really seeing the good, the bad and the ugly as well. It was really an interesting journey, to have that time there.

Frances Finucan:

And then, as many listeners might know, the ASX Brisbane and Adelaide offices were closed. And I had a time ... I was invited to go and work as an acting assisting company secretary for an ASX 50, which was just the most brilliant opportunity because as I've learned in my time at ASX, the company secretary really has a very similar job to what I had at ASX, which was a role that's across so many different areas. And you had so many different touch points and a seat at the table where the decisions were being made and a real opportunity to learn from really clever people, executive and non-executive alike. And from there, then was given the opportunity to take the company secretary role at Collins Foods. And here I am, seven and a half years later.

Ainslie Cunningham:

How exciting, Fran. And so how have you found juggling those roles as a Mum growing a family at the same time and obviously, that high pressure environments, large ASX listed entities at the top end of town? How have you found that?

Fran Finucan:

It's been a juggle, I won't lie. I'm supported by ... My husband is very much a team player. And so very early on in my career, we decided that if we were going to go down this path of having a corporate career because it's a joint decision, that we needed to really work as a team and go with the ebbs and flows and have the ability to flex. And it takes a village to raise children. It takes a very large village to help raise children. And so along the way, we have been very fortunate to have lots of female and male mentors who've given me suggestions on different ways that you can manage a highly successful corporate career, as well as have a family.

Deb Anderson:

And so, Collins Foods held its AGM virtually in August.

Deb Anderson:

Tell us how that went.

Fran Finucan:

Yeah. We had a hybrid AGM. For some specific reasons we chose to go hybrid as opposed to completely virtual. And it was very successful. It was the first hybrid AGM with any virtual component for the company. And so that in itself was exciting. There are many ... I think anyone who says that it's easier doing a virtual event, never had to hold a virtual event. There are so many more factors that one needs to think of but really, if you're supported by the right kind of business partners who are invested in your success as well, then you will come out successful at the other end, which we did. We had very positive feedback from our investors, who were grateful that they could join us online, despite the COVID environment that we live in. And it provided a very

transparent way of questions being asked and answered. And as much as possible, we tried to keep it like it was the same format as though we were having it in person.

Ainslie Cunningham:

And with COVID this year, Fran, how has that presented different challenges or opportunities for holding board meetings and getting on with the business?

Fran Finucan:

Yes. And so, the similar situation as though we had with the AGM, half of my ... actually, the majority of my board are not located in Queensland. Not being able to travel and be in person, presented the unique opportunity of making use of this wonderful technology that we have. And so we had to very quickly flip to having virtual board meetings. And whilst some people might say that it's less engaging and it's less personal ... It can be to an extent, in that you're not in the same room but really, they're on the screen with you maybe only about 20 or 30 centimetres away. In reality, I think it can be more engaging.

Deb Anderson:

And did you find that you had to have more meetings?

Fran Finucan:

Yes. We flipped to having weekly board meetings, regular catch ups and that really helped with management being able to be agile with its decision making and really draw on that diverse experience that our board has. Our board's very diverse and balanced in terms of its skills and experience. And so, I think having those different views and being able to navigate through that very difficult time, was of great benefit.

Ainslie Cunningham:

And I think it's a wonderful opportunity for directors as well, to sink their teeth into providing that knowledge and experience as well through these sorts of times.

Fran Finucan:

Yes, definitely. And many of these ... My board is completely non-executive and so the views that they bring in are not just those learned from being a director of Collins Foods. We have lots of not-for-profit, private not listed company and listed company experience that was being shared at the table. And it was really, a really amazing thing to watch and learn and be a part of and contribute to such a diverse range of thought. And then to be able to put that into a context where ... We have a workforce of more than 13,000 employees across various countries in the world. To be able to see that experience come and say, "This is the best decision for our people and the business."

Fran Finucan:

... was really quite an amazing thing and special thing to be a part of.

Ainslie Cunningham:

And how have ... You mentioned a really large workforce. How has it been from a I guess, mental health perspective and just taking in some instances, probably a lot of a younger employee age group through this journey, which was probably the first they've ever seen in their lifetime?

Fran Finucan:

Yes. It was very much the forefront of the board and management's minds. Everything from, how do you get the workforce used to working from home, for example? Some of our support centre employees had never worked from home before. And so, there was the challenge of getting them used to the idea of, "You might not be travelling to the office but you're still working."

Fran Finucan:

And so, the challenges of working with that when you have young children working around you as well. How do you make sure that they are taking time out and not just sitting at that desk all the

time? And for our operators who are at the front line, How do we make sure that it's still safe to open the restaurant, that it's still safe to continue to serve food?"

Fran Finucan:

And with such a young workforce as well, there are also the parental considerations. And so, it can be quite tricky.

Deb Anderson:

How many franchises are there in the Collins Food group, Fran?

Fran Finucan:

We have the KFC and the Taco Bell franchises. And recently, market would have seen that we've made a decision to close the Sizzler Australia brand in Australia. It still operates very strongly in Thailand and Japan.

Deb Anderson:

With COVID, how have the franchisors coped?

Fran Finucan:

The franchisors have been of a great support to us. That's one of the benefits of being a franchisee for a very big brand like KFC and Taco Bell. We've really been able to borrow on that experience and that resource to make sure that we can keep our workforce safe and our customers safe. And we have been able to move very quickly to a contactless and delivery model for our product.

Ainslie Cunningham:

And have you found different countries have responded differently?

Fran Finucan:

The franchisors have been consistent across all of the markets. And so, there is the global brand and then there's local representation. I think the pace at which development has happened has been different. Obviously, depending upon the number of cases in the Country, their response was different but largely, the way that processes were rolled out was very consistent.

Ainslie Cunningham:

And have you found it really challenging during this time, to stay abreast of information? Because at one stage there, it was changing daily in some regards, closures, COVID safe plans. Now, obviously with re-openings and things like that and different phases with different States and ... How are you managing to stay abreast of all of those changes?

Fran Finucan:

That's one of the benefits of working with a very strong management team, as well as having that support from a very competent franchisor, in that you have lots of subject matter experts who then are on point for distilling that information. And so, we would divide the information that was coming in and pick a source of truth. And then it would be fed into our weekly crisis team, which we would then all take learnings and share information in that forum and agree a course of action.

Fran Finucan:

For example, our quality assurance manager would be taking information in relation to food safety and making sure that our processes and procedures were matching those requirements. Work health safety was working very closely with all of the government bodies to make sure that information requirements around masks and contactless delivery methods were appropriate. And then operations of course, have a very important role to play, to make sure that those methods can be deployed safely across all of our employees. And then of course, there are the board duties, which was distilled through myself with ASX and our legal advisors, for making sure that we were all still making our appropriate disclosures as required.

Ainslie Cunningham:

You touched on it briefly before Fran but going back to your listings advisor role at the ASX, how does it feel to be on one side of the fence to another, to now a different, diverse role?

Fran Finucan:

It's been incredibly interesting because I think one of the most interesting factors, is that I listed Collins Foods as a listings advisor back in the day, 2011. That was really nice to then be asked to apply for the role as company secretary for Collins Foods because I already knew a little bit about it. And as a listings advisor as well, knew that from a corporate governance perspective, they were on point and so to then be offered the opportunity to go in house and work with a board and directly in business again and add value there, was truly a privilege.

Ainslie Cunningham:

And what are some of the lessons you've learnt from your role at the ASX to now transition those and have those transferable skills within Collins Foods?

Fran Finucan:

So, I think being able to look at big picture and what is best practice? And then look at how things work in a commercial context and then apply that in the best possible way, so that it's ... In governance, it's one of those things, it's the same as risk management that when it's working well, you don't notice it. And that's the way that it adds value, in that it's not a roadblock to decision making. It's not a roadblock to the business getting on with its job. Sometimes it's a double-edged sword but it's really interesting the way that it ... I like the way that Australia has a not one size fits all. It's an if not, why not way of applying corporate governance.

Ainslie Cunningham:

So, in terms of the changes to the ASX listing rules and the rollout of the fourth edition of the Corporate Governance Council Principles and Recommendations, obviously some of those things have been challenged with COVID and the pandemic and the rollout and implementation of some of those things but how have you found implementing some of those changes for Collins Foods?

Fran Finucan:

I think that ... Well, Collins Foods is maintained ... I always maintained that it will be at best practice governance. And so already functioning at that level, meant that there was not a lot that we had to change in terms of the new fourth edition. So, it was really a natural thing to build upon. And governance is one of those things where it's always a process of continual improvement.

Deb Anderson:

And are you impacted by the new modern slavery reporting obligations?

Fran Finucan:

We certainly are.

Ainslie Cunningham:

And how have you found that process?

Fran Finucan:

That's been a very interesting process because our supply chain as a franchisee is managed by the franchisor and so for us, it was a matter of working very closely with the franchisor to understand in further detail, how the human aspects of supply chain act. We have a very in depth and engaged supply chain because of our food safety obligations and requirements. So, to extend it to the human side of things, was a large project to undertake but one that we could do hand in hand with our franchisors.

Ainslie Cunningham:

And how have you found the results of that? Has it been beneficial to them to go through that process?

Fran Finucan:

For the franchisors, it's been very ... I think it's been beneficial for all of us to understand that our supply chain is as we have understood it to be.

Deb Anderson:

And how long's that process taken, Fran because it's quite a bit of work.

Fran Finucan:

We embarked on the process about a year ago.

Deb Anderson:

Wow.

Fran Finucan:

And we've undertaken that we will release our statement to the Office of Home Affairs before the end of the calendar year but it's been quite a process.

Ainslie Cunningham:

And obviously, it's something that will probably continue to evolve over time as well with future reporting periods.

Fran Finucan:

Yes, it's one of those things that is never a job done. It's a process of continual improvement. And I think that that's one of the benefits of having it written in a way that it's not a sunset clause, really helps and is of benefit so that we can all understand that it is a process of continual improvement. And our requirements here in Australia are a lot more prescriptive than what they are in overseas jurisdictions, such as the UK. And so that in itself has made it easier I think, to represent the supply chain and really share how the supply chain works.

Ainslie Cunningham:

In terms of crisis management and business continuity planning, obviously a lot of businesses didn't have the foresight of a pandemic ever playing out in their lifetime. We've found that a lot of businesses hadn't planned for these types of events. How did Collins plan for this event and has I guess; business continuity plans been tested and now potentially been strengthened off the back of this?

Fran Finucan:

Yeah. I think it's interesting that some people will say that "Well, nobody could ever have had the foresight to think that a biological pandemic would be on their risk register."

Fran Finucan:

I think that misses the point in a way because you can never have everything on your risk register. What you can do, is map out what catastrophic ... Or a major event looks like for your business. And from there, if you know what that is going to look like, then you can plan or do some planning around how you are going to recover from that event because at least you were agreed as to what is catastrophic and what is major. And you've had those really detailed discussions and important discussions upfront. And then you have a plan in place that will flex, dependent upon what your circumstances are.

Fran Finucan:

And so with Collins Foods, I don't like to use the word by happenstance but two weeks before the lockdown here in Queensland, we had actually had a scenario where we had done some scenario training to test and practice our crisis management manual. And a week later after that, we actually had ... We had a case where we put that plan through its real paces. And so, we'd already had a practice run and then we were able to redeploy it and then fine tune it again. And then from there, we fine-tuned it again. So, it's been very interesting in terms of having that plan in place and knowing that we'd done those simulations and just how close the actual event was to what we had planned.

Deb Anderson:

Your timing was perfect.

Fran Finucan:

It was.

Deb Anderson:

How's the transition back to working in the office going for your employees?

Fran Finucan:

I think that many are quite happy to be back, really happy to be seeing our colleagues and working in person. Many have taken the opportunity too though, to have that time where they can work from home and take the opportunity to work flexibly. Many with young families, such as myself, appreciate the reduction to the commute time to and from the office. It's worked well.

Ainslie Cunningham:

Yeah, I think it has been a real opportunity for businesses to even revisit their ... I guess, corporate office footprint as well and potentially change some of the dynamics within the workplace. What are some of the other things that have been high priority for the focus for the board?

Fran Finucan:

Other than going virtual, as we've already discussed, and having the more frequent board meetings, which we've now been able to pull back because it's gotten into a cadence again.

Ainslie Cunningham:

Have you had to revisit your insurance program?

Fran Finucan:

No.

Ainslie Cunningham:

No. Have you gone through renewal yet?

Fran Finucan:

We have.

Ainslie Cunningham:

Did that present ...

Deb Anderson:

Was that challenging?

Fran Finucan:

Well, the insurance market is certainly tightened particularly the D&O space.

Deb Anderson:

What about mental health of employees? Have you had any challenges there? Have they all coped pretty well?

Fran Finucan:

Well, as an executive team and senior leadership team, we were checking in regularly with our team members. And we've recently launched a wellbeing challenge as part of that. And certainly, participated in the R U OK? day messaging.

Ainslie Cunningham:

And I guess, now coming out of ... Especially for Queensland, we're coming up to stage four and five recovery phases. Are you seeing more focus and attention now put towards strengthening business models and getting out of that survival phase and now, back into a thriving type environment or ...

Fran Finucan:

I think it's still quite a conservative approach that's being taken but at the same time, trying to make sure that organisational performance isn't being cut short because of it. Certainly, there's more testing of budgets and so forth but in terms of being overly aggressive, I would agree there's not much high ... There wouldn't be a lot of high risk being taken.

Ainslie Cunningham:

And with incentive plans and things like that, there's been a focus in the market on remuneration practices and really honing in on Exec rem. and is that having an effect or impact on your workplace?

Fran Finucan:

Oh, so there was a ... Yeah, the focus on executive remuneration has been ... we haven't escaped that review but for our part, there's been very clear disclosure in our financials, as well as in our material and discussions with investors as to what we did and didn't receive in that space. I think it's very important to be transparent about what it is that the company is receiving.

Ainslie Cunningham:

For I guess, other organisations that might be I guess, yet to go through their AGM season yet, are there any top tips or practical experience that they might be able to apply in their own businesses?

Fran Finucan:

At Collins Foods, we have quite a robust engagement program that we run before an AGM, with both retail and institutional investors. And so, I think it's really ... It's been running for the last seven years and I think it's been quite interesting and important in terms of gauging investor sentiment. And so, for us, it's been really valuable, and I think valuable to our investors as well, to have that open communication. And so, they're not a surprise, when issues come. And we're able to as well, as a board and management team, to address those concerns in real time and work with them to come to a solution that's right for everybody.

Ainslie Cunningham:

So, in terms of investors and attracting institutional investment and things like that, a lot of their mandates have changed over time. And you've seen the investor letter that gets put out by Larry Fink and things like that. And they have mandated more around ESG type targets and ethical investment opportunities and ... How are you finding that impacting on your space?

Fran Finucan:

We've certainly had a lot more questions around ESG and there's been a lot more interest around what Collins is doing in that space. And so that's something that we're working through as a board and as an executive.

Ainslie Cunningham:

So, being out of the office, being part of an executive team, how have you found collaboration been amongst your peers?

Fran Finucan:

It's one of the beauties of technology. I know that there's nothing quite like working in person and on a face to face basis but at least with all of the video technology that's around, we can still see each other's faces, hear each other's voices and that's been of benefit as well. Communication has certainly been more frequent and is taking lots of different forms actually, not just traditional telephone or email communications. It's coming in the form of chats or video conferencing, as I mentioned, as well. It's been interesting, the different tools that have been made available.

Deb Anderson:

You get to meet family members and dogs and cats and children.

Fran Finucan:

Yes, yes. The sirens going past.

Ainslie Cunningham:

Yes. It's been very much a challenge for everyone I think, in a new way of working but I guess, with such an extensive career across a diverse range of roles, before we wrap up today, what are the top three tips that you could leave other governance professionals with of just managing the function to obviously such a high level of standard within Collins Foods group?

Fran Finucan:

For the up and coming professional, I would say look for every opportunity to do something different and that might not be an everyday offering. If I had not thrown my hat into the ring for ASX and just kept on with my legal career, I probably would not have ended up as a governance professional company secretary for a listed company for starters. And then for the existing professional, with so much information, it's quite honestly like a fire hydrant at the moment with all of the information coming at us. And so, picking just one source of truth for each of your buckets of information, I think has been really invaluable. One source of truth and then distilling that information down into bite size pieces so that the business and directors and management alike can use it in a meaningful way.

Deb Anderson:

Great advice.

Ainslie Cunningham:

Thank you so much, Fran, for joining us today.

Deb Anderson:

Thanks Fran.

Fran Finucan:

Thank you for having me.

Outro:

That's all for today. Until next time, happy podcasting. And remember if you're enjoying the show, check out our other episodes and all things governance at www.3ysowls.com.au.