



## YS UP GOVERNANCE AND BOARDS PODCAST

### Episode 7 – Global Operational Management in Highly Regulated Industries with Anne Parkin

#### Transcript

**Intro:**

Welcome to YS Up Governance and Boards podcast brought to you by 3YS Owl 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.

**Deb:**

Welcome to another episode of YS Up. Today, we are joined by Anne Parkin. Anne is currently an executive director of Queensland Treasury Corporation. Anne offers over 25 years of board experience and global banking, securities trading and superannuation spanning across the Asia Pacific region. As an experienced non-executive director and chair of boards, Anne has provided leadership and expertise in operations, risk management, operating in multiple regulatory environments, global client management and project delivery to guide regulated entities, startups, governments, and SMEs. She is recognised as international industry leader with deep expertise and operational management of high-level financial transactions and highly regulated and multi-jurisdictional industry.

**Deb:**

She is a strong leader in multicultural workplaces whilst bringing a strong tactical overlay and commercial acumen while maintaining a high level of personal integrity. Anne supports business development whilst ensuring compliance. Her key professional achievements are many and include: the successful implementation of three global systems, each project budget greater than \$50 million, in APAC, within budget, on time and with no adverse client impact. Another project led to the reduction of unfunded liability in a state superannuation fund, which was forecast to save \$17.3 million in year one and up to \$500 million by year 10, reducing the unfunded liability by \$1.5 billion. Welcome, Anne.

**Anne:**

Thank you.

**Ainslie:**

Welcome. Very impressive bio, Anne.

**Anne:**

Been around a long time.

**Ainslie:**

Tell us about your journey to this point.

**Anne:**

I have a very short answer to that, which is that the year I left school was the year they legislated equal pay for equal work for women, which is a sad starting point. At that time, really you became a teacher, maybe a nurse, a doctor. I became a teacher, but over the years I worked out that wasn't actually my strength, and I moved through a number of industries as I went on my career journey. Briefly, I went from teaching to retail management, to research analyst in a stockbroking firm, to superannuation general management, I would put it and from there into investment banking, where again, I was always acting as a general manager at different product, same type of skills. When I was in superannuation, I was responsible for issuing 42,000 cheques a fortnight. Well, never actually did one. Yes, I was responsible for processing several million transactions a year when I was in Asia in equities. Never actually processed one, but I could bring together what was necessary, direct people, get them to go where they needed to go.

**Ainslie:**

You're part of advisory boards, Anne. Tell us a bit about what skills you bring to the table for an advisory board.

**Anne:**

I think when you're a small company, an SME, and I've been involved with a number over the years is people have great ideas. I mean, honestly, some people are truly magnificent with the ideas they come up with. They can't do everything and they need support. They need someone who they can bounce off, who can also push back to them who can say, "Stop, stop. You can't do that. We need to come up with a different solution for what you're trying to achieve." I find that, whilst I've worked in huge global banks, you can take a lot of those skills and help someone building a business, not so you weigh them down, but so that you can allow them to build their base to keep moving forward.

**Deb:**

When you started your overseas banking journey, how was the diversity side of things for you?

**Anne:**

When I left Australia, I had no female peers basically. I had a lot of female admin, operational staff. The culture was challenging, no doubt about it. The way I would think of it is, if they took a risk of a dollar, then they wanted a dollar back. Sometimes in compliance and regulatory issues, that's not really taking you in the right direction. When I got to Hong Kong, I actually had female peers. It was a much more diverse management. Although still, if you were Chinese or a local, your opportunities were less, but net-net, there were more women in positions of leadership in the executive, so it was quite pleasant. Also, they had a much more compliant culture, which made my life more simple.

**Ainslie:**

Tell us about one of your advisory board roles that you've been a part of, Anne.

**Anne:**

Probably the last one where I was Chair of a small startup. We had a technology which was going to convert biomass, so paper, timber, even foodstuffs potentially could be turned into diesel using a process. It was a good process. We had built a pilot plant in China, so we were actually putting it through testing. We had a university here we had funded for some, government funding for a PhD

student. Sadly in the end, even though everything looked quite good, we had to put it into liquidation because as directors, you can't trade when you're insolvent. We'd been an advisory board then we become a full board, and I think one of the lessons I learned out of it is you have to actually decide whether you want an advisory board or you want a full board. There are reasons for both, but I think if I had my time again, I'd probably say let's run as an advisory board for longer. However, he was out raising money, so people wanted to see who was on the board because that gave a certain strength. It was a good idea. The business ran for almost five years, which is quite long for a startup, but we just couldn't get enough funding together fast enough to keep going, which is more about our operating model probably than our finances when you actually unwrap the whole thing.

**Ainslie:**

With the benefit of hindsight, is there something you would have done differently in that instance to potentially see the survival of that business?

**Anne:**

If I look back over the time, so one question would be, should we have moved from being an advisory board, because that brought another set of regulatory things we had to deal with. Two, I think what we should have done is stopped at one point and gone out and raised the \$10 million that we needed rather than sort of keep going, and we were quite good at raising just enough money for the next payroll or the next payroll or the next thing. Probably in retrospect, we sort of talked about it. I should have just said, "No, we have to stop. Yes, do a little bit, but stop and let's focus on getting \$10 million." I actually think it was fundable, but our CEO, the founder had a lot of balls in the air and he wasn't looking at here. He was looking at his future, and probably I think if you're in one of these small businesses, you do have to roll up sleeves and do a lot more than you might do in a bigger company.

**Deb:**

In your experience as a non-executive director, what are some of the issues you think that are keeping directors awake at night?

**Anne:**

I think at the moment, they're probably awake a lot. Looking at a couple and hearing colleagues talk, it wasn't like this was a slow burn down the economy. I mean, it literally fell off a cliff for some of these businesses overnight. I think it's challenged small companies, and we've got one we are helping just down the road from us that they were going gangbusters. It was a small business, Monday they're here, Tuesday it's closed. It forces you to look at your cash flows. It forces you to look at your operating model. Are you doing the right business? Have you got the right balance in your business? They had a business, which was very highly dependent on one part of their business, so they've had to sort of stand back and look at it and say what does that mean because they'd grown another little business on the side.

**Anne:**

Have they costed their business or their products correctly? In this case, they didn't have a product costing model, so they actually sort of didn't really know what their individual products cost. When they went down and worked it out, they worked out a couple of them, they were losing money on even before they started. I think it challenges boards also to look at it and say, "We might have been going this way. We had a good plan, good assumptions. We've done all the right stuff, but we can't just keep going and hoping it's going to change." I think it forces a lot more proactive review of what people are doing.

**Anne:**

Even looking at QTC, we've had to stand back and look at it and say, "We were doing this, what does that mean?" We'd already raised the debt funding we needed to for the financial year. Well, what we raised and what was going to be needed were two different numbers again as the government throws money at the economy, trying to support people. So, I think very flexible. I think risk becomes really high because people are trying to make changes. You're making them with maybe less information than you might have had. You're making them on the run, so I think the risk for businesses is much higher just because they're having to make rapid decisions rather than being able to sort of look at it and think about it and come back around it a few more times.

**Ainslie:**

I think this is where, as well a lot of business continuity and resilience planning comes into the fore.

**Anne:**

Well, it's interesting because I asked about business continuity earlier in the year, and a couple of other businesses I just happened to be talking to them, "Oh yeah, we've all got business continuity plans." I said, "Yes, for the flood of the Brisbane River, or something like that." I said, "Have you got one for a pandemic?" "Well, it's the same." I said, "Well, actually, I'd gone through SARS in Hong Kong. I had a great business continuity plan, but it assumed that you couldn't get into the building. It didn't assume that you could get infected. It didn't assume that actually people couldn't get on a plane and fly to Singapore and set up down there without going into quarantine." All of our planning, basically we threw out and had to do a very quick plan to deal with the pandemic. I was talking to another person and where she worked and she said, "Oh yes, we were all told to work from home." She works for a very big department and she said, "We can only have 50 people on our remote access at a time, so I can't log in." Things that people, because they haven't thought about everybody being away, what they've thought about is some people being away.

**Ainslie:**

Yes, or some people logging in remotely.

**Anne:**

Yes, yes. A lot of those sort of issues have really caused people to question things, so I think going forward, our business continuity plans will have a pandemic chapter.

**Ainslie:**

Yes, absolutely. I think too a lot more alignment back to strategic priorities and being able to put some of those things on hold and being able to have a little bit more agility and flexibility on that side of things as well.

**Anne:**

Which comes back to the earlier point. The business falls off a cliff, you can't work in the office. There's all these things going on. You've got to be able to sort of work your way around some of your options, and you can't hug your idea any longer. You've got to be prepared to throw the baby and the bath water out in order to redo what needs to be done if possible.

**Ainslie:**

Yeah, absolutely. I think a lot of the larger accounting firms over the last few years have sort of realised that five years strategic plans are no longer the go to model, it's more the two to three year

strategic planning, bigger stress testing on your budget, your cashflow, your operational plan, and really strengthening the governance and risk management around those things.

**Anne:**

Yes, I agree. I think for small businesses that makes it hard because they're trying to grow and they don't have very experienced management quite often. They don't have a big balance sheet. They often are pushing an idea that they've come up with, so it's not like they're a nice big business with big balance sheets and ASX listed and all those things that help them survive. They're trying to pay for their house mortgage and feed the family and grow their idea, and it's tough.

**Ainslie:**

Yeah, absolutely.

**Anne:**

Tough at the best of times without a pandemic.

**Deb:**

How are your virtual board meetings going?

**Anne:**

I've had one board meeting virtually because we always have... April's not a board meeting month, right? I've had a couple of committee meetings and the board meeting. It's gone fine, but you see, I was the only person in Hong Kong on a global call, so I was always doing these things. It went efficiently. We had a few minor technical glitches. I think people probably need to look at themselves, see how they project, because I'm not sure that some people had actually looked at where their camera was relative to they look, relative to their face, etc, but we stopped. We'd have five minute breaks. We're quite a good board, we interact quite well. It wasn't like there was someone there who's dominating it or trying to push it. Everyone was quite collegiate working together over the video.

**Deb:**

Do you think they'll continue virtually or would they be back face to face?

**Anne:**

I think what it'll do, it will open up for people to attend, which maybe hasn't been done before because QTC, everyone's in Queensland. It's small, but I do think that there will be more board meetings and more meetings virtually, and you don't need to meet every time physically at a cost, a huge cost. I do think it can be. I just think you have to develop some behaviours and train people how to do it, configure the rooms correctly, all those sorts of things to make it easier. It doesn't work very well when I was sitting in Hong Kong and there was a desk in New York with 10 men and me, because they'd start talking to each other until I'd go, "Hey boys. I'm still here." Then they'd realise because I wasn't there and the room was not really well configured for a video call.

**Ainslie:**

I think too, you lose some of the times the body language or the context of the conversation sort of when we have company secretary appointments and the board are all in-person and you're taking minutes over the phone. You lose that context in the room and-

**Anne:**

I think you have to get together a number of times. You can't do it all remotely all the time, but I think you can do it some of the time because you're using up that credit you've built up in your relationships already. Yes, I think our next board meeting will definitely be remotely because the boardroom is not big enough for everyone to have two square meters, plus the executives, plus the company secretary, plus plus plus. We're not going to fit.

**Ainslie:**

Yeah, absolutely.

**Deb:**

From an economic perspective, it's better too, isn't it? You're saving on flights and accommodation.

**Anne:**

Most people are in... For us, they are, but I think you're right, absolutely. Economically, it would work.

**Ainslie:**

With some of these successful achievements of your professional career, Anne, tell us some about some of the highlights of those and what you've seen work really, really well.

**Anne:**

I guess I need to sort of talk about myself a little bit. One of the things I took out of teaching is I actually like coaching people and talking to them. That was a positive I brought out of my initial career. I am very delivery oriented, very delivery oriented. Once I've committed I'm going to deliver something, I push really hard to make it happen. If you add those two bits together, once I've decided that something is to be done... I'm also very analytical, so I analyse it and whatever, and then I go for it. I think, in some ways, that's part of my success. I think also in some of the big IT projects, etc, I would talk to everyone. I wasn't really worried if someone made a mistake, it was really about getting to the end point. I used to do a lot of management by walking about and talking to people, and even over the phone. I used to have staff in all sorts of different offices.

**Anne:**

I think I had nine different offices, and I would speak to them every fortnight. We'd have a 20 minute call, but to make sure that they heard my voice, I heard their voice, we talked about it because sometimes people don't want to pick up a phone to tell you there's a problem, but if you're there physically or you contact them, it's much easier just to sort of, "Oh, look, I'm having this problem." Over the course of doing my projects, it really is those things together, going through the issues. For example, when I moved to Hong Kong, they were trying to put in a project and they got themselves down to 157 items that hadn't been resolved. I mean, why they still had 157, I have no idea. Of course everyone had got in their corners, so you had IT in one corner and you had the operations people in a corner. You had the front office, people in a corner and nobody was talking to each other, so 157 wasn't going anywhere.

**Anne:**

Anyway, I went through each of the items until I understood the problem. I said to the front office guys, "Look, we're doing all this special work for these clients, gave them the information." I said, "Can you just go and ask the client how they're using it, so I can find a new solution?" Well, out of all of them, we cut all of them because the client thought we were just doing it for fun. They hadn't asked for it. Well, they had obviously some time in the dim, dark past. Then there was a couple of

others where the system didn't want to configure whatever the special taxes were for one of the markets, and I spoke to the front office and so we just came up and we ate the fee. There was some really easy solutions, but someone had to look at them, think about them and then go and talk to people to come to a resolution rather than say, "Oh, I've got to have this." Well, I'm not going to give it to you. Well, I'm not going to do it. Where they get to those end points.

**Anne:**

I find that that's what I do a lot. I talk to the people and resolve it, and take a commercial outlook because you don't need to spend millions of dollars to build that. Let's just suck up the \$1 or whatever it was per transaction. We'll get it back somewhere else rather than sort of being super over the top. I did that when I was in the superannuation industry and whatever I did 3 Y2K implementations, same thing again. What are we trying to achieve, what do we need, what would we like? Do you know how many people, when they came off the old green screens, the very old ones, "What do you want?" "I need a green screen." "Why do you need a green screen?" "Well, I've got one now." "Sorry, that's not going to happen." That's the level you have to have the discussion. Someone has to be prepared to say, "I'm not doing it." People don't like that. They'll waffle around. No, you tell them the answer. You tell him the truth and you go with it.

**Ainslie:**

Yeah, and take them on the journey really, isn't it? It's that whole change management piece and communication's critical-

**Anne:**

It wasn't a profession when I started it.

**Ainslie:**

No, I doubt it was.

**Deb:**

And earn their respect.

**Anne:**

Yes. You must earn respect. They don't have to like you, but they have to respect you.

**Ainslie:**

It's that sort of, I guess the analogy where it's 100% input and then 70% agreement and we're all going on the same journey.

**Anne:**

Yeah, yeah. The other thing is in one role I was in, it was would they close us, sell us, downsize us, upsize. I wrote so many business plans, but what's challenging then is what's happening is you actually have to keep running the business until the business decides what they want to do. I used to have a weekly meeting. I told them everything because I had to keep them on my side. They had to feel loyal to me in a way in order to stay as we went through whatever the process was. They were going to get... If we closed down, they'd get a redundancy, but that wasn't the point. It just made people so unsettled, so they had to have something they could hang onto, and I would answer any question if I couldn't answer it, I'd actually say, "Look, I actually can't answer it because either I don't know the answer or I really can't tell you the answer, but when I can, I'll bring it back to you." We

survived the whole experience without losing people and the business went on, but people have got to trust you.

**Ainslie:**

What have you found in each of these experiences, were there any major challenges that you've had to overcome?

**Anne:**

I think I'm so focused on going forward sometimes that I just push them aside. I think you have the normal project type challenges, which is someone's promised you the earth, the stars and the moon, and you only get just a little one acre block type of thing, so you get less than you probably give up initially. Sometimes it's very hard to get people to change, green screens as an example. I had one place, they were running in parallel and I kept saying, "We don't need to do anymore. We're fine. We're finished. Can you just sign off?" "No, no." In the end, I told IT to come in over the weekend. We took out all the old green screens. Monday, we had minor hysterics and then after that, everyone moved on. I think sometimes people get very locked into the positions of what they want.

**Anne:**

People do not like change quite often. I think in big corporates, sometimes you can be partway through a project and then someone changes their mind, cuts the funding, changes the direction, and you're left sort of, "Well, I'm going okay." Someone else in the world has decided they don't want to go ahead like that, and you also have to be able to influence your sponsors and the different people in the organisation to make sure they keep coming with you. You've got to make sure that you've got people behind you who are going to stand there and protect you as you make the necessary changes. So, your ability to influence a network within your organisation upwards becomes very important.

**Ainslie:**

Yeah, and I think equally downwards as well. If you don't have that sort of buy-in and credibility, if you are like you say, making multiple changes over and over again, you sort of end up getting bogged down with change fatigue, people lose trust. They lose buy-in, you lose credibility, the people at the top lose credibility. It just becomes this vicious cycle that sort of emanates a poor culture.

**Anne:**

Yes. I think if you can build trust and you can show that you've thought through and you keep people informed. You're asking people to go above and beyond. You're asking them to do all sorts of things, I think the least as an executive and in fact as a board member is you owe them the respect. My management philosophy for many years is: "manage unto others as you would like to be managed", and sometimes I've had to tell my manager, "I don't like the way he's managing me." A lot of people wouldn't do that.

**Ainslie:**

Yeah, absolutely. I think too a lot of pressure comes down on those sort of operational teams that they are as you say, managing this in line with their day to day job on top of project work, on top of then a sudden change in direction, and there's so many moving parts that I think sometimes management fail to see sort of a renegotiation of resources there at times.

**Anne:**

I think as a manager, you can't protect your staff. I'm not saying that, but I think you have to represent them properly and you have to make sure that the people who need to know, know. I did have a reputation for being quite happy to speak out, but I felt secure doing it because I'd actually

had quite a good sponsorship from several people, so I had that reputation. I could live with that, but they would also make sure that I didn't get shot for it. At one stage I went to some meetings in the US I remember, and they said, as we went in because I had come over to do a presentation. I said, "Now Anne, stick to your presentation, do not give your opinion because she will just shoot you and no one else there is going to stand up for you." I mean, the woman was dreadful, right? This was a woman, but the fact that they even told me that they made sure I knew what I had to do, and as far as they could, they protected me, but the reality was if she didn't like you, she just sacked you.

**Deb:**

It's a fun culture to be in, isn't it?

**Anne:**

Investment banking.

**Ainslie:**

Yeah. Obviously, without naming any names, have you seen any examples of poor leadership or that sort of toxic culture?

**Anne:**

Can I answer it in the other way?

**Ainslie:**

Yes, absolutely.

**Anne:**

I joined QTC about four years ago, and they were just starting down a major project. They've basically changed all their systems, their processes, their operating structure, their change management, their people management, they've won awards in HR magazines. They get their surveys of staff and feedback are phenomenal. I've never seen the like, and it's really the counter, which is they took people on the journey. They kept them very well informed. They gave a lot of training and talked about what needed to be done. They celebrated all the successes and they just went ahead, and it's a very, very good culture. It's comes down to obviously the CEO and his senior people around him.

**Anne:**

There's been huge, if you actually looked at the org chart say four or five years ago versus now, it has very little resemblance, but they've done it. I think it's a great boom, and they're still doing it. I mean, even through all of this COVID and whatever. One of our challenges is that our staff have had so much communication and so much care show in for them, it's going to be a bit challenging when they come back into the office to keep up that same level of care, whereas I talked to some other people and they've had no calls from their managers or anyone to make sure they're all right. It's just, do more work, do more work. Don't let the fact you're working at home in isolation impact on what you're doing.

**Ainslie:**

That can be challenging as well, especially if some of these staff members might be parents, might have had to manage homeschooling, might have had other financial impacts to their household through-

**Anne:**

Absolutely.

**Ainslie:**

... partners not working or anything like that. It's sort of, I guess, managing that individual's mental wellbeing and mental health as well.

**Anne:**

My son and his partner have just moved overseas and they're in a tiny little one bedroom apartment. Just because you've agreed to live together, doesn't mean you want to live together 24/7. I think it's all those challenges exactly as you're describing, but a lot of people, it's all right for them, but they don't think about anyone else. They don't walk in the shoes of their staff or anything like that, whereas certainly at QTC, there's been a lot of effort making sure everything's working, if they need anything. Very caring, but very empowering, I think for the staff.

**Deb:**

As a director, there's a fine balance in terms of reporting as to whether you get too much information, not enough information.

**Anne:**

Yes.

**Deb:**

What do you think is the ideal balance there?

**Anne:**

I don't know the answer. I think one of the issues as you move from executive to board director is you have to stop being the doer and become the questioner and whatever. That is a challenge, right? For someone like me, where I was the doer and quite actively doing, so that's one challenge. I think the second thing I've noticed is the executives like to display what they're doing, and we encourage them by asking the executive or the next level down to come to a board meeting and present on whatever we ask them to present on. By definition, you're getting a lot of detail quite often there. Thirdly, the managers like telling us, the executive, they like to tell us, so we know what they're doing.

**Anne:**

I noticed that we all have a propensity if given too much encouragement, we'll all get into the detail, so you have to keep pulling yourself back. One of the things I've noticed is our board meeting lasts for three and a half hours, and that is a very good control on how much information we can go through. I did hear a director for one of the big banks in Hong Kong was reading 600 pages of risk items, and I just said, "How can you possibly do that?" He read it on the plane coming up. I'm sorry, I couldn't do that. To me, there was always think of that one and go, "Somewhere, someone has to make a judgment of those 600 pages and sort of sort and sift them in some way."

**Anne:**

I think when you start as an SME, you've got the other problem, which is who's going to write a board paper. How do you get enough information to actually have a record of your board meeting that you've considered at least some fundamental issues without causing the CEO or someone to have to write these mammoth papers? They are a big overhead for the executives, so I can't tell you a straight answer. All I can look as is, in my experience, have we got the level right? When we do our

board review at QTC, that's a question we always are asked and I notice people put in all sorts of different suggestions, but I would say we can do it in three and a half hours. We're talking a couple of hundred pages, 250. If you took out the finance, which is there anyway, it seems to be enough, not too much, and if we ask a question, we always get the answer.

**Ainslie:**

I think too if you struck the right balance with the frequency of the meetings as well throughout the year and have that sort of tailored calendar where you know what's coming up, it's budget planning here, it's annual reporting there, it's strategy review, etc, and really have those milestones in place. It's-

**Anne:**

We have all of that, and we've also pushed more down to some of our committees. We're trying to get the committees to do a little bit more, so we bolstered the number of directors on the committees. Some of the stuff that was going to the board every year, we've now pushed down to the committees, and will only go to the board every other year. Things like that have worked quite well.

**Ainslie:**

Yeah, so you can focus on the detail then and just sort of give those high-level recommendations up to the board.

**Anne:**

Yes. When it goes to the board, four of the board directors already agreed to it, so you know it's already had a really good going over. That has also improved some of the time we spend. If you took all the committees and added that in, actually there's quite a lot of time goes in, but it's better directed time.

**Ainslie:**

I guess one of the burning questions that is been sort of out of the back of Royal Commission, etc is how do you manage culture?

**Anne:**

Now there's a very interesting question. I found watching the Royal Commission very interesting. At the time that the Royal Commission was happening, I went to a function and they were all talking about this, and I can't help myself. I piped up and said, "But this all came out after the GFC, a lot of the banks. All these things in various forms were what the global banks were accused of, and we went through and did a huge amount of work trying to address some of those issues." Sadly, there were some people sitting at that table who said they just didn't think it applied to Australia. I know. This is really scary. This was a concern. I find the culture issue quite a challenge because once the culture is embedded, it is really hard to change it. I think that's the first issue. I think the second issue is that some of these banks are very big complex organisations.

**Anne:**

The left hand doesn't know what the right hand's doing, and IT does something and no one really, people don't necessarily go through it. As a result, I'm not sure that people necessarily understand the end to end business, so they don't necessarily know the question to ask, for example. If you're dealing with salespeople who just want to get the sale, I tell you, if you come from an operational background, you've got to be really bloody-minded sometimes to actually get yourself heard above all this beautiful revenue, versus your system that can't do it. Now, I'm talking here in big banking

terms. Millions of transactions, you can't do things manually. You have to work your way around it. Everyone has to accept that if you have to do an enhancement, it takes time. Yes, you can sign off contingent, but you have to have a really good culture within that to do it.

**Anne:**

I don't think people signing up for a charter of culture or behaviour. Honestly, some of these things should have been taught to you by your parents, and I have a 94-year-old mother. She was a doctor just after the second World War. She was a very unusual woman, but she's our... Here's this intelligent woman now who needs a lot of support. Honestly, if she likes you, she'll sign anything now. That's the stage of her life. Someone has to protect her, right? I look at it and I go, "If this is your mother, your sister, your daughter, why would you do these things?" People make mistakes. When I was with the State Superannuation Board of Victoria, they told a funny story that it was a defined benefit scheme, so people got paid a pension when they retired, and then if they died, their spouse would continue to get it.

**Anne:**

The question was always trying to keep track of who died, so you could stop the pension. They told the funny story of this woman had rung up and said that she understood that her mother was mad. She was senile, but she was still alive. What turned out what they had done is they used to get the death notices out of all the newspapers and run it against the database, and they got an exact match, so they stopped the pension. It was an embarrassment, and you wouldn't do it voluntarily, but the counter is you can't keep paying money if people aren't alive. Another time, we sent them all a letter and said, "Would you like to sign this to tell us you're alive?" or words to that effect, right? Because it's the question, what do you do? How do you get an answer, right?

**Ainslie:**

To an awkward question.

**Anne:**

We got some very funny responses to that one. I look at the banks, they'll do it again. They've done it before, they'll do it again. I think board matrices probably need to consider more of these sort of issues rather than all the salespeople who just see the revenue. I used to do a lot of regulatory reporting. It was my name signed off on it, and I was the one that was going to go to jail in Hong Kong, if it was wrong. I understood what went into preparing it, but if I told my front office guys, the eyes would glaze over and it wasn't where they were interested in. Fair enough, they didn't have to be because I was doing it, but people have to understand that regulatory reports have to have a certain rigor to them. Therefore, you must do certain things, and you just can't go in and make changes. Culturally, you have to have a culture which allows people to bubble things up. It might take a couple of go's, but you've got to keep pushing.

**Ainslie:**

Also, I guess it's really around ensuring there's no complacency. I think what you find over time is poor culture is really driven from poor governance and the people who... These aren't necessarily wrong people doing wrong things, they're good people who just find they don't get a voice or they're not heard, or-

**Anne:**

They're too junior. How can you expect the young person who's got two or three years experience to turn round to an executive director and say, "We shouldn't do that." I mean, be real, right? That's not

going to happen, but if they tell their line manager who tells their line manager, it has to come through the process and be dealt with and captured.

**Ainslie:**

Or where they have spoken up in the past and it's not taken seriously and just get brushed off, then it lacks lustre, it lacks credibility. It's not that enforcement line. There's no consequence management, no accountability.

**Anne:**

I still think that in the big banks, I still think there are issues there that have to be dealt with. They'll clean up everything that was on the Royal Commission. That'll be done at whatever cost. Have they really changed anything fundamentally? I'm not sure that they really have, which is why I say something else will happen again, inevitably.

**Deb:**

It's more about them putting in the processes that were sort of blamed for a lot of the issues and the challenges. You put the process in, but you haven't changed the culture.

**Anne:**

I look at and I go, you're still charging a dead person fees. That will happen, like the one I just said. All you need to do though is, once you're told they're dead, you refund the fees and it's all done. There's nothing wrong with making a mistake in those sorts of issues where timing is a challenge. The mistake is not doing anything and ignoring it. Yeah. I find the Royal Commission a very interesting review of where Australia's corporate culture is to an extent.

**Ainslie:**

It seems the bigger the environment, the harder it is to get a handle on it. The sort of smaller agile businesses, if they have that sort of governance or their culture of governance earlier on in their life cycle, you have a lot more chance of having a greater impact.

**Anne:**

I don't think small business can do this because I just don't think they have the capacity, but in reality, when you set up, you should set up the culture you want from day one because it's much easier to copy the culture from someone who's already there than trying to change a culture that's deeply embedded in an organisation. Talking to some people, I think when we've talked about it, I said, "Really, you don't have to do a lot to do that when you're small, you just have to have actually articulated in your own mind the sort of culture you want. Then you can work within that framework until it goes along." I think if you let it grow higgledy-piggledy and then you turn out where you don't want to be, and then you try and change it. That's a much bigger challenge, especially if you end up with people spread around the country or globally. I think if everyone's in one office, it's easier to go around and do it. As you get bigger, that gets harder to do.

**Ainslie:**

You find a lot of it happens as well when it isn't there earlier on and a company might sort of get to a point where they've grown, they're about to scale. They sort of might look at other capital options, whether it's venture capital, private equity or pre-IPO. Then all of a sudden, they're thrown a framework that they have to have and then they go to implement it. Their staff sort of don't know what's the code of conduct, what's a securities trading policy?

**Anne:**

Yes. When I moved to Hong Kong, Swiss Bank Corporation and the Union Bank of Switzerland, two banks had merged. Now in Australia, it was almost insignificant because UBS was very small in Australia, so it wasn't... In Hong Kong, Switzerland, a few places, both of them had really, really large businesses, so the merger was a challenge. Anyway, I got there about two or three years after it happened, which isn't actually very long in a merger timetable, and it was amazing. I couldn't tell where anyone came from. They were just working at, I can't remember what our name was at that stage. It doesn't matter. It turned out when they did the merger, they actually did a whole plan. They trained everyone, they insisted everyone had to answer the name of the bank and whatever the new name was. They went through the whole thing.

**Anne:**

You were never to ask anyone which side they came from and it went through and through. By the time I got there, they had a whole new organisation. Honestly, I couldn't tell when... When I asked the first time they said, "Oh no, no. We don't talk about that because we're now this. That was the past, we're now this." Then I said, "What do you mean?" "Oh, well, we did this." They went through all the training they'd had. There was a huge amount of effort put in to take every individual who became part of the merged entity forward. It wasn't well. UBS had 50 people and we only had 40 whatever, and it was a very clever, very clever merger plan. If I ever have to do it, I will go back and revisit that and learn it because it was so well done and was recognised as well done.

**Deb:**

Because it is incredibly challenging when you take two businesses of those size, bringing people on the same journey.

**Anne:**

In Australia, UBS was less than 100 people and Swiss Bank Corporation was several thousand, right? They didn't really have much overlap. In fact, it just slotted together really quite easily. Everywhere else, they had a very large overlap and it was a much more complex business, therefore to bring the merger, just bringing IT systems together is enough of a challenge.

**Ainslie:**

You find that a lot with sort of mergers and acquisitions and takeovers, the synergies that sort of are anticipated initially and never really truly realised.

**Anne:**

Usually the acquiring company does not do as well as they expect to out of the whole thing.

**Ainslie:**

Yeah, absolutely.

**Anne:**

I think it looks easy on paper, but a lot of these things, it's all that perspiration that goes in afterwards to try and make it work that actually is the key part of it.

**Ainslie:**

Breaking cultures, aligning systems, consolidating those things.

**Anne:**

Yes, yes.

**Deb:**

Leadership.

**Anne:**

Exactly.

**Ainslie:**

Well, I think that's about all we have time for in today's episode, but thank you so much, Anne for joining us for another episode of YS Up and-

**Anne:**

My pleasure. It was really fun to talk to you.

**Ainslie:**

Thanks, Anne.

**Anne:**

Thank you.

**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](http://www.3ysowls.com.au).