

NOTION OF WE

THE IMPACT OF PRESENCE

Leadership Index

NOVEMBER 2018



Introduction

WELCOME TO THE FIRST EDITION OF ISENTIA'S LEADERSHIP INDEX: THE IMPACT OF PRESENCE. THIS REPORT EXAMINES THE CEO PROFILES AND MEDIA TRENDS OF AUSTRALIA AND NEW ZEALAND'S TOP 150 COMPANIES. IT ALSO PROVIDES A SHORTLIST OF THE TOP CEOS BASED ON THREE PILLARS: PUBLIC PERCEPTION, EMPLOYEE APPROVAL AND FINANCIAL PERFORMANCE.

For this first edition, our research objective was to examine the most high-profile leaders from the most successful organisations across both countries. We assessed this group of leaders using a variety of weighted measures in order to gain insight into the media's portrayal of them and their comparative performance. This Index aims to enlighten conversation around the impact of leadership.

We began the Leadership Index in order to create an initial benchmark that can be reviewed and contrasted over time, to establish a conversation around leadership as it evolves, and new leaders emerge.

WHY ARE WE DOING IT?

Since 1 January 2018, more than 150,000 news stories have discussed leadership across print, online, radio and broadcast outlets in Australia and New Zealand. Unfortunately, but perhaps unsurprisingly, the issues that have attracted the most media attention share a common theme – failed, ineffective or questionable leadership. While some of the stories highlight the role models and heroes living and working among us, the vast majority of the news we consume and engage with focuses on the negative traits and failures of individual leaders and institutions.

This can often be compounded by the negative feedback loop on social media platforms. The media focus on leadership and its presence in our lives has prompted greater discussion around a new perspective of earned media and the nature of leadership in general.

Of course, it isn't all doom and gloom. However, we may need to review the way we invest in, manage and measure leadership.

In business, measuring performance purely by financial metrics has proven to be deeply flawed. Not only has it incentivised a culture which encourages greed, but financial metrics can fail to account for behaviour, values and leadership styles.

The things that really matter seem to be missing from our current leadership benchmarks. Perhaps a greater focus on the outcomes and impact, and the adoption of better ways to measure our investment in leaders would help to re-invent and re-imagine leadership.

NEGATIVE LEADERSHIP ISSUES THAT CAPTURED ATTENTION IN 2018 INCLUDED:

January

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

March

Leadership gets emotional on the cricket pitch

August

Federal leadership spill cements Australia as the 'coup capital'

September

Leadership collapses at the ABC

October

New Zealand Football Ferns coach accused of bullying and creating a toxic culture

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01/ Leadership Snapshot

In Australia on average, our top CEOs are in their roles for double the time of our political leaders. The average tenure of the CEOs analysed in this report is 8.5 years, while our political leaders have an average political life of 4 years.¹



CEO PROFILE FROM AUSTRALIA'S TOP COMPANIES

- The average age of a CEO is 55
- Our oldest CEO is Harry Triguboff at 85. He has been Meriton's CEO for 55 years
- Our youngest CEOs are Matt Comyn from CBA and Yasser Shahin from Peregrine Corporation, who are both in their early forties
- 16% of our top CEOs had prior experience as a CEO before they were appointed to their current role, 10% were CFOs and 4% were COOs



CEO PROFILE FROM NZ'S TOP COMPANIES

- CEOs featured in just 15% of coverage of the Top 50 NZ companies
- The average tenure of a NZ CEO is just over four years
- While women make up a larger proportion of the NZ list (10%) they have a significantly shorter tenure (1.02 years), with all five appointed within the last 18 months
- 28% of the Top 50 had prior experience as a CEO, while 18% had been in CFO or COO roles directly prior

¹ Peter Hartcher, 'Tony Abbott: will he make a comeback in coup capital Canberra?' Sydney Morning Herald, 28 January 2017. This article also cites useful research from Rodney Tiffen's 2017 book, Disposable Leaders.

TOP 150 CEOs IN THE MEDIA

Our analysis of the top 150 CEOs included over 30,000 media items aired or published between 1 July and 30 September 2018. Some key stats:

AUSTRALIA

44%

of coverage appeared online

30%

of coverage appeared on television



10%

The Australian was the leading online source of coverage, accounting for 10% of all online news



15%

The Australian Financial Review was the leading newspaper. The hard copy edition contributed 15% of press coverage

164



CEOs were mentioned in different publications across the three-month period

Sky Business News was the leading television outlet, accounting for 33% of all television coverage

33%



8%

ABC Radio National was the leading radio station, accounting for 8% of radio coverage

NEW ZEALAND



40%

of coverage featured on radio



36%

of coverage appeared online

Over 3 months the top CEOs appeared on

212

different media sources



Coverage appeared more in general news and bulletins than in business or financial news



The leading online and print source was the *New Zealand Herald*



RadioLIVE garnered the largest broadcast volume from radio

217

In Australia, there were page one articles featuring one or more of the top CEOs. NAB's Andrew Thorburn appeared in one-fifth of these pages

02/ Top 25 Australia

IMPACT RANK	NAME	ORGANISATION	CEO SHARE OF VOICE ²
1	Andrew Mackenzie	BHP Billiton	41.5%
2	Paul Perreault	CSL Ltd	31.6%
3	Peter Botten	Oil Search Ltd	23.2%
4	Peter Coleman	Woodside Petroleum	18.6%
5	Robert Scott	Wesfarmers	39.9%
6	Kevin Gallagher	Santos Ltd	14.7%
7	Nicholas Moore	Macquarie Group	49.9%
8	Alan Joyce	Qantas	7%
9	Jean-Sébastien Jacques	Rio Tinto	4.2%
10	Colin Goldschmidt	Sonic Healthcare	26%
11	Brett Redman	AGL	8.2%
12	Craig R McNally	Ramsay Healthcare	77.4%
13	Dig Howitt	Cochlear Ltd	7.5%
14	Geoff Culbert	Sydney Airport	3.2%
15	Darren Steinberg	Dexus	9.3%
16	Scott Charlton	Transurban	5.7%
17	Louis Gries	James Hardie	22.4%
18	Andrew Thorburn	NAB	10.6%
19	Julian Segal	Caltex	2.5%
20	Anthony Pratt	Visy	17.8%
21	Grant Kelley	Vicinity Centres	11.8%
22	Peter Harmer	IAG	29.1%
23	Frank Calabria	Origin	14.4%
24	Angus McKay	7-Eleven	1.8%
25	Cindy Hook	Deloitte	1.4%

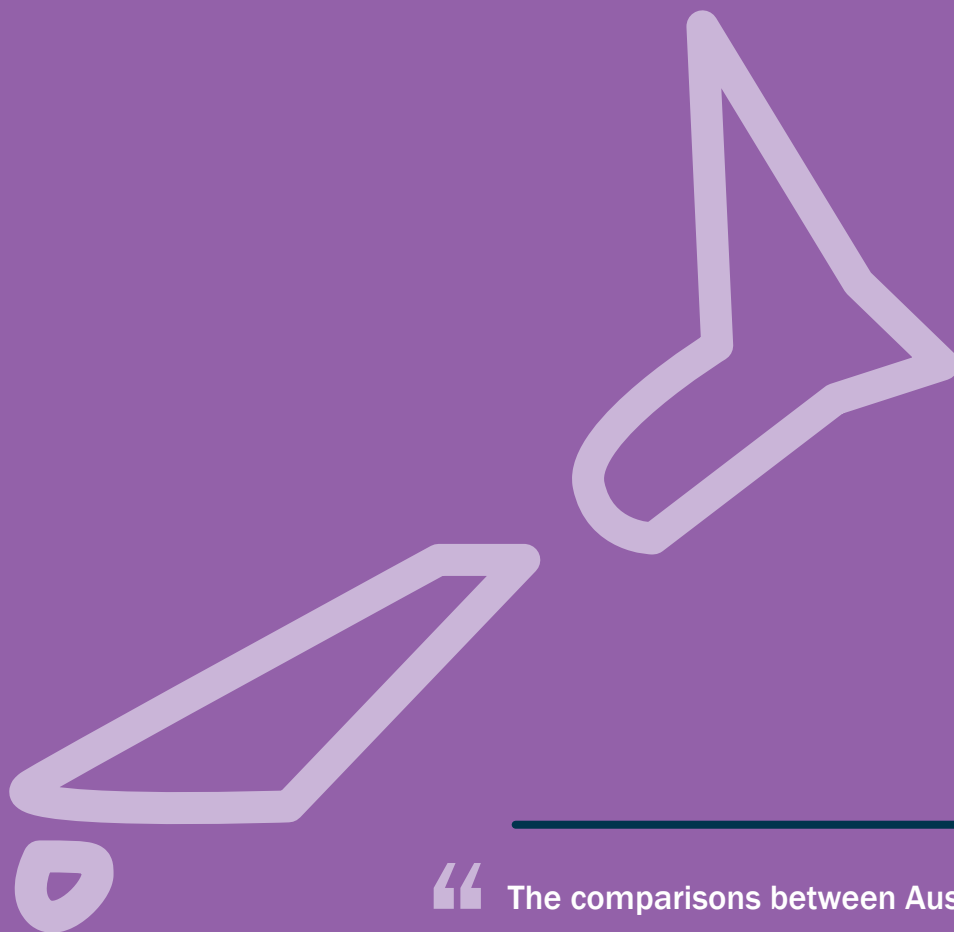
“ With five times as many leadership coups as any other country, our relationship status with leadership is clearly ‘complicated’. This project allows us to go beyond the headlines to analyse the nature of leadership and to question how we measure our leaders and role models. ”

CHIEF INSIGHTS OFFICER,
KHALI SAKKAS, ISENTIA



02/ Top 10 New Zealand

IMPACT RANK	NAME	ORGANISATION	CEO SHARE OF VOICE ²
1	Jayne Hrdlicka	a2 Milk	28.6%
2	Steve Vamos	Xero	19.4%
3	Julian Cook	Summerset	60.2%
4	Russell Stanners	Vodafone	71.4%
5	Mike Bennetts	Z Energy	22%
6	Mark Cairns	Port of Tauranga	23.3%
7	Greg Davidson	Datacom	25.4%
8	Leon Clement	Synlait	16.6%
9	Christopher Luxon	Air New Zealand	15.2%
10	Marc England	Genesis Energy	18.6%



“ The comparisons between Australia and New Zealand are really interesting. While women make up a larger proportion of CEOs in NZ, all were appointed within the last 18 months which is particularly compelling when you consider the increased social media activity around equality, rights and the push for women to speak up. ”

HEAD OF INSIGHTS NEW ZEALAND,
NGAIRE CRAWFORD, ISENTIA

03/ Our leading CEOs

The weighted measures we utilised in order to explore Australia and New Zealand's top CEOs covered a number of important factors such as their media profile, financial performance in terms of year-on-year growth and their CEO approval ratings.

In terms of financial performance as a distinct measure, Julian Segal (Caltex), Peter Coleman (Woodside Petroleum) and Scott Charlton (Transurban) were amongst the top performers, while leaders such as Grant Kelley (Vicinity Centres), Robert Scott (Wesfarmers) and Nicholas Moore (Macquarie Group) all received a number one rating for their CEO approval by employees.

The following section highlights the strengths of some of the top performers.



Andrew Mackenzie BHP Billiton (AU no.1)

While BHP Billiton's CEO, Andrew Mackenzie, didn't rank number 1 in any specific leadership metric, his overall score ranked him as the most impactful CEO by a significant margin. In the process of developing the formula that drives the index, we experimented and tested a variety of different weightings. Interestingly, Andrew Mackenzie was the leading CEO in every possible variation of our formula. Of particular note is Mackenzie's contribution to media coverage about BHP Billiton.

His share of voice within BHP Billiton coverage was a high 41.5% (ranked 4 by this metric). BHP Billiton's year-on-year revenue growth was also a key factor driving Mackenzie's rank.

While Mackenzie's own social media profiles are not amongst the strongest analysed, he is a key feature of BHP's corporate Twitter activity and demonstrated fearlessness and transparency as he engaged with initiatives such as a live shareholder Q&A on Twitter.



Paul Perreault CSL Ltd (AU no.2)

CSL's Paul Perreault was ranked second on our leadership impact index. Like BHP's Andrew Mackenzie, Perreault didn't hit the leading rank in any of the metrics analysed. Instead, he delivered a solid performance throughout. His high overall score was helped by CSL's strong growth story, his executive presence in media coverage about CSL as well as his LinkedIn connections. In May, Perreault was recognised as the 'Humanitarian of the Year' by the Haemophilia Association Of New Jersey and is quoted frequently on topics of innovation, patient care and sustainability.



Peter Botten Oil Search Limited (AU no.3)

Ranked third in our leadership index, Peter Botten's strong performance was not something we expected. Botten has spent almost 26 years with Oil Search Limited and spends much of his time in Papua New Guinea. The key strengths of Botten's profile include his employee approval rating and the strong growth Oil Search has experienced from investments and developments in PNG. Media coverage of Botten conveys his passion and commitment to the PNG community, especially Oil Search's response to the 7.5 magnitude earthquake which hit PNG in February.



Jayne Hrdlicka a2 Milk (NZ no.1)

The leading CEO in NZ is actually an Australian. Jayne Hrdlicka was appointed to a2 Milk (listed on both the NZX and ASX) in July 2018. Her appointment, incredible revenue growth, and partnership with New Zealand dairy stalwart Fonterra contributed to her high ranking this quarter. While she also faced criticism for a decision to sell shares early into her tenure, the profile and strength of the a2 Milk business and how she would contribute to its continued success was the more dominant narrative.



Steve Vamos Xero (NZ no.2)

Steve Vamos, the new CEO of Xero, ranked 2nd on the NZ index. While he is also Australian-based, Xero is firmly rooted in the business psyche as a New Zealand success story. Strong global growth and a high level of interest in investment and acquisition plans have contributed to the high placement of Vamos. He also succeeds an iconic NZ Chief Executive, Xero founder Rod Drury.

04/ Female CEOs make up only 7% of the top CEOs in ANZ

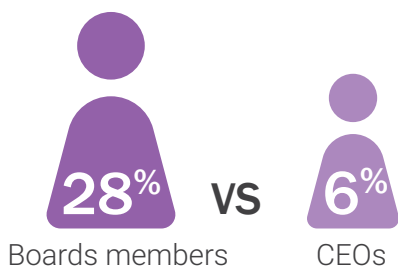
ACCORDING TO THE WORKPLACE GENDER EQUALITY AGENCY DATA, WOMEN HOLD 16.5% OF CEO ROLES IN AUSTRALIA, HOWEVER OUR ANALYSIS REVEALED THIS TO BE SIGNIFICANTLY LOWER, AT JUST 6%. NEW ZEALAND FARED SLIGHTLY BETTER WITH 10%.

This demonstrates that while there has been encouraging progress among our most high-profile companies in terms of the gender pay gap and women in leadership, female CEOs are still rare. Rather than a "glass ceiling", the research seems to point to multiple layers and checkpoints. Increasing the proportion of women at this level in corporate Australia is a profound and ongoing challenge, which requires a variety of political, social, cultural and economic shifts.

In addition, the eleven women who featured in our top 150 had a relatively low share of voice in media coverage about their organisation and were less prominent on social media channels such as LinkedIn and Twitter.

Despite the low proportions of women on Boards and as CEOs, there are a significant number of strong female leaders and role models, and something of a groundswell in initiatives aimed at encouraging and nurturing female talent and future leaders. Ann Sherry (CEO of Carnival Australia) and Raelene Castle (the first chief executive of Rugby Australia) are just two examples of high-profile CEOs who regularly dedicate their time to supporting other women in navigating the challenges and opportunities in leadership.





Female representation on Boards is much greater than in the role of CEO – 28% vs 6%. Are women perceived to be better contributors as part of a Board than as an individual CEO? Or has more media focus and more detailed measurement of Board diversity helped to drive faster progress?

The media plays a pivotal role in terms of the momentum behind the issue of women in leadership, with social media in particular providing a collaborative environment for female leadership to be encouraged. Further to this, there are certainly many initiatives and programs designed to promote women in business. Of particular note are initiatives such as Mia Freedman's Lady Startup Activation Plan. This initiative has the objective to encourage 20,000 Australian women to start their own businesses by 2020.

On a similar note, the *Australian Financial Review's* 100 Women of Influence Awards serves an important role by highlighting and promoting female leaders from all sectors and has been recognised as having a significant impact on the careers of the women featured.

Women in leadership

The average tenure of Australian female CEOs is

4.6
years, compared with

8.7
years for Australian male CEOs analysed

In New Zealand, female tenure drops to 1.02 years, compared to males at 5 years

Nearly three-quarters

70%
of reporting companies in Australia have a male-only team of key management personnel³

Only

13 
companies on the NZX 50 have female directors

28.2%
of directors in the ASX 200 are women³

19%
on the NZX 50 are women⁴

Women comprised

50%
of new appointments to ASX 200 Boards in 2018³

05/ The majority of our CEOs are invisible on social media

The topic of CEOs on social media is a polarising one. To engage, or not to engage? On one hand, some say CEOs should focus on running the business to maximise shareholder returns. For this group, social media engagement poses too many risks in terms of disclosure and direct public interaction. On the other hand, social media activity is seen as essential for making our leaders more relatable, which helps earn trust and win customers. Our research of the top 150 companies shows that Australia and New Zealand's leading companies and CEOs have made a clear strategic choice not to engage.

The fact that our most high-profile CEOs are not active on social media adds to the image of this group being notoriously "hard to get to", elite and untouchable, and has the capacity to portray leaders as "out of touch". The large proportion of our top CEOs not actively engaging in social media are missing a huge opportunity to contribute to the communications strategy of their organisation, as well as the national dialogue about leadership.

Internationally, leaders such as US President Donald Trump and Tesla CEO Elon Musk offer a very stark comparison to the social media conservatism shown by Australian CEOs. Both have stumbled significantly on Twitter, yet continue to take risks in order to directly communicate with their followers and stakeholders. The way leaders such as Mike Cannon-Brookes from Atlassian use Twitter to prompt debate and action takes this form of communication from a stumble to an art form.



“ I am shocked that more executives don't have a social presence. How can you not? It is the way that people live today, it would be equally ludicrous to say, 'I don't have a mobile phone'. I just see it as a tool of life and if you are not participating in that, how can you possibly understand your customer base and the community.⁵ ”

ANZ CEO, SHAYNE ELLIOT

“ CEOs ON SOCIAL MEDIA ”

AUSTRALIA



76%

of CEOs from Australia's top companies are not on Twitter, while

69%

have no activity or followers on LinkedIn

26%

have no connections on LinkedIn

and only 5% are classified as “Influencers” on LinkedIn

NEW ZEALAND



44%

of CEOs from NZ's top companies have no public social presence ⁶



82%

are not active on Twitter, while



56%

have no activity on LinkedIn

Who is doing it well?



ANDY PENN
TELSTRA

LinkedIn Influencer with over 42,000 Twitter followers. Recognised for humanising the role of CEO.

Deloitte.

CINDY HOOK
DELOITTE

Very active with thought leadership on LinkedIn. Over 38,000 following her LinkedIn activity and 2,500 Twitter followers.



SHAYNE ELLIOTT
ANZ BANK

LinkedIn Influencer with over 36,500 following his activity. Recognised for his authentic and open style on social media platforms and talkback radio.



ALAN JOYCE
QANTAS

LinkedIn Influencer with over 166,248 people following his activity. Commended for his leadership on social issues such as marriage equality.



ROD DRURY
FOUNDER OF XERO

Rod has recently stepped out of the CEO role at Xero, but built a significant social following during his career with nearly 44,000 twitter followers.



ANDREW THORBURN
NAB

LinkedIn Influencer. Believes in delivering authenticity and building trust on social media.



CHRIS QUIN
FOODSTUFFS (NZ)

Chris Quin had the highest social presence across the Top 50 NZ companies, with nearly 4,000 LinkedIn followers and 3,500 Twitter followers.

06/ Methodology

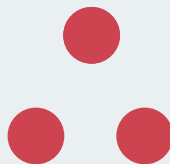
The Leadership Index methodology is designed to be a benchmark that can be used to compare leadership profiles over time. It provides insights into the way leadership is portrayed in news media. The methodology is designed to evolve over time as we add new data sources and introduce new research angles.

ISENTIA'S LEADERSHIP INDEX

As our primary goal for this report was to examine leadership from the most high-profile companies, the CEOs were filtered based on the volume of media coverage between July and September 2018. We recognise that many CEOs would not be included in this list due to the low media profile of their respective organisations.

The top 150 CEOs in the Leadership Index were then analysed and listed based on a range of weighted measures, selected to represent the three pillars of public perception, internal engagement and financial performance. The data points include the CEO's media presence (as a share of voice of their company's media presence), LinkedIn activity and connections, and company performance information such as year-on-year revenue growth and employee approval ratings from review sites such as Glassdoor. The final list for both the leading 25 CEOs for Australia and 10 for New Zealand respectively, was determined by their comparative performance across all three leadership pillars.

The weighting for each market was slightly different to allow for different market conditions and expectations.



THE TOP 150

The objective of the leadership research was to establish the leading CEOs from the region's most high-profile and successful businesses. The top 150 organisations were selected from the ASX50 and NZX 50 as well as the leading private businesses based on revenue, drawn from the 2018 IBIS World Top 500 Companies list published by the Australian Financial Review on 5 September 2018, and the Deloitte Top 200 data in New Zealand. It is important to note that it is not an exhaustive list of CEOs in ANZ. We acknowledge that many notable and high-profile leaders may not be included in this list due to the selection criteria of the companies.

Isentia then researched and collated relevant data for each CEO based on publicly available information. These attributes included industry sector, time in role, previous role, gender, age, media coverage of their organisation, as well as their own share of voice within their company's media profile. Isentia compiled data from external sources such as LinkedIn, Glassdoor, Owler and our own extensive media intelligence database. This data was collected and checked in the week ending 2 November.

07/ Looking ahead

Isentia's Leadership Index is an evolving piece of research which aims to explore the nature of leadership and the media's portrayal of leadership over time, using the best data available and innovative research techniques.

While this edition is focused on **"the impact of presence"**, our next report will focus on **"the disruptors and innovators"**. Specifically, we want to explore the way leaders from disruptor organisations are portrayed in media coverage, compared to our top 25 CEOs and other leaders. How does this differ from the ASX50 leaders or our political leaders? Are there different media rules at play for disruptors and do we value different things from entrepreneurs and start-ups?

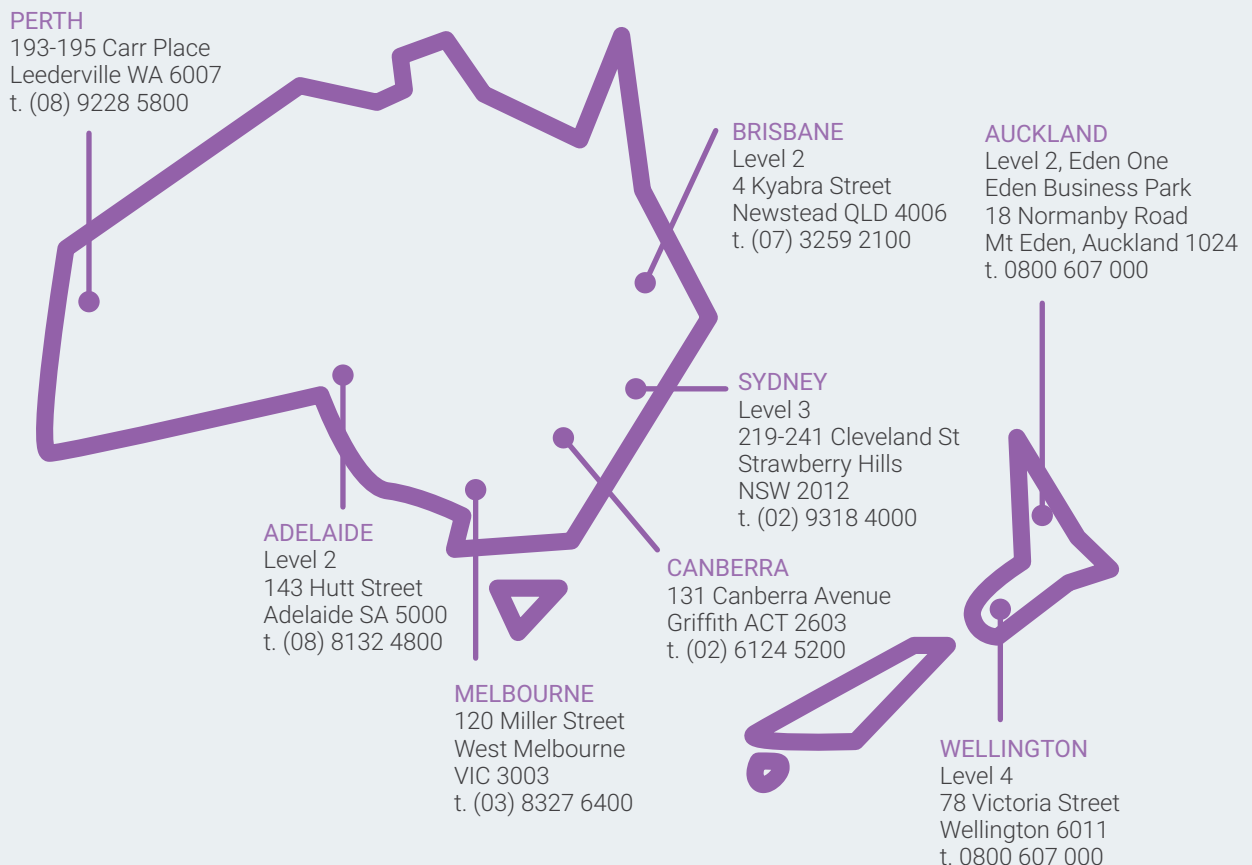
The Index is designed to be timely, reflecting the conversations of the time. We want you to contribute to this discussion and explore topics of interest, please visit:

www.isentia.com/leadership-ed1





ISENTIA OFFICES



ABOUT OUR INSIGHTS SERVICE

It's difficult to see the bigger picture when you're stuck in the detail.

Our award-winning, experienced and talented teams combine technology, data and tested methodologies to deliver meaningful results that cut through the noise.

Working directly with you, our experts seek to understand what you're trying to achieve, what success looks like and how best to uncover insights that help you to:

- Demonstrate your effectiveness with the confidence that independent, expert media analysis consulting provides.
- Refine your communications strategy.
- Establish benchmarks and track improvements and trends over time.
- Formulate the right key performance indicators for your business.
- Understand your market landscape.
- Highlight opportunities or potential risks for your business when considering new territories, rebranding, launches or changes in strategy.
- Manage your response to breaking issues.
- Report to your stakeholders accurately and quickly to gain strategic advantage and help contain or control the story.