



Green shoots of change in the Boardroom:
Review (2024)

Members of the 30%+ Club Australia Education Working Group

Juliet Bourke (Chair)
Joanne Butterworth-Gray
Deborah Daly
Cheryl Hayman
Christine Holman
Genevieve Overell
Tony Johnson
Helen Rowell
Paul Zahra

Deloitte Australia

Tom Imbesi (Chair)
Tharani Jegatheeswaran
David Rodgers
Rebecca Donelly

In an increasingly complex environment post the global pandemic, boards are facing into new and interconnected landscapes.

There is the suite of digital trends, including AI, robotics and cyber security, more exacting customer expectations enabled by new digital fluencies, workforce transformations underpinned by hybrid ways of working, and the demand for reskilling and greater regulatory scrutiny. And all of this in the context of trade wars, climate activism, economic pressure and increasing geopolitical tensions.

This new reality prompted the 30%+ Club Australia and Deloitte Australia to investigate whether boards are future fit to manage risks and seize opportunities. Having interviewed board members, executive search firms and investors, we challenged boards to consider complementing the traditional skillsets of governance, law and finance through the additional appointment of directors with diverse professional expertise in digital, marketing/customer and human capital.

Our report, *Bold Moves in the Boardroom: Skills and capabilities fit for the future*, was published in February 2022. Received positively by the director community, we wanted to know whether words were translating to action. In particular, as at late 2023/early 2024, has the profile of board appointments started to broaden? If so, what is that experience like in practice, and what impact is it having on board performance? More than just capturing current experiences, and knowing that growth needs nurturing, we wanted to provide “the green shoots of change” with some sunlight and to inspire other boards to act.

To that end, we interviewed five recent non-executive director appointees and their chairs. The directors were appointed from digital, marketing/customer, and human capital backgrounds, and appointed after February 2022 (ie the date of the *Bold Moves* publication). Aptly titled “Green shoots of change”, these five in-depth case studies bring to life the imperative for board skill diversity, the important role played by the chair in championing change, and highlights boards that are making early moves.

This review draws together the threads of this three-year journey from *Bold Moves in the Boardroom* to this year’s Green Shoots of Change series by:

- 1. recapping the key findings from the Bold Moves in the Boardroom report:** providing a snapshot of the insights and recommendations from the 2022 foundational study
- 2. profiling the five compelling case studies:** telling the stories of Ai-Media Technologies, Newcastle Greater Mutual Group, Cuscal Limited, Heart of the Nation and Lifestyle Communities through the voices of chairs and non-executive directors
- 3. identifying insights and implications for Australian boards:** outlining the key themes and lessons to emerge from the cases studies, both expected and unexpected.

In sum, *Bold Moves in the Boardroom* got it right: there is an emerging conversation about revisiting board composition to ensure that boards are future fit. What the Green Shoots of Change series now identifies is four new insights:

- 1. Innovation at the fringes:** innovation is occurring, but it is largely at the fringe of the board community, rather than the centre. The boards of some of Australia’s larger companies seem slower to respond to the concept of appointing directors from non-traditional backgrounds.
- 2. Appointments driven by an immediate strategic imperative:** the appointment and assimilation of the new non-traditional NEDs reflected an immediate strategic organisational imperative, and recognition of the path forward.
- 3. Accelerative potential:** diversity of thinking, aligned to a strategic imperative and a supportive chair, operate as a potent combination to accelerate organisational success. These boards now see themselves as being better equipped to respond to risks and maximise opportunities, potentially leapfrogging their competition.
- 4. The gender diversity dividend:** the appointment of directors from non-traditional backgrounds such as marketing/customer and human capital carries the likely additional benefit of bringing gender diversity to the board table.

Setting the scene: Recapping the key findings from the Bold Moves in the Boardroom report

For the Bold Moves in the Boardroom report, 30%+ Club Australia and Deloitte Australia interviewed 31 leading members of the board community, along with representatives from investors and search firms, to capture their observations and insights as to the capabilities required by the boards of the future. The report observed that board directors are predominantly still drawn from a relatively narrow set of backgrounds, such as ex-CEOs and CFOs, with less than 8% (as at 2021) previously holding roles such as Chief Information Officer, Chief Marketing Officer or Chief People Officer.

Moreover, this profile carries a hidden diversity implication as the disciplines of marketing/customer and human capital are female dominated, whereas ex-CEOs and ex-CFOs are more likely to be men. In other words, opening up the skill-base of boards to enable greater diversity of thinking might also assist with boards' gender diversity aspirations.

To address these findings, Bold Moves in the Boardroom made the following six recommendations for action:

1. Open a discussion at the board table to scope the future context and the implications for board composition in terms of skillset
2. Invite an independent review of existing capabilities, skills and traits to ensure future fitness
3. Broaden the brief and search in new fields for missing capabilities and skills
4. Audit nomination processes and outcomes with a view to future fitness
5. Tell the story of actions taken and those planned, to ensure future fitness
6. As chairs, be bold and push for greater diversity of thinking, and provide support to diverse director appointments

Nourishing the green shoots: Profiling the five compelling case studies

The 30%+ Club Australia and Deloitte Australia identified five case studies which exemplified the recent appointment of non-executive directors (ie between February 2022 and November 2023) with executive backgrounds in customer/marketing, digital or human capital. While all possessed strong commercial and governance acumen, a fundamental for any board member, these five women were each appointed for the

specialist knowledge and experience that they brought to the board table.

The new appointees, together with their board chair, shared their perspectives on why they were appointed, their skills and attributes, any integration challenges they may have experienced and their reflections.

Case study 1: Ai-Media – Bringing the voice of the customer to the board table

The interviewees:



Chair
Deanne Weir



Non-Executive director
Cheryl Hayman

The organisation: Ai-Media is a public company on the ASX providing artificial intelligence-powered captioning solutions and driven by a mission to give everyone access to content, communications and information.

The strategic imperative: After a successful IPO and the retirement of a board director, Chair Deanne Weir asked herself what skills would complement the existing director group, what attributes would help freshen the board's thinking and, in particular, whether the board had a deep enough understanding of their consumers and marketing. Weir saw the acquisition of Cheryl Hayman's marketing expertise, and her challenger mindset, as vital to Ai-Media's growth. She offers, "We have to understand our customers and what they're going through in this changing world. Unless we know what they're doing and want, and how we're all actually interacting with them as a team, then I don't think we're going to get anywhere". Hayman saw Weir's vision for Ai-Media and how she could clearly add value, commenting "Our business is built around servicing customers, whether that's end customers or broadcast media and other clients. So, having a really strong outside-in lens, which comes from being a marketer, makes me a really good fit for the board."

Appointed in March 2022, Weir says that Hayman's impact is already evident, with Ai-Media reaching new heights of customer satisfaction.

Words of wisdom: Hayman makes "a plug for my brethren" encouraging chairs and recruitment search firms to give more consideration to consumer-orientated functions such as sales and marketing when selecting directors. "They don't necessarily have a super, easily understood specialisation like an accountant that you can readily get your head around. But they certainly bring a broad lens across an entire business, having worked to bring any new product from ideas and insights to commercialisation, driving the entire new development to its market implementation, always with the customer in mind."

Case study 2: Newcastle Greater Mutual Group – Banking on a human capital skillset for board success

The interviewees:



Chair
Wayne Russell



Non-Executive director
Sam Martin-Williams

The organisation: Headquartered in regional NSW, NGM Group is a mutual which offers retail banking services to more than half a million Australians under the brands Greater Bank and Newcastle Permanent.

The strategic imperative: NGM was formed in March 2023 following a member-endorsed merger between two of Australia’s leading customer-owned banks, Greater Bank and Newcastle Permanent, to create NGM Group, Australia’s largest customer-owned bank based on net assets. Knowing that most mergers fail to reach their optimal potential and often for reasons related to culture, Chair Wayne Russell says that “the board realised right from the start that human capital was so important in bringing together two large and successful organisations with a large number of employees – to bring them together and to form that new culture that we wanted”. Sam Martin-Williams, with her background in human capital and having been a board member of Newcastle Permanent, was the obvious choice.

Martin-Williams says that the benefits of a human capital perspective on the NGM Group board helped to realise the value of the merger, including by sending a visible message to a customer-owned business that people are a priority. She says, “We’ve been able to mobilise our people with a vision, value and purpose that is lived. They can see representation on the board. That’s been a really positive lesson.”

Words of wisdom: “When you look at any company, it’s all about managing risks, managing systems, managing controls. These don’t just happen automatically – they’re all managed by people,” says Russell. “So, it all comes back to human capital. And if you get that wrong, then your whole system will be undermined and it could fall apart.” Not surprisingly, Martin-Williams agrees, but she says human capital has a branding issue, with too many executive teams and directors seeing the function as “a lot of soft stuff and a bit of admin”. Martin-Williams says that view is old-fashioned and at odds with the reality that many human capital executives have been involved in mergers, acquisitions and divestments, as well as complex workforce strategies, remuneration and compliance.

Case study 3: Cuscal Limited – In a digital world, deep tech skills at the board table are a must have

The interviewees:



Chair
Elizabeth Proust AO



Non-Executive director
Claudine Ogilvie

The organisation: Cuscal is the largest independent provider of digital payment solutions to the Australian financial services sector.

The strategic imperative: Given that Cuscal's core business is digital payments and it now finds itself competing with the major banks for business in an increasingly data-driven financial services ecosystem, Chair Elizabeth Proust AO says she knew that Cuscal's board would have to inject additional specialist digital skills into its ranks to deepen board members' existing digital fluency. "It became very clear that what we needed was somebody with technology, data and AI experience," says Proust. More than just bolstering digital fluency, non-executive director Claudine Ogilvie says that she also brings "nuance" to digital discussions and decision-making in a way that a generalist director cannot, enabling Cuscal to reach more credible answers on its future digital strategies. Not only does she ask questions of management with more depth, but Ogilvie says she can interrogate the answers. "My core expertise is in digital, data, strategy and innovation, and that's really important to Cuscal," says Ogilvie. "It's at the core of its value proposition in payments, in data, and it's something that Cuscal feels is really important to its future."

Appointed in February 2023, Proust AO says she can see how Ogilvie has already changed the quality of the board conversations and, ultimately, board decisions. "(The value's) now demonstrated by the questions Claudine asks at board meetings, by the work she does between meetings, and how she helps to bring people along if they don't understand," Proust says. The result is that, with the combination of board skills that Cuscal possesses, "we're pretty confident when we get to the end of a particular topic that we've nailed the decision".

Words of wisdom: Proust recounts the challenges she had finding Ogilvie because the initial executive search firm insisted on serving up generalists rather than a digital specialist for whom the board explicitly asked. Proust was certain she could find the right person and engaged a second executive search firm who ultimately delivered a full plate of potential candidates, including Ogilvie. Proust proffers, "Recruitment firms need to understand the brief they're given, the discussions they have with people, and then go and find these people. They're sometimes more difficult to find than generalists, but they're there."

Case study 4: Heart of the Nation – From the heart, why modern boards need a passionate customer perspective.

The interviewees:



Chair
Greg Page



Non-Executive director
Maria Scott

The organisation: Heart of the Nation is a not-for-profit organisation with a focus on creating universal access to automated external defibrillators (AEDs) to increase the survival rate of sudden cardiac arrest patients.

The strategic imperative: Former Yellow Wiggle Greg Page, the chair and founder of Heart of the Nation, recognised that the not-for-profit's ability to reach more of the community – both as users of AEDs and as financial benefactors – was being limited by its dependence on his star power. For growth to occur, Page knew it was critical to take a more professional approach to marketing by appointing a non-executive director with marketing/customer expertise and a personal passion for Heart of the Nation's mission. "The thing with any charity is that you need to be present in people's minds in the community," Page says. "We're blessed in one sense that I have a profile and it's relatively easy for me to open doors, but we still need to connect with the community. We need to get our message across."

In March 2023, Heart of the Nation appointed marketing specialist Maria Scott to the board. While some count impact in terms of growth and revenue, for Scott it's all about the saving of one more life through the use of a Heart of the Nation's AED, and her face lit up as she recounted that another life had been saved on the day of the interview.

Words of wisdom: "At the end of the day, it doesn't matter what board you represent, there is always going to be an end user of a product that you have. And customer experience has got to be at the forefront and the board needs to recognise that," says Scott. Page agrees with the need to put customers front and centre in board conversations because, he says, "without that ability to connect with the community, we can't fulfil our role".

Case study 5: Lifestyle Communities – How pairing a digital lens with a customer focus creates a visionary board

The interviewees:



Chair
Philippa Kelly



Non-Executive director
Claire Hatton

The organisation: Lifestyle Communities is an ASX 200 company which builds retirement communities with affordable, beautifully designed and low-maintenance homes for down-sizers.

The strategic imperative: Post-COVID-19, Chair Philippa Kelly observed that traditional sales campaigns were losing their effectiveness as customers became more digitally savvy. With a clear ambition to leverage technology, streamline operations and connect in new digital ways with potential home buyers, appointing a new non-executive director with digital marketing and customer experience was a key priority. Enter stage right Claire Hatton, a customer/digital transformation specialist. Kelly credits Hatton's appointment in May 2022 as being instrumental to Lifestyle Communities transitioning from "a project and activities-based sales and marketing approach, to one that is focused on digital inquiry and using technology to understand customers and their experience".

How has Hatton done that? Kelly says, "A delightful part at the end of this whole exercise has been just observing how bringing Claire in with the specific skills she's got has elevated the whole conversation across the board table and also lifted everybody's else's knowledge about that aspect of the business. I think we've got a much better conversation happening around the table, which is more dynamic for the business."

Words of wisdom: On the question of whether boards are optimally served by a group of generalist directors or specialist directors, or a mix of both, Kelly argues that it is an old-fashioned polemic, and one which fails to recognise that every board director has a degree of specialisation. Kelly thus positions Hatton's appointment in this way, "We've got property experts on the board, we've got financial experts. Why wouldn't we have a customer marketing and digital transformation person as well?"

So what? Identifying new insights and implications for Australian boards

Standing back from the words of wisdom expressed in each of the individual case studies, four new insights and implications become apparent:

1. Innovation at the fringes

During the research discovery phase, the 30%+ Club Australia and Deloitte had only two criteria for case study selection: (i) that the non-executive director was appointed after February 2022 (the date of publication of the Bold Moves in the Boardroom report); and (ii) that they were a deep specialist in marketing/customer; digital; or human capital as indicated by a previous senior executive role as Chief Marketing/Customer Officer, Chief Information Officer or Chief People Officer. No limitations were applied in relation to the type of organisation profiled, and indeed the ambition was to cover a full spectrum of the board community, from the top of the ASX to private companies and not-for profits. The process of identifying potential case studies included conversations with executive search firms, as well as a review of media releases about recent appointments and the mining of board member networks.

Notwithstanding this open approach and breadth of inquiry, only one case study was identified in relation to the ASX 200 (Lifestyle Communities), with the remaining case studies scattered across an ASX listed company (AI-Media), an unlisted public company (Cuscal), a mutual (NGM) and a not-for-profit (Heart of the Nation). This suggests that while innovation around boardroom composition is occurring, it seems to be at the fringes of the board community, rather than the centre. One implication of this is that these green shoots of change may be hidden from the boards of larger and more mainstream companies. A second implication is that (notwithstanding the exemplar of Telstra published in the Bold Moves in the Boardroom report), the boards of larger companies are slower to respond to their dynamic and complex environment by embracing the introduction of directors from non-traditional backgrounds.

2. Appointments driven by an immediate strategic imperative

Each of the chairs interviewed spoke to an immediate strategic imperative that galvanised their efforts to appoint a non-executive director with specific skills in digital, marketing/customer or human capital. Such was the strength and acceptance of this imperative that none of the chairs or board members identified integration challenges; rather, fellow board members were spoken about as welcoming, open and supportive. Indeed, both Cuscal and Lifestyle Communities explicitly spoke about the appointments of Claudine Ogilvie and Claire Hatton, respectively, as helping to lift the capabilities of other board members, demonstrating a learning mindset.

This insight aligns with that posited in the Bold Moves in the Boardroom report, namely that the changing external environment is creating an imperative for boards to reflect on whether they are future fit and to rethink the complement of skills sitting around the board table. It also aligns with the positive reception to that report from the mainstream and extended board community.

Which begs the question: why are boards of larger companies seemingly slower to embrace the opportunity of appointing non-executive directors from digital, marketing/customer and human capital backgrounds?

This review can't answer that question directly, but the five case studies suggest that there are potent lessons that can be taken from these innovation sandpits, including how the development and governance of a board's strategy is influenced by board composition.

3. Accelerative potential

The case studies profiled appointments made between March 2022 and March 2023, with the interviews conducted in September to November 2023. Notwithstanding, the relatively short timeframe to create impact, each of the chairs spoke about the accelerative potential of diversity of thinking in their boardrooms. In particular, they spoke to an immediate positive impact on conversations with fellow directors and management, as well as enhanced strategic thinking and decision-making.

Indeed, their now demonstrable ability to adapt and think outside the square in terms of searching for a non-traditional appointment (including, in one case, parting ways with an executive search firm that was insistent on making a generalist appointment), seems to have invested these exemplar boards with new energy and momentum, in addition to expanded specialist expertise. According to the interviewees, the immediate returns on their bold moves in the boardroom point to their ability to leapfrog their competition, and realise their ambitions more quickly.

Final words

To borrow from the words of acclaimed science-fiction writer William Gibson, the five green shoots of change profiled in this review, demonstrate that the future profile of boards is already here – it is just not evenly distributed. This review serves to nourish these green shoots by giving them some time in the sun, and hopefully to inspire other boards to make similar bold and strategic moves.

Tom Imbesi, Chair of Deloitte Australia and sponsor of the Review comments, “In today’s dynamic business landscape, diverse expertise, experience and skills in the boardroom have moved beyond being an option, they’re an imperative for sustained success. These case studies exemplify how integrating diverse skills, such as HR, customer/marketing and digital, into their board serves as a compelling example of how this approach can drive excellence and resilience.”

Dr Juliet Bourke, Chair of the 30%+ Club Australia Education Working Group, offers these final words,

*SEC Investor Advisory Committee (2023) Draft recommendation regarding Human Management Disclosure 21 September 2023. <https://www.sec.gov/files/20230914-draft-recommendation-regarding-hcm.pdf>

The 30%+ Club Australia and Deloitte Australia would like to thank the 10 interviewees who took part in the case studies for this review. In sharing their stories and experiences, they are contributing to the evolution of boards and accelerating the momentum for greater diversity and organisational success.

For more insights on boards of the future, click [here](#) to read the Bold Moves in the Boardroom report.

4. The gender diversity dividend

While each of the five case studies profiled directors with deep expertise in their fields of digital, marketing/customer and human capital, they also showcased a suite of very talented women. That is not surprising, both in the sense that Australia has deep wells of female director talent, but also that disciplines such as marketing/customer and human capital are female dominated.

A focus on board skill diversity is thus likely to also deliver a gender diversity dividend, and much more easily. This added benefit appeared to be something the boards profiled in this review were mindful of, although not as their primary objective but as a value-add. In other words, at a time of constant scrutiny around gender diversity on boards, a focus on future fitness through the lens of board skill diversity has the potential to also deliver sustainable gender balance by widening the pool of talent to include many more female directors.

saying “Changing the status quo requires energy and persistence. It also requires impetus and inspiration. We have been inspired by those chairs who have shown us that positive change is already happening. We were pleased to find that there were more green shoots of change we could have profiled in this series in relation to new directors appointed from digital and customer/marketing backgrounds.

So we were disappointed that there were far fewer appointments of directors from human capital backgrounds even though the talent pool is full. When I look at global trends, such as recommendations to the SEC for increased human capital disclosures*, it’s clear that these five case studies are getting ahead of the pack. I hope this review will help to turn the tide so that having a board with specialist skills of human capital, digital and marketing/customer, alongside their peers from finance, law and accounting, will soon be simply ‘business as usual’.”



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