

DYNAMIC BUSINESS



Exclusive Report: Deloitte TOP 200 Awards

Company of the Year:

Air New Zealand

D 15



Inside: Game Changers:

CEOs talk about the Power of Ideas; Disruption and Diversity: What it means for their companies and New Zealand

Executive of the Year:

Simon Challies, Ryman Healthcare

D 16



Taking the Plunge

The key to business success

This year marks the 25th year of the Deloitte Top 200 – a time to celebrate the stand-out performers from the past financial year – but also to remember the vanguard companies and business leaders who have helped shape the New Zealand economy over the past quarter of a century.

It's also a time to look at the major trends which stand to influence the direction business takes in the coming years – as the *Herald's* Business Reports team talks to chief executives riding major disruption in their sectors like Spark CEO Simon Moutter, Air New Zealand's Christopher Luxon and ASB's Barbara Chapman.

And it's a time to be challenged by prominent business leaders – like Westpac acting chief executive David McLean – to come up with fresh ideas to leverage New Zealand's strong international competitiveness.

For the second time, Air New Zealand has taken out Company of the Year, as our national carrier set a new high-water mark for profit and won over the judges with the impressive strategic direction outlined for the business.

It was double honours for Air New Zealand with Tony Carter being singled out as Chairperson of the Year – a mark of his stewardship, not just at the airline but also at Fisher and Paykel Healthcare.

Ryman Healthcare's Simon Challies scooped the prized Executive of the Year award, lauded as a "master of detail" who had "devoted himself to his company for a long, long time with great results".

This year also sees the advent of the inaugural Diversity Leader award which was given to BNZ. The Government sponsorship for this award was made possible by the Prime Minister's Office. The award was presented by Deputy Prime Minister Bill



English at a black tie event at Auckland's Vector Arena last night.

The Deloitte Top 200 list gives a keen insight into the domestic business landscape, illustrating how our best and biggest companies are performing in what has been another strong year for the New Zealand economy. Our Top 200 outpaced national growth, improving revenue cumulatively by 6.6 per cent. The real story however was profit margins, which grew by an enormous 64.4 per cent – as total profit across the Top 200 improved from \$4.8 billion to \$7.9 billion year on year.

Heading the list once again is Fonterra – still far and away New Zealand's largest company – turning in another strong year despite international hiccups and a variable market for milk. Ebos Group was a stand-out performer, rising from 21st to 4th in the list after more than doubling revenue following their acquisition of Australian pharmaceuticals giant Symbion.

Seventeen new companies made an appearance on the list this year, with a healthy mix of debutants, mergers and acquisitions, as well as the return of businesses off the back of markedly improved performances.

It was a relatively pedestrian year for our finance companies, who improved overall revenues by 3.7 per cent.

There was a healthy increase in profit after tax, up 24 per cent – but none of the top four banks – ANZ, Westpac, BNZ and ASB – emerged as a stand-out.

For the first time this year, Maori businesses have been featured as a part of the Top 200. Though only one qualified for the main list, running the special section on Maori companies reflects the significant and growing part of our economy they comprise, and it is an encouraging step forward to see them taking their seat at the Top 200 table.

Risk Appetite: Eagle Technology chief executive Gary Langford's company sponsors the Young Executive of the Year Award.

Picture / Jason Oxenham



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Inside

Section One: The Power of Ideas

- 5 Leading CEOs put ideas into action
- 6 It all has to start somewhere

Section Two: Disruption

- 7 Alexander Speirs on the big picture
- 8 Microsoft back on track post-iPhone
- 9 Simon Moutter of Spark and Christopher Luxon of Air New Zealand
- 11 Intense competition puts pressure on telecommunications companies

Section Three: Exclusive Report

- 12 Thomas Pippas: Twenty-five years of the Top 200
- 13 Standout performers from past Top 200s

Company of the Year

- 15 Winner: Air New Zealand

Executive of the Year

- 16 Winner: Simon Challies of Ryman Healthcare

Chairperson of the Year

- 18 Winner: Tony Carter from Air NZ and Fisher & Paykel Healthcare

Young Executive of the Year

- 19 Winner: Michael Lewis of New Zealand Post

Excellence in Governance

- 20 Winner: Fletcher Building

Visionary Leader

- 21 Winner: Bruce Plested of Mainfreight

Most Improved Performance and Best Growth Strategy

- 22 Winners: Tourism Holdings (Most Improved Performance) and Delegat Group (Best Growth Strategy)

Section Four: Diversity

- 23 Diversity Award winner: BNZ
- 25 The hidden advantages of diversity
- 26 Diversity is woven through Xero's core values; Diversity of leaders is imperative
- 27 ASB Bank CEO Barbara Chapman on being awarded the Rainbow Tick; The rise of the ageing workforce
- 28 Managing the many faces of Auckland Council; Westpac looks at the future workforce
- 29 Tracey Cross of Phillips Fox on equality in business leadership
- 30 The benefits of LGBTTI and religious inclusiveness
- 31 Our community's changing face



Section Five: Top 200 tables

- 32 Top 200 winners
- 33 This year's figures show our continued problem with tax loopholes; A seat for Maori at the Top 200 table
- 34 Top 200 results tables
- 42 Top four banks hold their places
- 43 Top 200 criteria

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The Power of Ideas

Back in the habit of winning

In his own words ...

Before Spark NZ chief executive Simon Moutter was officially named to the top job at what was then Telecom, he saw a business in dire straits that needed to make a fundamental shift to survive. Moutter went into the final interviews for the top job with a transformative plan and a timeline for getting it done.

The *Herald* talked to Moutter about how he's navigating Spark through a period of unprecedented disruption in the telecommunications industry and the company's transformation to a digital services company.

When you first took over as Chief Executive at Telecom, what state did you find the business in?

Mobile growth and market growth was very strong, so the company was prospering off the back of that. At the same time though, the rise of the competitive position of OEM's (original equipment manufacturers or device makers), the over the top operators – Google, Facebook and the like – combined with the regulatory impulse really started to hit the company from 2004 onwards.

The industry structure was also changing. We saw the combination of our two biggest competitors – Vodafone and Telstra Clear, plus the arrival of 2 Degrees as a third entrant into the mobile market – and that altered the competitive landscape. Grimly put, we were on a ten-year losing streak from 2004 to 2014 and we're still trying to pull ourselves out of that. It's a challenge anyway you look at it and I often use a sporting analogy – if you get a team on a losing streak, the first job before you can even begin to think about winning the league, is to



get back into the habit of winning.

What steps did you take to try and re-establish the habit of winning within the business?

We had tried small changes, but when you have massive inertia, you have to apply a lot for to it to change its direction. The conclusion we came to was that we have to stop dabbling and make several very significant and far-reaching moves – taking on quite a bit of risk in the process. That's what led to the idea to move from a fixed mobile infrastructure company to a digital services company.

That led to a series of decisions around what exactly is a digital services retailer, what are the dynamics of the business and how do we deliver it. From there, we undertook a series of moves from office simplifications through to a change in brand to adopt a name that would work with an

unknown set of digital services in the future as opposed to our telco past.

Why do you think it was necessary to rebrand from what was an iconic New Zealand brand in Telecom to something completely unknown like Spark?

The rebrand was the most visible sign to our customers that we were making a new stand to be a different business from what Telecom was and I signalled that as part of my plan when I was interviewing for the role. The name Telecom means telephone to most people – particularly younger people – and telephones are increasingly becoming a less significant element of our business. We needed a name that can roll with the future of digital services – Cloud applications, television, media, data services. While you might have an opinion on whether Spark was the best one we could have

chosen, what we did need to do was move on from Telecom because that name represented our past and not our future.

Is there a precedent for such a large telecommunications company to successfully make such a fundamental shift?

Probably the best example not too far away is Telstra. They achieved a big change from what I understand, mostly off the back of Vodafone's really complete collapse in Australia. They had enormous network problems a few years ago which drove most of their customer base away, so Telstra invested extremely heavily in mobile capability and established massive market leadership on that front.

You've been in the job over two years now, how has the transition gone compared with the blueprint you set out before you even took the job?

It's been tough, but we've accomplished it sooner than I expected. We're either on or ahead of the plan I set out. The one piece that have proved to be more difficult to move has been Spark Digital – what was previously Gen-I.I underestimated the degree of the challenge there and that's been driven by the revolution of cloud computing – which I knew of, but I didn't really understand.

Cloud computing really took off when I was working at Auckland Airport and I had been a part of Gen-I prior to that, I understood the business well and the position we had it in. But the big correction occurring, which is a fundamental change in the way a business buys IT services in the next 20 years or so, meant we had to make a bigger adjustment there.

● Our realisation that we needed to make the transformative shift from infrastructure based Telco to competitive digital services company has been the Big Idea that has underpinned the last two years of change. The world around us is changing rapidly, with much of that change driven by communications technology – we call it the data and mobility revolution.

● It has motivated us to do a complete strategic reset of the business, and completely re-architect where we allocate resources and investment and what types of business we are in.

● It's driven our decision to invest in more 700MHz spectrum than anyone else, because we understand the importance of 4G mobile to NZ's future. It's driven our decision to set up Spark Ventures to focus on growth opportunities and build a portfolio of new businesses.

● It's led to the decision to change our brand from Telecom to Spark, to better represent our future not our past. It's reoriented our business to put customers, rather than the copper wire, at the heart of what we do.

● It's motivated our ambition to help customers unleash their potential, and help them do great things for NZ

● It has motivated us to do a strategic reset of the business, and completely re-architect where we allocate resources and investment and what types of business we are in.

● It's driven massive change in terms of getting more cost-competitiveness, refocusing on the NZ market and exiting Australia, and investing in things like Cloud and data centres.

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The Power of Ideas

Westpac acting CEO David McLean says his experience working as managing director of the bank's New York branch gave him a unique insight into New Zealand's international competitiveness.

"Some of the first things you notice when you go and work offshore are the gains we made when we restructured our economy. When you deal with government agencies in the US, it feels like you have gone through a time warp.

"Their practices are an inefficient drag on the American economy. It is something that we just don't have. We need to be proud of what we achieved. We need to recognise the advantage it gives us and stiffen our resolve not to let the old ways of working creep back in," he says.

The irony of talking this way about the US isn't lost on McLean.

"When I first went to America I had this idea that it was the land of the free and the brave. Listening to the way they talk you'd think it was all about laissez-faire economics. However it just isn't like that."

He says in the US he ran up against layers and layers of government, regulations and bureaucracies. "It's like a hardening of the arteries. Much of it is structural and stems from America's dysfunctional political system. Often all those strange regulations are the result of political trade offs that don't make sense when taken in isolation."

McLean says American politics has structural issues. Short political cycles mean they are almost never not campaigning. They have gerrymandered electorates, which means politicians on both sides tend to pander to the more extreme elements. That leads to polarisation and political deadlock.

This is something we don't think to use to our advantage. Often we think governments and countries

We don't know how competitive we are

Westpac's David McLean tells **Bill Bennett** we need fresh ideas



need to make tax concessions or pay subsidies to attract overseas business and investment. McLean thinks we could get more traction if we learnt how to sell the business advantages of our political and economic structure.

Another insight he got from working in the US was being able to look at New Zealand culture from outside. He says there's been a noticeable change since the days of rough, hardy farmers making do with few resources. That number eight fence

wire way of thinking was a strength in its day, but now it's gone.

The good news is that something just as useful has stepped into the space. New Zealand's new national strength is diversity. McLean says it is something we've become good at:

"Auckland is one of the world's most diverse cities. There's also a trend here of women working and getting into positions of responsibility."

The All Blacks are a metaphor for this. McLean says a generation or so ago the team was largely made up of farmers or people who came from the meatworks. Now the team is made up of people from a range of backgrounds, it actually looks like New Zealand's diversity.

Since they first arrived, the people who emigrated here from non-traditional sources have had children and grandchildren. Many of the next generation have been well educated here – taking the opportunities the immigrants came looking for.

Now they are going into business and into the commercial world. McLean says they are bringing their fresh ideas and diverse perspectives with them and that's a real strength for our economy.

McLean says New Zealand needs to set objective, aspirational targets for international trade and worry less about what our neighbours are doing. "We need to concentrate on our strengths. At the same time, we need to benchmark our performance."

That's where we do need to start worrying about what others are up to. He says to benchmark properly we need to compare ourselves with the nation that is most like us, that means the Australians.

"We have some real strengths when compared to Australia. Lower tax rates, less red tape – New Zealand is the second best place in the world to start a business."

McLean doesn't want the Government to subsidise businesses to invest in New Zealand. He says that model is counterproductive and works against our advantages.


On the other hand, he thinks there are worthwhile things our Government can do. That mainly comes down to selling those advantages.

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Disruption

The power of disruption

The don't fix what isn't broke attitude has been the downfall of many once-dominant firms, writes **Alexander Speirs**

Some of the most important inventions in history – disruptions that revolutionised industries, created new ones entirely and changed how we see the world – were laughed out of the room.

When Alexander Graham Bell invented the telephone, he offered the patent for sale to Western Union – the dominant communications company of the day – who saw no use for his invention when the telegraph was already purported to be a vastly superior alternative.

That “don't fix what isn't broke” attitude has been the downfall of many once dominant firms. Kodak is a prime example, failing to recognise and subsequently capitalise on the disruptive potential of the digital camera despite having invented the core technology itself.

As advances in technology continue to shorten the product life cycle, sector-leading companies must now fight harder than ever to retain such status. It's an age where complete industries can be turned on their head by something as seemingly insignificant as a mobile application.

Look at the advent of Uber – the social ridesharing app just starting to gain traction in New Zealand. Already it has disrupted the market for taxi drivers internationally, cutting red tape and regulation in order to slash prices, and it looks set to replicate that success here.

Dr. Geoff Perry, Dean of AUT University's Business and Law faculties explains “disruption enables organisations and individuals with opportunity to create new ideas that challenge existing businesses and business models.

“Research indicates industries or business sectors that are ripe for disruption tend to be those which have complex business models, high legal or other barriers to entry, where trust has been lost and where there are many intermediaries between the consumer and obtaining the product or service.”

The contemporary effects of dis-

ruption are perhaps no better illustrated than the changes apparent in news media. Social media and – more broadly – the internet, have transformed the way we receive news.

The internet has enabled lower-cost journalism to capture mainstream attention. Traditional media outlets are diversifying their offerings and morphing into digital companies.

No better is that illustrated by the integration of APN (NZ), TRN and Grabone into NZME, in an effort to combine efficiencies and maximise the company's potential as an amalgamated digital media entity.

“NZME is uniquely positioned to deliver relevant and vertically integrated content. We can provide the innovation and solutions our advertisers need to connect with our audiences so they can better market their brands, products and services. This is another important step in our exciting journey,” says NZME chief executive Jane Hastings.

Elsewhere in the communications market, competition is savaging the margins on broadband and forcing companies to adapt and innovate to remain relevant.

Simon Moutter, chief executive at Spark explains “disruptive forces in our industry escalated with the rise and ubiquity of mobile and internet, particularly in the late 1990's. Serious disruption started when software apps started to substitute existing or legacy telecommunications products and services, for example Skype replacing voice calls.

“Our realisation that we needed to make the transformative shift from infrastructure based telco to competitive digital services company has been the big idea that has underpinned the last two years of change.”

In a time when smartphone penetration is at an all-time high and continuing to grow, it would be easy to assume mobile providers would be reaping the rewards on all fronts. Instead, the capabilities of smartphones are completely disrupting providers and how they monetise services.



The emergence of NZME means the company can provide innovation and solutions for clients, says CEO Jane Hastings.

One has to passionately believe it is possible to change the industry, to turn it on its head, to make sure that it will never be the same again.

Richard Branson

In-phone services and apps have mitigated the need for traditional telecommunications services as they increasingly become providers focused on mobile Internet. Vodafone's Craig Jones explained. “We are no longer in the business of selling minutes or messages but in the business of selling the quality of connection.”

Banking is also facing the real prospect of having to adapt to compete in a disrupted landscape, as everything from payments through to lending continues to evolve.

Earlier this year, the New Zealand Government approved and opened the door to social lending and crowd

funding. At the same time contactless payment technology and online systems such as PayPal are becoming increasingly prevalent.

ASB Bank CEO Barbara Chapman says: “Disruption in our sector is more accelerated than we've seen for a while. I don't think of it as anything other than exciting – it creates real opportunities to innovate and do things differently.

“It's important that as a bank, we don't just look at banks, we look at where disruption is going on in the sectors around us and how that might potentially impact on us.”

Perhaps the innovation with the most potential to disrupt the banking industry is virtual currency, the most prominent of which thus far has been the controversial bitcoin.

“There are some very smart people thinking about the protocols of an internet currency. That will be disruptive and it raises issues like is there going to be an NZD/bitcoin cross? Which bank will lead that? How do banks make sure they remain relevant in the face of this disruption?” asks Chapman.

Bank of America has already tipped the anonymous, decentralised currency to become a major means of payment for e-commerce and has talked up its potential to emerge as a serious competitor to traditional money transfer providers.

Air travel has undergone a number of step-changes in the past few decades, as low-cost carriers have undercut established airlines while the proliferation of online shopping has added new levels of price transparency. The risk now facing the industry, says Air New Zealand CEO Christopher Luxon, is that airline travel will become completely differentiable.

“The reality for us is that our industry could get commoditised – it's a price, a logo, a destination. The one thing we're going to have to own is the customer.

“We need to move to a more sophisticated retail model rather than an airline model. That means we own the customer journey, we own the relationship with the customer and we commercialise it that way.”

Charles Darwin said, “it is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is the most adaptable to change.”

Staying relevant in a world of change

ASB's **Barbara Chapman** is keeping an watchful eye on how the banking sector is being disrupted

I've come back from Silicon Valley going around the tech companies. I had the real privilege spending a bit of time with Meg Whitman who runs Hewlett-Packard.

Whitman describes this shift and disruption. She says it's a tectonic shift in the plate. I certainly see that and believe the disruption in our sector is more accelerated than we've seen for a while. There's lots of different payment engines. I learnt a lot about bitcoin.

There's a whole pile of people who think bitcoin is lunacy, but some smart people who are thinking about the protocols of an internet currency. It was eye-opening. I go quite a lot – but this time, more than other times, you can see some real traction in some of this disruption. I think we're ready for it. I think ASB is ready for it and New Zealand is ready for it. **Where specifically do you expect disruption to impact on banking?** Mainly around payments. There's a bit of disruption around lending; social lending, crowd-source lending

and stuff. The major change is that if you think about things like Apple Pay, PayPal, NFC technology (near-field communication – known here as payWave) and things embedded in your phones.

A credit card will be in the chip of the phone pretty soon – I think it is there now, we just need to activate it. All this technology makes things so different.

Is this new technology and disruption a threat to banks?

I don't think it's a threat to banks; we just need to make sure we stay relevant in the payment space. If you think about how the payments base works, you don't see any disruptive company offering cheques. Banks are left with cash, cheque, eftpos, card, internet-based payments – we're covering a lot. I do think some of these things are going to have to switch off. There is a huge investment in keeping something like a cheque engine running for the diminishing number of transactions that are going through it.

Are businesses still writing cheques?

There are some entrenched businesses still issuing cheques. There's quite a few people not

There's a whole pile of people who think Bitcoin is lunacy, but there's some smart people that are thinking about the protocols of an internet currency.

comfortable with internet banking. We're not there yet, but it's not far away. I think we need a chequebook amnesty! We'll destroy them for you. **Where else did you go in the United States?**

We went up to Microsoft in Seattle, they're doing interesting things around Cloud and data, research, and

machine learning. We went to very non-traditional things like Airbnb to have a look at how they're disrupting the hotel market. It's important as a bank that we don't just look at banks, we look at where the disruption is going on in sectors around us, and how that might impact on us. It was fascinating. I could talk about tech for hours.

We look at what it is we can do for our customers with technology. We always put on a customer lens. There's no point having technology no one needs or wants; [what can we] bring forward to our customers to make it simpler and easier to do business with us?

What is the idea that centrally drives what you are doing with the bank?

I think the idea is that it's from an observation of what our consumers are doing. Consumers are interfacing less and less through physical channels and more and more through digital channels. If you think about how you buy a book, you

possibly go to a book shop, but you're more than likely to go to Amazon and get it shot down to your tablet.

Consumers are very used to purchasing through digital channels, through mobile channels. We've got to think. “Okay, what are the disruptive banking technologies that will enable consumers to interface with a bank the same way they now interface with a bookshop?”

Because sitting there with your shop front, that world has changed. We need the shop front, we definitely need that. How do we make product sales in a mobile environment and digital environment? For our sector there's a whole lot of complications around customer ID and onboarding of customers and anti-money laundering and those sorts of things that we just have to get our heads around and get in front of, so that those things don't become barriers for what consumers are wanting to do. That's really the driving force though, that this is how consumers are behaving and we need to stay relevant.

Disruption

Microsoft after the iPhone

It's taken a while but the tech giant is back on track following the launch of Apple's smartphone, writes **Bill Bennett**

Disruption doesn't come much bigger than the iPhone. When Steve Jobs stepped on stage to announce Apple's smartphone in 2007, Microsoft was the world's second biggest company behind Exxon-Mobil. It was the leading technology company.

Steve Ballmer, Microsoft's CEO at the time, dismissed the iPhone, telling reporters it would never sell to business users because it doesn't have a keyboard.

In 2007 Apple's market capitalisation was half of Microsoft's. It took the company four years to beat Microsoft on revenue, profits and market capitalisation. Today, Apple is the world's most valuable company.

Thanks to the iPhone and the iPad PC sales stumbled. Not only was Microsoft no longer the largest technology company, it had gone from being a significant mobile player to being an also-ran. Analysts and industry pundits wondered if Microsoft had lost its edge. For a while even Microsoft employees had their doubts.

Microsoft New Zealand chief marketing and operations officer Frazer Scott worked for the company throughout this period. He says on one level disruption is business as normal in the technology sector. "Everything disrupts, all of the time. We've done our own share of disrupting too," he says.

And yet the arrival of the iPhone was on quite a different scale. It



rocked the entire tech sector. Today Microsoft is back on track. Its market capitalisation is almost twice the 2010 level and a new CEO, Satya Nadella, has given the company renewed energy and turned its focus on some of technology's most exciting growth areas.

Scott says there are four technology megatrends that are changing the landscape and they are all still at a nascent stage: social media, mobility, big data or analytics, and cloud computing. Microsoft is a leader in cloud technology and one of those chasing mobility.

"There's also a move towards everything as a service. We talk of software as a service, platform as service and infrastructure as a ser-

vice. But it doesn't end there. Spotify is delivering music as a service and Uber has disrupted the taxi industry with what amounts to transport as a service."

Before the iPhone most people would think of Microsoft as the PC software company or the Xbox company. They were only the most visible parts of the business. Much of Microsoft's revenues were earned behind the scenes servicing large corporations. Scott says: "90 per cent the business is stuff you don't see everyday."

Under Ballmer the company responded to the iPhone by first partnering with Nokia, then buying Nokia's smartphone division to make devices using a phone version of

There's a move towards everything as a service. We talk of software as a service, platform as service, infrastructure as a service. But it doesn't end there.

Frazer Scott

Microsoft launched its Surface tablet in response to Apple's disruption of the market after it launched the iPhone.

Picture / AP

Microsoft's Windows software. It also developed and made the Surface, which sits somewhere between iPad style tablets and laptop computers.

Two years ago Ballmer told the world Microsoft was now a devices and services business. Under Nadella it has repositioned to concentrate on platforms and productivity. Scott says at Microsoft platforms means something others can build on, so Windows and Xbox are platforms, so is Azure Microsoft's cloud service.

Nadella came up through Microsoft's cloud operation.

Scott says cloud computing is not for the faint-hearted: "You need a huge amount of capital to get in the game and more to stay ahead." Last year Microsoft spent US\$4 billion on

cloud capital. He says that eventually there will only be a handful of global players and Microsoft aims to be one of them.

At the moment Microsoft is the second largest cloud player. It may be a long way behind Amazon's AWS in terms of market share, but Scott says the company is making money in the cloud; AWS has yet to turn a profit.

The new CEO has been quick to apply lessons learnt from cloud computing. Within weeks of taking the job he released iPad versions of Microsoft Office apps the company had been sitting on. They were well received by the market.

Since then, Microsoft has delivered free, full function iPad Office apps and Android versions. It now gives paying customers unlimited cloud storage accounts. Last month Nadella open-sourced – that is, made the code available – Microsoft.Net technology. The company also cut deals putting SAP on Azure and linking Office to Dropbox. It has opened itself up to the market, making its products more compelling in the process.

Scott says inside the company the most noticeable difference is the speed of change. "We're competing with people that were born in this market. They have shorter development cycles, more agility and tighter gross profit margins. We had to reinvent ourselves quickly."

This has already paid off. Microsoft shares have climbed 30 per cent in the last year.

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Disruption

It's disrupt, or be disrupted

Air New Zealand's Christopher Luxon believes innovation is one of the best sources of competitive advantage

Air New Zealand chief executive Christopher Luxon is a fan of Michael Porter – known widely as the “father of modern business strategy”. Luxon says the airline has achieved a lot of its gains over the last three years by optimising the business it had – “just operational efficiency in many ways”.

Investing in people is also top of mind because to Luxon the priority is about leaders and people determining policy.

It's not surprising. Luxon is known to actively seek out intellectual stimulation to keep his knowledge at the forefront of industry trends and leadership best practices.

In this year alone he's met legendary investor Warren Buffet, Facebook COO Sheryl Sanderberg, former US Defence Secretary and Huffington Post founder Arianna Huffington and just last week Chinese President Xi Jinping.

He's a big picture policy wonk as well as a leading chief executive – focused on New Zealand's competitive advantage as well as that of Air New Zealand.

But when it comes to the airline, Luxon singles out innovation as one of its long-term sources of competitive advantage.

The *Herald* talked to him about why he is so focused on innovation and why that is necessary to offset the disruptive forces that could also change the aviation industry.

The airline is riding high- why are you so focused on innovation?

I've gone back and reviewed the last 15 years of innovation at Air New Zealand, what's been core and incremental, adjacent, breakthrough – it's all different. A lot of it has been in response to new competitors. They've forced us to redo business models. You have to go through the lens of the customer and look at what customer problems you are trying to solve. Trying to avoid queues, which we know was a big issue for customers – was one.

Other companies we've talked



with are facing big disruptive forces as a result of the digital age – what about Air New Zealand?

The big issue for me is that ultimately the industry will get disrupted. It's disrupt or be disrupted. If you look at what Google is now doing to banking, what Apple is doing to banking – those guys are scared like they've never been scared before. It was quite interesting seeing a bunch of bankers in America recently – they were absolutely petrified. The reality for us is that our industry could get commoditised – it's a price, a logo, a destination and the challenges that go with that. The one thing we're going to have to own is the customer. So if I look at the world of the digital retailer, I think that's a more superior model than how an airline model works today. So while in five years time, I think

We have to rip the business that we've built apart again and rebuild it.

Chris Luxon

we're going to be an airline, I think our primacy will be about our relationship with the customer- and data, customer insight, and digital retailing – all of that – is going to be so important.

How hard is it to disrupt your business?

You have to have the courage to disrupt yourself. So, we had a big business with travel agents and bricks and mortar, and we've turned that now into online. You can now book

your tickets through the web – 60 per cent of business comes that way. Now we're going to disrupt that again – it's going to be on mobile. We want to drive all our R + D investment into mobile. All our technology and applications, because that's the future. And so if we don't do that, someone will do it for us. We have to rip the business that we've built apart again and rebuild it.

Why are you so focused on “disrupt or be disrupted”?

In our case I know what needs to be disrupted, we need to move to a more sophisticated retail model rather than an airline model. That means we own the customer journey, we own the relationship with the customer and we commercialise it that way. The way that Best Buy for instance – a bricks and mortar store – goes up against Amazon selling a fridge for

US\$1200. They'll price it dynamically throughout the course of the day on Amazon where in Best Buy it's pretty fixed. There's data that's driving that insight on how to commercialise throughout the course of the week.

You're also focused on making strategic alliances with airline partners – tell us more about that.

The big trend for me is collaboration. The last time we went to Singapore we lost \$210 million doing that deal. You go – as a business guy – how the hell do you let that happen? That aside, this time we go to Singapore profitable on Day One.

In the airline industry – you always get three to five years to get profitable on a route – it's a \$100 million decision. But you can lose \$30 million a year very quickly. But we're collaborating and working on an alliance structure with Singapore Airlines. Not having to do it all on your own and being innovative in the process – not just the product and service delivery – is really important.

Who are the major players disrupting the airline industry?

I think it's a rubbish industry in that it's badly run, and it's not innovative. So you sit there and go, five years ago we ran something called the Sky Couch, has anyone tried to copy it? No. This is a good case of Kiwi innovation. We put it on five aircraft, we promote the hell out of it. We have 105 aircraft.

We have 25 international ones, so why isn't it on the other 20? Until I came we hadn't even talked about licensing or IP. So now we've sold it to one airline, we've got two others in the pipeline. That to me is a classic Kiwi thing where we get very excited about innovation for innovation's sake and it's innovation junkie behaviour, and we haven't completed or converted it. You create innovation and then you roll it out around other countries and you get the scale benefits of that.

But having made all that investment for our own business which is very successful, we've got it on five aircraft. It needs to be on 25 – at least international aircraft.

A learning curve for education

Despite rapid advancements in technology that have seen countless industries disrupted and forced to adapt or wane into obscurity – education has seemed to be relatively immune. The way in which students are taught and subsequently, how people learn has remained stagnant for centuries.

Saul Khan's Khan Academy demonstrated the potential of mass online learning, expanding from a user base of one student to more than ten million every month in the space of eight years, in an effort to provide “a free, world-class education for anyone, anywhere”.

Now universities around the world are clamouring to get on board, with everyone from the likes of Harvard to Oxford beginning to offer their own online, open courses to the masses.

Geoff Perry, Dean of Business and Law at AUT University talked to **Greg Hall** about the potential for disruption in education.

What digital initiatives do you have under way to better engage with your stakeholders, students and staff?

The university has a digital strategy which is based around providing flexibility, access and effective connections to information, individuals and content for its



stakeholders. This includes connections not only to what is available on campus, but across regional, national and international networks of institutions, organisations and people. The three AUT campuses, AUT South, Central and North are all wireless enabled and the digital capability not only supports research and approaches to delivery, included blended learning,

flipped classrooms and on line delivery, but also provides an effective platform for engagement with current and prospective students as well as community, industry and the professions. **Is there a risk that digital disruption could commoditise your sector and mass learning could eventually make you redundant?**

Actual and potential disruptions are causing universities to reflect and consider carefully their role in the learning space.

Geoff Perry

There is much discussion and analysis of the potential impact of digital disruption on the university sector. While much of this in the last couple of years has been based around the impact of MOOCs (massive online open courses), the potential impact is broader than those alone. As knowledge becomes ubiquitous, created and distributed by a wide range of people and organisations, universities are losing or have already lost part of their role as a “repository of knowledge”. This has led to some commentators suggesting that learning will become commoditised and universities redundant. These actual and potential disruptions are causing universities to reflect and consider carefully their role in the learning space. However, what the disruptions are doing is in fact creating a commodity of knowledge, not learning. While the nature of learning and delivery will need to change to match the learning styles of students which are being impacted by digital technology, there remains a critical role for the university and lecturers, or facilitators, to create relevant and useful learning experiences that engage students effectively with knowledge to add value for them. The expertise is in creating learning

experiences that match the needs of individuals and groups of individuals, rather than simply disseminating knowledge. At the postgraduate level where research is undertaken, the learning experience is so individual that access to a supervisor/mentor with the requisite capability remains key. Though digital disruption will change the way universities engage with students and will make universities think more deeply about how to do that, it will not commoditise the learning experience.

Do you have the right people on board to take advantage of the new digital opportunities in your business?

There are several aspects to this; notably leadership, academic staff who create or facilitate learning experiences and professional staff who provide technical and other expertise. The challenge is ensuring in all those areas that individuals and teams are remaining current, are assessing what is happening in the digital space, reflecting on what it means and may mean and integrating this into strategy, planning and actions. In other words this is a dynamic situation and the key is ensuring that the right mindsets and developments are occurring.



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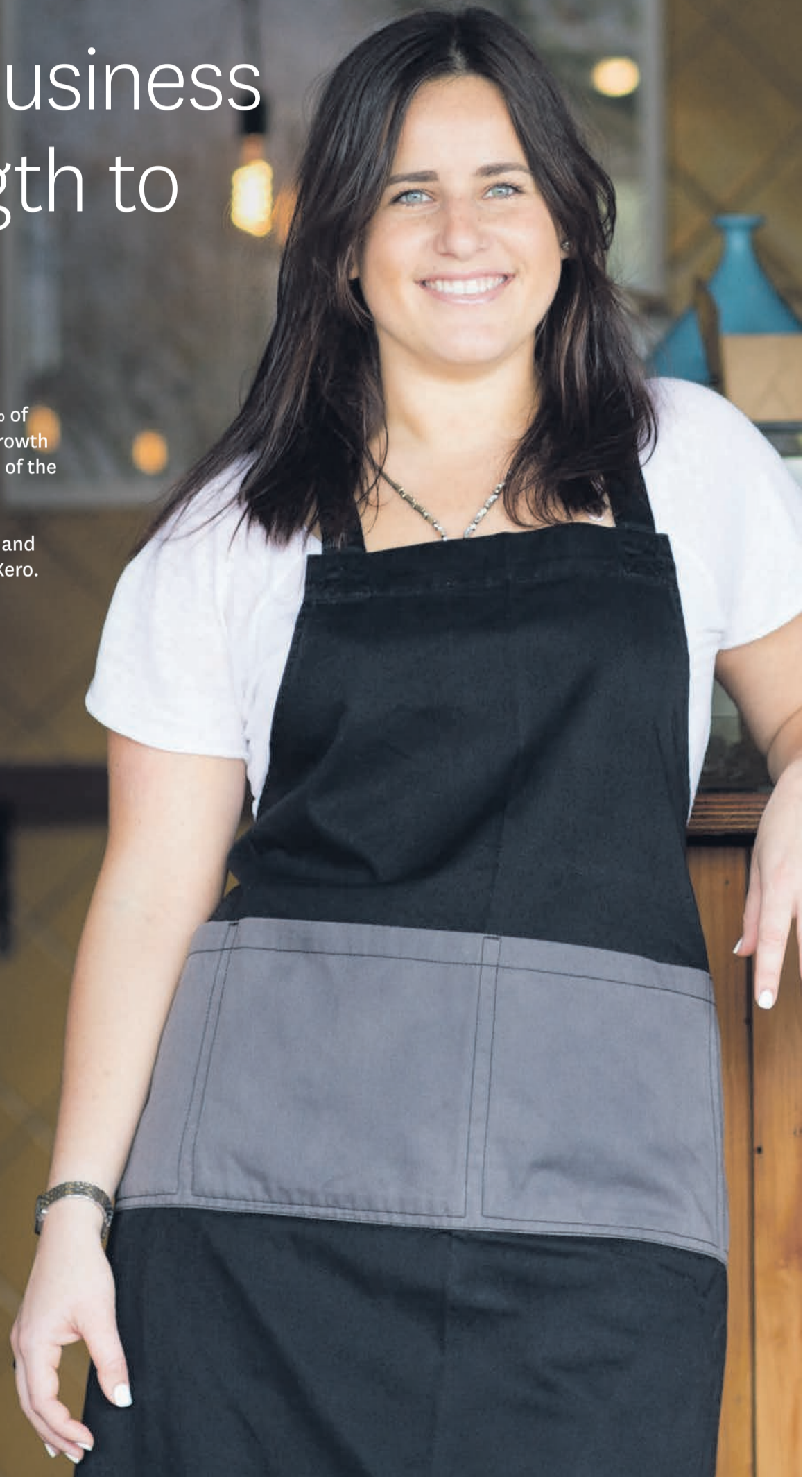
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Disruption

Loosening the connection

Intense competition has put pressure on telecoms, writes **Bill Bennett**

Smartphones are everywhere. Mobile phone use is increasing. Exciting new services continue to appear. You'd think everything was rosy in the telecommunications industry; but that's not the case.

Craig Jones, the CEO's business manager and head of external communications at Vodafone New Zealand, calls it the "elephant in the room". He says the industry as a whole is declining: "IDC [an American market research, analysis and advisory firm] has forecast it will decline at between 2.5 and 2.8 per cent until 2018. It's staggering. We talk to a lot of our stakeholders, particularly those in government and they all think the market is growing."

It's understandable people get that impression. Vodafone consumer director Matt Williams says there's an irony: "People are now connected more of the time, they use their smartphones more. The service is an essential part of life and yet it is in decline."

Competition on a number of fronts lies behind that decline. Williams previously worked as the group commercial manager for Vodafone in Europe where he says he became familiar with intense price competition. When he came back to New Zealand his job involved benchmarking local prices against Vodafone companies in countries like Spain and Italy.

Williams says he found Vodafone

New Zealand prices are now on a par with those countries, but they have fallen from a higher point and at a faster speed than elsewhere. In part this is a consequence of the Commerce Commission regulating mobile termination rates and the entry of 2degrees into the market. He says there were big changes at Telecom NZ, now Spark, which has stepped up its market ambition.

There are also external threats to the industry. In the past mobile phone companies earned money from selling voice minutes and text messages with a little data on the side.

Thanks to the so-called OTT (over-the-top providers) that's now changed to the point where data is becoming the main game. OTT providers include companies like Apple, Google and Microsoft which have their own messaging apps that bypass traditional telecommunications networks. iPhone owners can talk to each other using FaceTime and iMessage, Google has Hangouts and Chat, Microsoft runs Skype. Social media networks like Twitter and Facebook also bypass voice and text.

At the same time, there's been an explosion in smartphone apps. Most phone owners have a number installed on their devices. They buy them in app stores, not from telecom companies. Overall, the total amount of money people spend on telecoms is more or less constant, with carriers like Vodafone now having to share



Vodafone's Craig Jones (left) and Matt Williams.

The service is an essential part of life and yet it is in decline.

Matt Williams

the pool of revenue with others.

The good news for Vodafone is customers need to buy data to use these services. That's where the focus is moving as mobile phone carriers shift from minutes and texts to gigabytes. Many of the more expensive mobile plans effectively come with unlimited text and voice calls.

Williams says Vodafone is New Zealand's leading smartphone company and aims to stay at the top by "creating the right platform for those apps. We are no longer in the business of selling minutes or messages but in the business of selling the quality of connection. Our message is that your apps and services will work better on Vodafone."

The company doubled down on its early investment with the 4G network, which in a recent survey was shown to be the fastest in the world. This has paid off. Williams says Vodafone has seen a 100 per cent

Vodafone gears up for Internet of Things

One application that stands to gain a great deal from the 700Mz towers is machine-to-machine communications, sometimes called M2M.

This technology, linking devices rather than people to the mobile network, forms the basic of the so-called Internet of Things. It promises to be big. New Zealand has roughly five million mobile phone connections. When devices start talking to one another there will be at least 10 times as many connections.

Williams says Vodafone already has one million connected M2M devices in New Zealand and the number is growing fast.

In the field M2M combines cellular networks with sensors, advanced robotics and automation. Many of these devices send data back to base for processing. There, sophisticated analytics turn raw data into usable information.

Vodafone's Craig Jones describes a New Zealand-developed application that uses sensors to track quad bikes working on farms and in other remote areas.

He says the sensors measure the

bike's angle relative to the ground; if the bike tips, the application attempts to work out what is happening and can then alert emergency services to rescue the bike's rider using GPS to zoom in on their exact location.

Another project, Methminder, monitors rental properties checking for levels of toxins in the atmosphere. It's a cost-effective way landlords can check their properties are not being used as P-labs.

Jones says Vodafone is something of a pioneer in the area thanks to two trends playing to its strengths. First the company's cellular networks are becoming smarter and more capable.

Second, Vodafone's move into the enterprise space gives it access to the advanced technologies needed to capture remote data and then run the advanced analytics needed to make sense of the data.

He says: "It's a significant business for us. New Zealand is leading the world in some areas and that's something we're helping to drive."

"It sets the scene for another bout of disruption, this time we'll be driving it."

year on year growth in mobile data use. Jones says the next stage is the roll-out of the new 700Mz network using the spectrum purchased from the Government after the analogue TV system was shut down.

"We already have a site in operation where a single tower serves customers over a 35 to 50km radius. This compares with maybe 7km on the older towers. That's going to enable further new services."

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The Deloitte Top 200 Awards

25 years of the Top 200

The Deloitte awards spotlight corporate New Zealand success, writes **Thomas Pippos**

Deloitte is incredibly proud to have been involved in recognising our Top 200 companies and their leaders over the past 25 years. Not only have the Deloitte Top 200 Awards sought to celebrate and encourage corporate success, they provide a useful data set that tracks the journey of some of our largest companies, illustrating how the Top 200 have evolved and what we may expect from that group in the future. Reflecting on the data, a number of interesting themes are apparent.

Top 200 companies are both resilient and important

Recognising the evolution of corporate groups over time, it might be a surprise to some that 25 years ago a number of the largest companies on the list (by revenue) continue to be around the top of the list today. Relevant then and now are the current incarnations of Fletcher Challenge, the Australasian banks, Telecom, Air New Zealand, the offshoots of the Electricity Corporation and what is now Fonterra. What's more, the relative importance of the Top 200 organisations to the country has continued. They remain the backbone of our economy, if not more so now, as they did a quarter of a century ago.

Even large businesses can fail

Notwithstanding the comment around resilience, businesses don't always defy gravity, particularly if they are exposed to structural reform.

Noticeable omissions today from the 1989 list are those that fell from favour following the structural reform of the share market in 1987. These include Elders Resources NZFP, Chase Corp, Brierley Investments and NZI Corporation, although aspects of their businesses continue today in different guises.

Sustained focus results in success

Positively however, regardless of the fall from grace of some historically large corporates, the upper echelons of our Top 200 organisations are being replenished by companies that have had a prolonged period of focused growth. Fulton Hogan has moved its ranking over the past 25 years from 95th to 10th place. Other examples of noticeable corporate movers include Ebos Group, The Warehouse, Mainfreight and Zespri who respectively now rank 4th, 13th, 20th and 28th on the list.

New Zealand still has few locally based multinational corporations

Somewhat less positive is that over the last 25 years our largest companies are still predominantly servicing the local market. Noticeable exceptions exist, the clearest being what is now Fonterra. Growing out of New Zealand is not for the faint-hearted, as many examples show. They include Air New Zealand, with its entry into the Australian market through the purchase of Ansett, or Telecom's purchase of AAPT. Examples of those that have not been

disheartened by the challenges of others include Ebos Group and Fulton Hogan whose stratospheric rise over time is materially impacted by their expansion into Australia. Ebos Group was the biggest mover on the list over the previous 12 months, jumping from 21st to 4th place due to the acquisition of Symbion. Showing size doesn't necessarily limit relative growth, this year Ebos was also recognised on the Deloitte Fast 50 which celebrates our fastest growing businesses, generally represented by companies smaller than those in the Top 200.

Industries evolve over time

A good example of this theme is the financial services sector, in particular the banking sector. Recognising the aggregations of what were household brands into some of the major Australasian banking groups that now lead the New Zealand market, there is no doubt this industry has gone from strength to strength over the past 25 years, generally now towering over other industries in terms of the current scale of its participants.

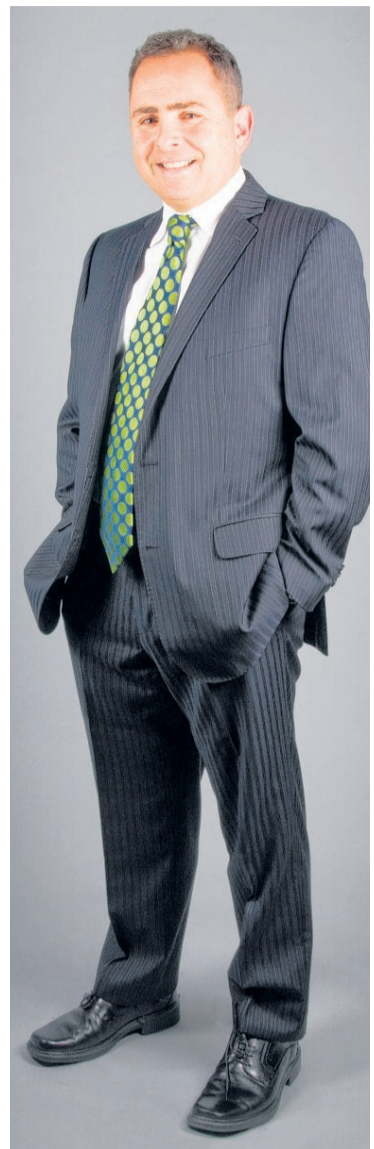
New sources of capital expected

Despite the growth of global private equity, its influence on the Deloitte Top 200 list is still somewhat muted and certainly under-represented in our largest companies. There is no impression this will change any time soon. Where change could arise, however, is in relation to organisations controlled by Maori groups and by foreign direct investment (FDI) out of

China. Both are anticipated to play a larger part of the capital base of New Zealand in the future. As a result, this year we have started to recognise the importance that Maori organisations play in our business markets by separately listing the top Maori business entities by total asset value. And in terms of Chinese FDI, a recent example of its reach is the acquisition by Haier of F&P Appliances, ranked as the 47th largest company by revenue this year. The scale of some of the capital that originates from China is hard to comprehend from New Zealand, but it's noteworthy that Chinese companies fill 100 places on the Fortune Global 500 list for 2014. US companies fill 128 places.

Disruption creates opportunity

Disruption creates opportunity for all market participants. The reality is disruption has always existed. Material disruption has historically occurred from social or economic upheaval, but now disruption is synonymous with technology. It is continuous and fast. Importantly, disruption offers a way to break into the Top 200 as well as offering Top 200 companies an ability to adjust to maintain relevance and enhance their position. An example of the former is Xero, sitting just outside the Top 200 rankings. Its market capitalisation at over \$2 billion dwarfs valuations that would be afforded to many Top 200 entrants, implying the market views it as likely to aggressively climb the list in the future.



● Thomas Pippos is chief executive of Deloitte New Zealand

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Standout players

Don Braid

Don Braid is at the sharp end of Mainfreight's expansion as it transforms into an international logistics company. He is one of only two company bosses to receive the Executive of the Year honours more than once. He received the award in 2008 and then again in 2011 for his efforts as chief executive of Mainfreight.



2008 Winner: Executive of the Year
2011 Winner: Executive of the Year

Sir Roderick Deane

Sir Roderick Deane is one of the giants of the New Zealand commercial world landscape. He was awarded the Executive of the Year honour in 1994 for his time as CEO at Telecom. He would later be named Executive of the Decade in 1999, having served as Telecom boss from 1992 until his retirement that year to become non-executive Chairman of Telecom. His work in this capacity was recognised in the 2004 Top 200 Awards when he was named Chairperson of the Year.



1994 Winner: Executive of the Year
1999 Winner: Executive of the Decade
2004 Winner: Chairperson of the Year

Sir Stephen Tindall

Stephen Tindall, founder and long-time chief executive of The Warehouse, has featured in the awards several times. He was a finalist for Executive of the Year in 1995, the same year that The Warehouse Group was a finalist for Most Improved Enterprise, and again in 1997 when company won the Most Improved Enterprise Award. In 1998, Sir Stephen was named Executive of the Year. He was again a finalist in 2000 when The Warehouse Group took Company of the Year honours. He stepped down in 2001 and four years later was awarded Designworks Enterprise IG Visionary Leader.



1998 Winner: Executive of the Year
2005 Winner: Visionary Leader
1995 Finalist: Executive of the Year

THE DELOITTE TOP 200

25 years of top performances

1997 Finalist: Executive of the Year
2000 Finalist: Executive of the Year

Sir Ralph Norris

Sir Ralph Norris is what's known as a "transferable talent." Sir Ralph was nominated for Executive of the Year three times and has the distinction of having won the award twice for two distinctly different companies – first in 1997 with ASB Bank (having already been nominated for his work there once before in 1993), and then again in 2004 with Air New Zealand.



1997 Winner: Executive of the Year
2004 Winner: Executive of the Year
1993 Finalist: Executive of the Year

Mainfreight

Standout companies

Mainfreight's most recent award came in 2012 for the year's Best Growth Strategy – their second award in the category. They won Company of the Year the year before that, and have nominations stretching back to 1996, where they were a finalist for the Best Corporate Strategy Award. The 2000 awards

saw then-Chief Executive Bruce Pledsted named a finalist in the Executive of the Year category and he is this year's Visionary Leader.

2007 Winner: Best Growth Strategy
2011 Winner: Company of the Year
2012 Winner: Best Growth Strategy
1996 Finalist: Best Corporate Strategy
2000 Finalist: Bruce Pledsted, Executive of the Year
2005 Finalist: Most Improved Performance
2005 Finalist: Best Growth Strategy

Telecom

Telecom was dominant early on, winning the second Company of the Year award in 1991. Also in that year, Peter Troughton, then chief executive of Telecom, won Executive of the Year, and Telecom was nominated for the Best Corporate Strategy award. In 1994, Telecom won Best Corporate Strategy and Sir Roderick Deane won Executive of the Year. Sir Roderick would later win Executive of the Decade in 1999.

1991 Winner: Company of the Year
1994 Winner: Best Corporate Strategy
1991 Finalist: Best Corporate Strategy
1998 Finalist: Company of the Year

Air New Zealand

Air New Zealand has won Company of the Year once before, in 1995, and

is back again this year as the winner of the top accolade. The airline company was also nominated in 2013, the same year it picked up the Most Improved Performance Award. But the nation's air carrier has been the finalist for numerous awards over the 25 year history of the Deloitte Top 200 Awards. In 1994, Air New Zealand was up for the Best Corporate Strategy Award, in 2007 the Most Improved Performance Award; it was a finalist for Best Growth Strategy in 2008 and was a finalist for the Responsible Governance Award in 2012. In 2009, Sir Ralph Norris won Executive of the Decade, for the period in which he served Air New Zealand as chief executive (2002-2005).

1992 Winner: Most Improved Performance
1995 Winner: Company of the Year
2013 Winner: Most Improved Performance
2014 Winner: Company of the Year
1994 Finalist: Best Corporate Strategy
2007 Finalist: Most Improved Performance
2008 Finalist: Best Growth Strategy
2012 Finalist: Responsible Governance
2013 Finalist: Company of the Year
2014 Finalist: Excellence in Governance

Auckland International Airport

Auckland International Airport has been a finalist several times over the course of the Deloitte Top 200 Awards. It was finalist for Government Enterprise of the Year in 1991, the Business Ethics Award in 1999, the Company of the Year Award in 2002 (in which Sir John Goulter, then-CEO of Auckland International Airport, was named Executive of the Year), again a finalist for the Business Ethics Award in 2003 and then a finalist for the Best Growth Strategy Award in 2012. In 2013, Auckland International Airport won the Excellence in Governance Award.

2013 Winner: Excellence in Governance Award
1991 Finalist: Government Enterprise of the Year
1999 Finalist: Business Ethics Award
2002 Finalist: Company of the Year
2003 Finalist: Business Ethics Award
2012 Finalist: Best Growth Strategy

Fernz Corporation

Fernz Corporation won Company of the Year in 1993 and then again in 1998. On top of these achievements, the agri-chemical company was recognised as having the best Corporate Strategy in the 1996 awards, having already been a finalist in the category in 1992 and 1993.

1993 Winner: Company of the Year
1996 Winner: Best Corporate Strategy
1998 Winner: Company of the Year
1992 Finalist: Best Corporate Strategy
1993 Finalist: Best Corporate Strategy

Fletcher Building

Fletcher Building was named Company of the Year in 2006, but was a regular finalist throughout the 2000s, being nominated in the category in each of 2004, 2005 and 2007. Fletcher was also a finalist for the Business Ethics Award in 2000 as Fletcher Challenge, for the Best Growth Strategy Award in 2004 and then again in 2007. This year, it's back in the winner's seat again with the Excellence in Governance Award.

2006 Winner: Company of the Year
2014 Winner: Excellence in Governance
2000 Finalist: Business Ethics Award (as Fletcher Challenge)
2004 Finalist: Company of the Year
2004 Finalist: Best Growth Strategy
2005 Finalist: Company of the Year
2007 Finalist: Company of the Year
2007 Finalist: Best Growth Strategy

The Deloitte Top 200 Awards judges for 2014

This year's judges believe the quality of the winners and finalists bodes well for New Zealand's future



Alison Paterson was appointed a Dame Companion of the New Zealand Order of Merit for services to business in the New Year Honours 2014 and was previously awarded the QSO for services to the community. She is a Fellow of the University of Auckland, DCom (Massey), an ADFInstD and FCA. She was 2010 QBE Chairman of the Year.

Fran O'Sullivan is a high-profile business columnist for the *New Zealand Herald*. Fran launched the



Herald's annual "Mood of the Boardroom" which is NZ's premier CEO survey and leads the *Herald's* Business Reports Series. She is a frequent TV commentator and public speaker

Neil Paviour-Smith has 25 years' experience in various roles in New Zealand capital markets. He is Managing Director of Forsyth Barr Limited, a leading NZX sharebroking firm and investment bank. He is a council member of Victoria University of



Wellington. He is a Fellow of the Institute of Finance Professionals NZ (INFNZ), having been Chairman of the NZ Society of Investment Analysts 1999-2001.

Sandy (Samford) Maier worked in international commercial and investment banking with Citicorp/Citibank for fifteen years in various management positions in the Caribbean, South America and Australasia. He has lived and worked in New



Zealand since 1986, serving on the board of the Bank of New Zealand and as the statutory manager of DFC New Zealand Limited, for which he received a 1990 Commemoration Medal.

Vicky Robertson is the Deputy Chief Executive of the New Zealand Treasury, the Government's lead advisor on economic, financial and regulatory policy. An internationally experienced executive with a background in law and economics,



Vicky is a champion for transparency and accountability in the state sector, and inclusive growth. Among Vicky's professional accomplishments are leading strategic reviews of the United Nations Development Programme, New Zealand's Climate Change policy, and KiwiSaver, the national retirement savings programme. She was also a member of the steering group that established the programme to deliver the Mixed Ownership Model for State-Owned Enterprises.



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Company of the Year

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Air New Zealand

Punching above its weight

A year of strong strategic direction and the highest profit record in a decade, has seen Air New Zealand secure the company of the year award at the Deloitte Top 200 Awards for 2014.

This year, the national carrier celebrated its third consecutive year of revenue growth with shares reaching their highest level in more than five years. It also saw the roll-out of the new Dreamliner fleet and further investment in new planes as well as alliances with China and Singapore.

The airline has around 11,000 staff and carries around 13 million passengers on 200,000 flights a year. During the judging process for the award, Air New Zealand's success at a time when other airlines had been struggling, was noted as a key point in the company taking the award.

"Air New Zealand seriously punches above its weight in the international aviation arena and in a tough industry," the judges – Dame Alison Paterson, Sandy Maier and Neil Paviour-Smith said in their unanimous assessment that the company was the clear winner.

"Tony Carter as chairperson and chief executive Christopher Luxon have transitioned well leading to 2014 as a standout year with the successful execution of the government's share sale, new strategic alliances and a massive investment in new planes."

Earlier this year, the company announced it would be spending \$2.2 billion over the next four years on new aircraft, starting with the arrival of the long awaited Dreamliner.

The first of 10 787 Dreamliners arrived in July, set to replace aircraft that were no longer as fuel-efficient. At the time Luxon described the airplanes as "game-changing", and according to the company, the planes are already living up to expectations, saving up to twenty per cent in fuel costs.

The strength of the Air New Zealand brand and reputation as the national carrier was also mentioned as a factor in the decision.

"It has now gotten to the point



Christopher Luxon

where all New Zealanders consider [Air New Zealand] to be 'our airline' with an amazing amount of engagement between the flier, the passengers and the airline," the judges noted.

"The quality of their service; their approach to dealing with customers and their role in the community all go to making it a brand that Kiwis feel very comfortable with."

The significant full year result, which saw net profit increase by 44.75 per cent to \$262 million, has been attributed to several factors, including the airline's decision to stop flights out of Beijing, London and Hong Kong and redeploy the planes to higher margin routes. Luxon said the company's focus had been on increasing demand for the aircraft, and improving international routes.

"We don't want to be a supply-driven airline, where we just buy aircraft and then figure out where to send them. We actually want to be demand-driven," he said.

Luxon's leadership role in the company's success was commended by the judges, who noted his direction

and commitment were major factors in the company's continued success.

Luxon is known as a highly inclusive leader and insiders say that from day one he sought to build a culture of honesty, trust and respect with both his executive and senior leadership team (top 70 managers) which has been a key enabler to the airline moving to an even better level of high performance.

The company will celebrate its 75th anniversary next year, and chairman Tony Carter said they were expecting another positive year in 2015.

"With new aircraft offering better operating economics, an optimised network with the right alliance partners, disciplined cost management and a daily focus on improving the customer experience, we are very well-positioned to continue growing."

The start of 2015 will be boosted by a revenue-sharing alliance with Singapore Airlines. The return to the island state after a break of seven years is seen as having major benefits for Air New Zealand as well as giving the company scope to build on business in Southeast Asia.

The Singapore route is regarded in the industry as one of the most attractive Asian courses, with a relatively high mix of premium passengers.

There are also no signs of any other airlines challenging Air New Zealand across the Pacific with direct flights to North America.

The airline also has alliances with Cathay Pacific and Virgin Australia, in which the company has a 25 per cent stake, as well as the latest agreement with China.

A spokesman for Air New Zealand said their new strategic direction was focused on delivering results in every quarter, allowing the company to reinvest in further growth.

"The airline is more than ever focused on delivering results month-

by-month, quarter-by-quarter to be able to make sustainable profits to reinvest back into the business.

"[This enables] Air New Zealand to buy new aircraft like the 787s, additional ATRs for the regional fleet, bring forward orders, upgrade lounges in places like Sydney and Auckland international, improve our in-flight offerings and enhance the loyalty programme among other things."

Over the past two months, the airline has benefited from a 20 per cent drop in jet fuel prices as well as strong sales. Based on these early signs, the company has predicted it is heading into a period of continued growth, predicting an increased profit in the 2015 year.

"Further, should the current level of jet fuel price persist, there will be significant additional improvement in earnings in the second half of the financial year," Air New Zealand said in an update to the NZX.

– Holly Ryan

Finalist: Briscoe Group

The Top 200 judges singled out Briscoe as a "long term success story in a tough sector".

Led by the redoubtable Rod Duke – who also features as a finalist in this year's Executive of the Year – Briscoe has continued to prosper on the back of its aggressive promotional activity.

Duke highlighted this when he recently told the market he expects the homeware and sporting goods retail chain will "easily exceed" last year's annual profit.

The contributing factor was third-quarter sales which rose 4.5 per cent on the strength of its sporting goods unit maintaining momentum through the start of the year.

Briscoe is chaired by Dame Roseanne Meo and numbers the experienced retail executive Mary Devine among its directors.

The judges acknowledged

Briscoe's prowess in the highly competitive retail market which operates on thin margins. "We are very pleased with the group's performance across this third quarter in a market which continues to demand aggressive promotional activity to drive sales," said Duke. "We are certainly encouraged by our performance to date and are confident that the group's full-year tax-paid profit will easily exceed last year's tax-paid profit result of \$33.58 million."

Duke said all of the company's key performance indicators were ahead of the same period for the nine months to October 26, and the company was "optimistic in our outlook"

Finalist: Fidelity Life

Fidelity Life's chief executive Milton Jennings was so pleased at the company's inclusion as a finalist for Company of the Year he put out a statement.

"The company has been on a rapid growth path and the last two years have been the most eventful in the 40-year history of Fidelity life," he said. "We have enjoyed strong performance results and set out an ambitious future direction for the business. We have demonstrated to the New Zealand market that we're a major force in the local financial services industry."

"An important innovation has been our work in creating integrated services with third party providers of industry software advisers. We have led the industry in this area, continuing to add value to the adviser relationship through technology services."

It's a self-assessment that would have found favour with the Top 200 judges. They noted the increase in Fidelity underlying profit up 24 per cent to a record \$22 million on the back of growth "all driven by the business".

"It's a company that does things. It has added value. The results look good. It's not often that the financial stocks are recognised but this is a deserving finalist."

Executive of the Year



Simon Challies (right) talks to Herald Business Editor Liam Dann in the Herald's online video series.

H THE DELOITTE
TOP 200
Newstalk ZB

Simon Challies: Ryman Healthcare Dedicated Master of Detail

Simon Challies masters the detail and has "devoted himself to this company for a long, long time with great results for Ryman Healthcare."

That's what the Top 200 judges said about the 2014 Executive of the Year.

Ryman's aim is to provide elderly New Zealanders with a first-class choice in their retirement.

Twelve years of record double digit profit growth tells the story.

"It is no mean feat and Simon has to be given him full credit for Ryman's success," the judges added.

Challies joined Ryman Healthcare in 1999 as Chief Financial Officer.

He was appointed Chief Executive in 2006 and Managing Director four years later.

In the past 12 months Ryman has executed on its expansion in to Australia, built up its land bank and grown operating earnings by 32 per cent continuing its outstanding performance under Challies' leadership. Ryman raised \$25 million when it listed on the stock exchange in 1999 and now has a market value of more than \$4 billion.

Shares in retirement village operator Ryman Healthcare rose 14 cents after it posted a record interim profit last week on the back of strong sales and higher prices.

The "underlying profit" was \$66.3 million for the six months to the end of September, 13 per cent higher than a year earlier.

Challies said a record 450 beds and units had been built in the last six months and the company was set to top the usual 700 beds and units by an additional 200 for the full year.

He said Ryman planned to open one village a year in Auckland and



Simon Challies credits teamwork, passion and obsession for his success.

Melbourne from 2017. Pay rates for its caregivers had been raised and they are qualifying for national certificates which would result in more consistent care.

In his video interview with Herald Business Editor Liam Dann, Challies singled out a team approach and "giving people space to take charge of their own domain and be responsible", as the secret to CEO success.

"Together with finding people that are really passionate and obsessive like me."

"I learnt a lot from Kevin Hickman who I took over from – he was very fired up, and motivated, and motivating, and that's what I want. I want people to be fired up and passionate about what they do.

And having a long term view on the company, we don't want people there for two or three years, we want people there to make a career out of being passionate for looking after old people."

Challies said the biggest challenges Ryman had faced were the credit crunch and the property market slowing "Putting strategies in place to

deal with that was really challenging. The second biggest challenge would be last year when we had a carer crisis in Wellington. Both of them spurred us on to be better, brighter and stronger. These really disrupt normal behaviour and all of a sudden fire you up to do things differently from the status-quo."

Simon Challies is a consistent long run performer.

Rod Duke Briscoe Group

Rod Duke is an "original", a hands-on chief executive who runs and owns most of the company. The judges said Duke was one of the older mould of leadership in a very hard sector – retail. They said Briscoe Group's success was hard to ignore.

"Not just last year, but over a period of time. He's very much the driver and very much the key person."

In an interview with Herald Business Editor Liam Dann, Duke was asked what makes a successful CEO: "I think if you've got a good strategy, and a good strategic bind – if you've got a very very strong work ethic, and

See the finalists

Meet the Deloitte Top 200 executive of the year, Ryman Healthcare's Simon Challies as he chats about leadership and what it takes to make a great manager with Business Editor Liam Dann in our online video series.

The video series also includes executive of the year finalists Rod Duke, CEO Briscoe Group and Dean Bracewell CEO of Freightways.

The three young executive of the year finalists: Michael Lewis – northern operations manager, New Zealand Post, Mike Wilson – general manager, K9 Natural and Oliver du Bern, visitor experience manager, Wellington Zoo also feature in interviews with business reporter Holly Ryan.

Also in the series Deloitte CEO Thomas Pippas discusses the awards theme – the power of the idea, business disruption and diversity – with Liam Dann.

All videos are available to view at www.businessherald.co.nz

I think if you've got very powerful teamworking skills, that'll set you on the way."

On business leadership, Duke said the important thing was to "get a strategy together and running with the folks – walking the walk, doing the job with them, showing them that

I was very serious about how we're going about it and what we're going to do.

"If you demonstrate that and have a strong work ethic, people will follow, and they'll follow in spades."

Briscoe was also a finalist for this year's Company of the Year Award.

Dean Bracewell Freightways

Dean Bracewell is also a long-term chief executive, having led Freightways since 1999.

The judges said Bracewell had overseen two changes of owners; weathered the Global Financial Crisis; and diversified into a new industry and country. The market capitalisation had increased by 21 per cent in 2014. "He is a safe pair of hands."

In his interview for the Herald video series, Bracewell said the secret to being a good CEO was to, "Surround yourself with good people. As the business grows and gets bigger, decisions aren't solely made by a CEO, they're made by people within the business. So it's about creating the right culture, and we do that as a team."

On business leadership: "We keep it real. We're a feet on the ground type business. We're a service industry sending things from A to B.

"It's about understanding what we're in business for, creating shareholder wealth. To do that, you need a good team of people, and then you need your customers to retain and grow them.

"Our office is right in among our depots in Auckland – you can't walk to your car without feeling or hearing about the impact of a decision that's been made."

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Chairperson of the Year



Tony Carter: Air NZ, F&P Healthcare

A stellar career

Tony Carter has made the very challenging transition from chief executive to a career in governance at the highest level with consummate ease.

That's the view of the Top 200 judges who says he has the respect of his fellow directors – not just at the high-profile Air New Zealand where he replaced long-time chairman John Palmer in September last year, but also at Fisher and Paykel Healthcare which he has chaired since April 2012.

"He has impressive academic qualifications, and a stellar career in management culminating in the role of CEO of Foodstuffs before retiring to become a professional director," the judges added.

Dame Alison Paterson observed, "The point I would make is that he is both chair of Fisher and Paykel Healthcare, last year's company of the year, and, Air New Zealand, this year's company of the year.

"While Tony would be the first to suggest that the performance is attributable to his predecessors and management, this is nonetheless a special achievement which reflects the contribution he is seen to have made at these companies which both operate in global markets at the highest level."

In April this year, Carter told Henri Eliot in a *Herald* interview that a good chairman should draw everyone together to create a collaborative

team. "They should ensure all voices are heard, summarise the key points and bring the decision to a clear conclusion.

"An effective chair allows some debate but limits the voices that go round and round, which eventually creates unproductive board meetings.

"The best boards from my experience are collegiate, open to challenge and debate coupled with an experienced chair."

At Air NZ, Carter has played a strongly supportive role to CEO Christopher Luxon who slipped into the shoes of his colourful predecessor Rob Fyfe in January 2013. At Fisher & Paykel Healthcare, Mike Daniell has been CEO since 2001.

Notably Carter has brought new female blood forward at both boards. Jan Dawson was appointed his deputy earlier this year.

The formidable entrepreneur Linda Jenkinson has also joined the directors. At F&P Healthcare, another digital entrepreneur Geraldine McBride has joined the board table.

This reflects the fact that Carter is known to be a strong believer in diversity in the boardroom and workplace. He is active behind the scenes in driving diversity in New Zealand business.

Insiders say he also brings a depth of perspective and experience to the boardroom, given his roles in various



Tony Carter is known to be a strong believer in diversity in the boardroom.

industry sectors but still finds the time in his hectic schedule to mentor.

He does not seek publicity, but does not shy away from fronting when his boards need him to.

This was notable during the sale of a holding of Government-owned shares in Air New Zealand earlier this year which went smoothly despite the politically sensitive nature of the pre-election sale.

Air New Zealand's successes are recorded on D15 in an article on the Company of the Year. For Fisher and Paykel Healthcare the results have also been stellar: Revenue up 12.3 per

cent and profit up 26 per cent to \$97 million.

It's not all work. He is known to be a passionate runner and was one of the first to sign up for the inaugural Queenstown marathon, which Air New Zealand is sponsoring, this weekend.

Stylistically, he is a straight (and considered) shooter which is reflected in the judges comment: "Tony Carter is well-respected as a good communicator, an effective operator, and eager to learn.

"He has been a valuable addition to director ranks in New Zealand."

Mark Verbiest
Spark and Transpower

Mark Verbiest has some markedly different companies in his governance portfolio.

Not only does he serve as chairman of Spark which features in the finalists for this year's Most Improved Performance award but also Government-owned national grid company Transpower.

The judges commented that Verbiest has a "seriously good CV" and is one to watch. At the recent Infinox conference he was a notable contributor pointing to the need to ensure diversity was a priority.

His has been a swift transition to the senior governance table. He served as Telecom's general counsel before becoming a director.

Chris Moller, SkyCity
Entertainment and Meridian
Energy and the NZ Transport
Agency

Chris Moller is viewed as a "seriously good all-rounder" when it comes to top-level governance roles.

He is not afraid to "tell it like it is" when addressing issues that chairmen and directors face in today's complex governance world.

Moller had a distinguished career in the dairy industry before moving to high-profile governance roles including with the sporting sector here and internationally. The Meridian Energy float was well-handled and SkyCity Entertainment has ridden through potential minefields on the political front.

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Young executive of the year



Michael Lewis: NZ Post From postie to top young executive

Michael Lewis has been with New Zealand Post for 13 years in various roles, including being a postie for a week. It is this long standing dedication and commitment to New Zealand Post that has seen the northern operations manager win the Deloitte Top 200 young executive of the year award for 2014.

The award, which has been sponsored by NZIM and Eagle Technology since 2005, celebrates executives up to the age of 35 who have had a role in influencing, growing and providing direction within an organisation.

Having held various leadership roles over the years, Lewis said it was the ability to guide people through the difficult times and changing processes of a company that made exceptional leaders.

"I think the world is a fast-changing environment at the moment and the biggest thing for a leader is to lead people through that uncertainty," Lewis said. "With that comes empathy, confidence but also an appreciation of the challenges that people are facing each day."

According to the judges, Lewis' dedication to growing people and meeting the challenges of a changing workplace had had a significant impact on the organisation.

Judge Jo Brosnahan said Lewis showed exceptional breadth and depth of leadership skills and a wisdom, gained through an exposure to diversity and travel as a young man and then challenged with a range of executive roles. "His referees confirmed that he is the complete executive; focused on understanding and caring for his people, while steering

the organisation through major change."

Lewis, who won the northern region finals earlier this year, said the best part of his job was working with people. "What really drives me is growing people, seeing people develop, seeing people achieve," he said. "So everything I try to do is focused around creating that sort of environment where hopefully my people, my leaders and my team can grow and learn and develop."

Lewis completed a Bachelor of Commerce and Administration as well as a Bachelor of Tourism at Victoria University in 2002.

Straight out of university he joined New Zealand Post, working his way up the ranks while trying most of the jobs in between, including delivering mail for a week as a postie, something he felt was important in understand-

ing every part of the company.

According to Lewis his best career move – accepting the role of northern operations manager just over a year ago – was also one of the hardest decisions, with the company going through a large transformational process.

"We're moving from a letters based business to a multi-channel parcel and logistics business, it's a big challenge and you have to be up for those sorts of challenges, but the rewards are huge," Lewis said. "It's made me realise the enjoyment and satisfaction I get out of leading people and that real day-to-day connection you can have with a large operational workforce."

Finalists for the young executive of the year category have typically been people who have exceptional people skills, leadership capability, an

overwhelming sense of purpose and a vision for themselves and their organisation.

This year's Deloitte Top 200 young executive finalists represent a range of different categories and sectors, with two of the three finalists working with animals, and all three having operated in various leadership roles over the years. Lewis has worked with NZ Post for around 13 years and knows the company inside out.

Oliver du Bern has been working at Wellington Zoo since 2005, and has had a major influence in developing visitor experience centre as well as supporting conservation and management committees.

Mike Wilson is the operations manager for natural raw pet food company, K9 Natural, which has recently started expanding into cat food and is focusing globally.

Michael Lewis

● **Position:** General Manager Northern Operations
Company: New Zealand Post Limited

● **Judges' comments:** "Michael Lewis is an impressive, visionary young leader who is committed to growing people to deliver both their individual and organisational success. Michael has a clear understanding of the need to deliver today while transforming the workplace to meet tomorrow's many challenges. He is a young leader who seems destined to have a profound impact on the organisations he works for, the people he works with and on New Zealand as whole."



Oliver du Bern

● **Position:** Visitor Experience Manager
Company: Wellington Zoo Trust

● **Judges' comments:** "Oliver du Bern is a values-driven and deeply thoughtful young leader. He is intent on making a positive difference to seriously challenged natural environments. Oliver understands the importance of diversity and the opportunity it presents for new and innovative thinking. He will be an influential leader particularly in the conservation sphere."



Michael Wilson

● **Position:** Operations Manager
Company: K9 Natural Food Limited

● **Judges' comments:** "Michael Wilson is an effective young leader who already understands the importance of good communication through compelling conversation. He strives to create a strong, committed work culture that focuses on individual and collective integrity. Michael is a natural leader with both humility and the breadth of understanding to grow into increasingly larger leadership roles."



Jo Brosnahan

What the judges say

Each year, the choice of Young Executive of the Year is a difficult one, and this year was no exception.

"This year's finalists confirm that the future of New Zealand is in good hands," says judge Jo Brosnahan. "Michael, Oliver and Michael are young leaders in completely different spheres, but all with a compelling vision and an ability to influence others in a way that is often not achieved by much older leaders."

"They also showed a basic humility

that has enabled them to look beyond themselves to focus on the needs of others."

Adds Brosnahan: "These young executives indicate the talent and capability that is available among younger employees."

"Employers should take the opportunity to identify, learn and grow their young leaders and to give them the responsibilities to show their talents."

"Intergenerational diversity breeds

innovative, energetic and diverse organisations. Good leadership is identified as the characteristic most needed if business is to thrive."

"The NZIM and Eagle Technology Young Executive of the Year Award has again proven that Generation Y are showing how it can be done."

● The national judges for the Young Executive of the Year were Reg Birchfield (convenor), Jo Brosnahan and Gordon Richards.



Reg Birchfield

Excellence in Governance

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Fletcher Building

Managing smooth transitions

Ralph Waters ended his term as Fletcher Building chairman on a high note with a strong financial performance. New Zealand's largest listed company delivered operating earnings of \$592 million and net earnings of \$339 million – up 10 per cent and 11 per cent respectively on the previous year on a comparable basis.

The year was also marked by the sale of the Pacific Steel and Hudson Building Supplies businesses. Waters has now retired from the board.

The judges say Fletcher Building's board has consistently managed its succession planning well. This allowed the company to move seamlessly between Waters and his replacement, Sir Ralph Norris, who came from the Commonwealth Bank. Sir Ralph joined the Fletcher Building board in April 2014.

The board also managed a smooth transition when Mark Adamson replaced Jonathan Ling as chief executive in 2012.

Fletcher Building is part-way into a major transformation project called FBUnite which aims to centralise aspects of group operations while retaining the devolved business model that allows individual units to stay focused. Part of the strategy involves creating centres of excellence. During 2014 the company's centralised property and procurement teams delivered benefits while the financial shared services function went live in March.

The judges say the Fletcher Building board is well-connected to its business, making a practice of travelling to inspect the company's operations throughout the world. "The Fletcher Building board of directors is highly disciplined with a sound approach to shareholder returns and matters like diversity, community and health and safety".



Outgoing chairman Ralph Waters (left) addresses shareholders. New chairman Sir Ralph Norris (above) looks on.

The company was spun out of Fletcher Challenge.

The judges commented: Thirty-two years on from issuing their original statement of purpose, revenues, assets and underlying profits have all grown 10 per cent compound, total shareholders return 12.8 per cent compound, or deducting NZ inflation, 8 per cent per annum real. These figures have been independently calculated and verified. It is a case study on how to survive and thrive in challenging times which have de-

manded a dash for growth and gearing up and conversely hunkering down to adjust to debt and equity markets. This demands Excellence in Governance. The board has exemplified best practice in terms of enforcing a maximum length of service and the careful appointment of quality to Chair and board positions.

Diversity is a given in an organisation employing more than 18,000 people in 40 countries. Two of Fletcher Building's eight independent directors are women - Cecilia Tarrant appointed in 2011 and Kathryn Spargo in 2012. Fletcher says it has had a diversity in policy in place for some time and continues to monitor its performance.

There was an 8 per cent increase in the number of women in senior management roles during 2014. Over the past two years the number of

women senior leaders has increased from 14 per cent to 24 per cent.

Fletcher Building operates a diversity council, chaired by the CEO. This has led to a series of Inspiring Women networking events where women employees can meet other business leaders to share experiences.

The company is proud of its progress with employee health and safety - total recorded injuries per million employee and contractor hours decreased by 12 per cent during the year. The total recordable injury frequency rate has reduced by 57 per cent over the past five years.

Air New Zealand

It's been a year of transition at Air New Zealand with the departure of long-time chairman John Palmer who came on board after the collapse of the company's Ansett operation in Australia. Palmer successfully passed the baton to former Foodstuffs NZ managing director Tony Carter, who features elsewhere in these awards as Chairperson of the Year.

The judges said Air New Zealand rose well to the year's governance challenges. These included the government selling down its shares in the business, taking its ownership from 73 per cent to 53 per cent and making \$365 million in the process. Air New Zealand has also increased the diversity on its board – two of the seven members are women.

Air New Zealand's board has done an excellent job with its CEO appointments. It hired Ralph Norris from ASB who brought a focus on customer and culture that was ideal for the post-Ansett rebuild. Then Rob Fyfe who increased the airline's standing on the international stage. More recently Christopher Luxon has sales and marketing experience along with a focus on cost control and growth.

Port of Tauranga

Port of Tauranga is a well-governed company which continues to lead the sector. The year saw independent director David Pilkington replace John Parker as chairman of the board. Sir Dryden Spring retired as a director after 10 years on the board. He is replaced by Alastair Lawrence, a banker.

Among the highlights for the Port of Tauranga in 2014 was a 10-year contract with Kotahi – a joint venture between Fonterra and Silver Fern Farms. The deal saw the port exchange 1.5 per cent of its equity in return for a guaranteed volume of freight. Kotahi has committed to using TCTS, a port of Tauranga subsidiary in Timaru, and has taken a 49.9 per cent share of the company. Earlier Port of Tauranga acquired 50 per cent of PrimePort Timaru.

A large scale dredging operation will shortly start to increase the port's ability to handle larger ships. Stage one is expected to cost \$50 million. Also in the investment pipeline are two tug boats capable of pulling larger ships. These examples of strategic planning were highlighted in the judging process.

Port of Tauranga also clocked up a significant improvement in health and safety with a 92 per cent reduction in the total injury rate - down to 3.1 per million hours worked.



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Visionary leader



Bruce Plested: Mainfreight Running a global business as a whanau

Bill Bennett

Mainfreight executive chairman Bruce Plested is the winner of the Deloitte Top 200 Visionary Leader 2014 Award. The Top 200 Awards judges say he built a global transport company from nothing and has done many wonderful things along the way. They describe him as both a "rounded person who links to the commercial community" and an "extraordinary character".

Plested's employees will certainly agree with that assessment.

To celebrate his 70th birthday Plested gave \$1000 to everyone who had worked for Mainfreight for a year or more. The gift cost more than \$4 million of his own money.

At the time Plested said he just wanted to say thank you to the

Mainfreight successes in the Top 200 Awards

1996 Finalist: Best Corporate Strategy
2000 Finalist: Bruce Plested Executive of the Year
2005 Finalist: Most Improved Performance
2007 Winner: Best Growth Strategy
2008 Winner: Don Braid Executive of the Year
2011 Winner: Don Braid Executive of the Year
2011 Winner: Company of Year
2012 Winner: Best Growth Strategy

people who had given him so much.

It is part of a distinct leadership style; a theme that runs through the history of the man and the company he founded with a single Bedford truck and \$7000 some 37 years ago. Today Mainfreight has been transformed into a major international logistics company with 6011 employees working in 233 operations around the world.

Last year the business had revenue of NZ\$1.9 billion and expects to reach \$2 billion this year.

Mainfreight group managing director Don Braid says: "The \$1000 gift was unexpected, but in a way it came as no surprise to those who had worked with Bruce for some time. There's more to the man's generosity than this example. Bruce believes in sharing success with people who work hard. At Mainfreight we all eat at one big long table."

There's no Mainfreight head office or military style hierarchy. Plested and Braid are based at unfashionable Otahuhu in South Auckland. There are no company memos and as little email as they can get away with. Braid says instead of these there's a lot of "picking up the phone and talking".

Plested runs the business as a series of semi-autonomous branches – that way each employee can feel they are part of a close-knit team. Something else binds employees to their branch: Mainfreight pays a bonus on a branch by branch basis where 10 per cent of net profit goes to employees.

Reporting is done weekly. At each branch the profit and loss figures are put up on the cafeteria wall. Everyone can see the bottom line and everyone understands what it means for the company and for themselves. Braid says: "There a capitalist motive behind this, Bruce believes profit is a great motivator."

He says Plested's motivation mixes incentives with responsibility. Mainfreight employees are empowered to make decisions. "Each person has



Bruce Plested with Don Braid (background) and the Bedford truck Plested started the company with (below left).



5 things about Mainfreight

- 1 Has a 100-year vision
- 2 Family feel: Don Braid's sons also work in the business
- 3 Sponsors Duffy Books in Homes
- 4 Works with the Life Education Trust
- 5 Strong association with Bairds Mainfreight Primary School

responsibility for what they do. Bruce believes people grow when they are given this responsibility. They all know they are expected to look after customers, giving them a high quality freight service," he says.

Empowerment can be rewarding in other ways. Mainfreight has a policy of developing people and promot-

ing them internally. Braid says the company offers staff training in every country it operates in.

People are given free rein and that means sometimes they make mistakes. Braid says Mainfreight is a strong believer that people can make mistakes, but though Plested can be a tolerant manager, Braid says there's nothing loose about the way the business is run: "Bruce has an eye for detail."

He is also fast-moving. Plested's secretary Carol Selwyn says she doesn't do slow: "It would be hard to work for anyone who moves slower than I do." Clearly the two are well matched. Selwyn has worked with Plested for 41 years, since before he started Mainfreight. She says Plested learned his management style growing up in blue collar Grey Lynn with

Mainfreight milestones

1978: Bruce Plested starts Mainfreight Auckland
1979: Neil Graham joins Bruce Plested helping shepherd the company into what is now a publicly-listed logistics firm.
1984: Plested's brother Gerald starts Mainfreight's first international sea and airfreight business
1989: Opens operations in Australia
1994: Don Braid joins through acquisition of Daily Freightways
1996: Mainfreight listed on the NZX
2003: Bought Owens Group
2007: Acquired Target Logistics
2011: Bought Netherlands firm as European springboard
2014: \$1.9 billion revenue

Maori and Pacific neighbours.

"It's about creating a feeling of whanau. He sets high standards for himself and has created a family atmosphere where people want to prove their worth to him. They make their own decisions and have autonomy, but they want 'Dad' to be happy with them."

Selwyn says Plested has personal qualities that make this management style work. She says: "He can talk to people, of course the secret to doing that is being a good listener."

The Mainfreight founder also has a social conscience. A "living wage" is paid, Plested has contributed to the Maori Party, and Mainfreight also sponsors a school in Otago.

Plested is a thinker. Braid says over the years the chairman has designed a philosophy to run the company. "Some of it comes from within, some comes from experience, knowing what works and what doesn't."

"When Mainfreight was starting out, people had to work late on Thursday nights loading sea freighters. Bruce would make sure there was a roast dinner laid on for everyone who helped."

Plested is also a great reader; some of those ideas come from books. Books are important to him. He has worked with author Alan Duff to put books in the homes of poorer children. The pair see books and reading as a way to get people out of the poverty trap.

Mainfreight has planted 100,000 native trees to bring bird life back to parts of the country and, Braid says, he insisted on the firm using recycle bins long before they were common.

Braid says Plested's vision is for the future. Few other business leaders think in terms of a 100 years or so. "It is all about visionary leadership. Many of us here believe in the same principles, we're here for the long term."

Most improved performance



Tourism Holdings

“Back from the dead”

Tourism Holdings is “back from the dead” according to the judges at Deloitte Top 200 awards.

Taking away the gong for “Most Improved Performance” at this year’s awards, Tourism Holdings’ share price is up 75 per cent during the past 12 months. Australasia’s largest motorhome rental business, the company also reported a soaring annual profit in the year to June 30.

Its net earnings jumped 192 per cent in the 12 months to June 30, up from \$3.1 million a year earlier.

The tourism firm had hoped to deliver net profit of above \$10.5 million and in the year it beat that target with net earnings after tax of \$11.1 million. In the 2015 financial year it has committed to deliver profits of above \$15 million and start a plan for growth.

“Tourism Holdings is a company that is posting stellar results and ‘getting it right,’” the judges said.

“The massive share price out-performance in the year gone by was driven by not just the financial performance of the business, but what it has done to rationalise its fleet and asset base to expand in the United States,” they said.

The judges also gave a hat tip to chairman Rob Campbell and said he could take credit for fulfilling the commitments he gave to shareholders a year ago. “Tourism Holding is back from the dead,” they concluded.

The company, which listed on the NZX in 1986, operates in New Zealand, Australia, and the United States – with profitability improving across all three of these units in the last financial year. Chief executive Grant Webster told the *Herald* in June that the business was performing well across the board and in all the countries in which it operated.



Tourism Holdings chairman Rob Campbell wins praise for fulfilling his commitments to shareholders.

The company has the largest fleet of motor homes for rent and sale in Australia and New Zealand. In the United States it owns and operates the Road Bear RV Rentals and sales brand.

In 2012 it bought rivals United Campervans and KEA Campers to reduce the oversupply of campers. It has since downsized its fleet and received \$65 million from vehicle sales in the year to June.

It expects to continue to reduce its Australian and New Zealand fleets in

the coming year while expanding its United States fleet.

Within New Zealand it operates Kiwi Experience buses and Waitomo Caves attractions. It also makes motorhomes through its RV Manufacturing Group joint venture, which has operations in Auckland and Hamilton.

Finalist: Spark

Spark – formerly Telecom – was a standout performer in a pretty tough sector, judges noted.

They noted Spark had managed the very difficult split from the old Telecom business.

“Spark has to drive value growth and cut cost faster than traditional revenue is falling.

“But Moutter is making progress. This is one company to keep an eye on.”

Moutter last year unveiled a plan to transform the company formerly known as Telecom from a traditional telco to a “digital services” business. This involved stabilising revenue

while reducing costs in the 2014 and 2015 financial years and driving revenue growth from the 2016 financial year. “We’re a little ahead of that plan ... and we’re aiming to deliver improving results from here forward,” Moutter said when delivering Spark’s full-year results for the 12 months to June 30.

Spark reported that its full-year profit from ordinary activities, excluding discontinued operations, was up 19.8 per cent to \$321 million.

Finalist: Hellaby Holdings

Judges noted that diversified investments company Hellaby Holdings had been making great progress and had proved good at picking winners. Last month the company said it was on track to proceed with at least one acquisition this financial year as it looked to further broaden its portfolio.

The Auckland company had several possible acquisitions on the cards and was “optimistic that at least one will come to fruition during this financial year”, chief executive John Williamson told Hellaby shareholders at the company’s latest annual meeting. The company has been on an acquisition drive over the past year, buying a truck servicing business, auto electrical, fuel and engine management components firm and 85 per cent of Contract Resources, an engineering maintenance and industrial cleaning company.

“Experience has shown us the benefits of an investment portfolio of assets with earnings spread across different geographies and sectors,” Williamson said. “The ongoing acquisition of businesses that meet our investment criteria, and deliver the next step lift in earnings, remains a priority.”

– Hamish Fletcher, Liam Dann

Best growth strategy



Delegat Group

A counter-cyclical approach

A counter-cyclical approach to acquisitions and expanding offshore with its own “on the ground” sales force is paying dividends for winemaker Delegat Group, the judges said.

The Auckland-based firm, whose brands include Oyster Bay, took out the Best Growth Strategy award.

Delegat, founded in 1947, is New Zealand’s fourth largest winemaker in terms of wine sold and the country’s largest listed wine business.

The judges said executive chairman Jim Delegat had been involved in the wine industry all of his working life. “He is in his own way a strategy guy,” they said. “He’s just picked off one country after another by sticking to very basic stuff and putting a substantial investment into training and developing an old fashioned skilled dedicated sales force.”

The judges said this approach had been “a strategic winner” for the company.

“They are continuing to put runs on the board.”

In April Delegat, the New Zealand-born son of Croatian migrants, stepped down from running the winemaker’s daily operations to focus on the firm’s strategic direction, taking up the role of executive chairman. Graeme Lord took over as managing director.

Jim’s sister Rose also sits of Delegat’s board and the brother and sister team own a substantial shareholding in the company.

The firm is on a strategic push to create a global “super premium” wine business. It owns the Oyster Bay and Delegat’s brands, while also holding a more than 30 per cent stake in NZAX-listed Oyster Bay Marlborough Vineyards.

Shares in Delegat, which listed in 2006 at an issue price of \$1.40 apiece, hit a record close of \$5 in September and have gained more than 33 per cent this year.

In August the company reported full-year case sales of more than 2 million – a record – while operating profit also hit an all-time high of \$31.4 million, despite the challenges posed by the strong New Zealand dollar to the exporter whose largest market is North America.

Announcing its annual result, the company said it intended to invest \$86 million over the coming year into supporting future sales growth and achieving competitive advantages in terms of quality and supply. The company said it was looking to establish an in-market sales operation in China.

Delegat bought the assets of Australia’s Barossa Valley Estate out of receivership for A\$24.7 million in April 2013, just two months after snapping up the distressed vineyard and winery assets of New Zealand’s



Jim Delegat has been in the wine industry all of his working life.

Matariki Wines and Stony Bay Wines.

Delegat is in the process of constructing a new winery complex in Hawkes Bay, while the company said in August that new vineyard development was also set to get

under way in Marlborough and the Barossa Valley.

Jim Delegat said last year that the group was intent on continuing to grow long-term demand for its wines and the purchase of top quality vineyards would ensure supply.

Finalist: Green Cross

Green Cross Health Green Cross has a strong focus. It has rebranded its business and built a strong position in the sector, judges noted.

Green Cross is chasing growth through acquisitions in the primary healthcare sector, and bought a 50 per cent share of Total Care Health Services in March, its first expansion into community healthcare.

Before the name change in March, Green Cross had largely been seen as a retail pharmacy operating the Unichem, Amcal, Life Pharmacy, Radius and Care Chemist brands and running medical centres.

The company has consolidated its five pharmacy brands down to Life Pharmacy and Unichem, and relaunched its reward programme, Living Rewards, which it wants to expand across all business units.

Last month it announced it had bought medical centre operator Peak Primary, which owns 11 medical centres. Radius Medical, a Green

Cross subsidiary, will take over the business.

Finalist: Infratil

Infrastructure investor Infratil, whose “long track record of growth makes it a company that is hard to ignore” was a finalist in the best growth strategy category of the Deloitte Top 200 Awards.

Infratil had made some “excellent” investments and recycled capital into new acquisitions such as with Z Energy and Metlifecare, the judges said. The 20-year-old company owns energy, transport and social infrastructure with the objective of providing its shareholders above average returns.

Earlier this month Infratil said it had \$600 million in the bank and that it would return \$120 million to investors via a special dividend and share buyback; and its shares have been trading at their highest in seven years. The capital return follows the sale of its Australian energy assets for a net \$670 million.

The company also posted a 73 per cent rise in first-half earnings to \$398.8 million following the sale of its European airports, its PayGlobal investment in August and the IEA Group in September of this year.

Wellington-based Infratil expects full-year earnings before interest, tax, depreciation, amortisation and asset valuation changes of \$475 million to \$500 million.

Diversity leader

BNZ

Finding a competitive advantage

Greg Hall

Diversity itself can be a competitive advantage, emphasises BNZ chief executive Anthony Healy; one which needs to extend well beyond the frames of gender and ethnicity.

Says Healy: "A true commitment to diversity should, to my mind, spur old institutions to act in new ways."

"That might sound a little ironic coming from a middle-aged white man in a suit but I am the CEO of BNZ and a true organisational commitment has to be led from the top."

The Top 200 judges were unanimous in agreeing that BNZ is putting its commitment into practice and has "stepped out as a vocal leader of diversity".

The bank's strategic diversity priorities are paying dividends and the judges note that while internal initiatives and reporting have been important, so has BNZ's focus on external facing initiatives. Panel adviser and Treasury deputy chief executive Vicky Robertson highlighted BNZ's "flexi-working offer to all employees makes it a leader in this field."

"The bank has a very strong approach to diversity," she adds. The BNZ's Diversity Council, established in 2011, represents a concerted effort by bank's executive team to lead by example.

As BNZ said in its entry for the inaugural Diversity Leadership Award: "Change is not possible without the board, chief executive and the executive team taking ownership of their diversity efforts and steering the ship in the right direction."

BNZ has set a hard target for their graduate recruitment outcomes – a 50/50 split down the middle of their newest recruits between the genders. The newest additions to the BNZ team are not the only focus of the company's gender equality efforts. The bank is also looking to change the face of senior management.

In 2010, the percentage of senior leaders who were women sat at 21 per cent. The company aims to raise that to 33 per cent by the end of 2015. By the start of this year, it had hit 26 per cent.

The membership of the BNZ's executive team was made up of 17 per cent women in 2010. Their target for the end of 2015 was 33 per cent – it's already hit that.

The bank is also taking a multi-pronged approach to diversity in key market segments such as Asian and migrant engagement. "It's not just as a reflection of our deeper institutional commitment to diversity," explains Healy. "But also because it makes



A true commitment to diversity should spur old institutions to act in new ways. That might sound a little ironic coming from a middle-aged white man in a suit. But I am the CEO of BNZ and a true organisational commitment has to be led from the top.

Anthony Healy.

profound business sense when one pauses to consider the changing character of the communities that sustain us, and New Zealand's ever deeper trading ties with China and other Asian countries."

The bank kick-started its diversity journey with the BNZ Diversity Council. Comprised of senior leaders from across the business, it is the tone-setter for the bank's diversity efforts across five areas: governance, gender, age, culture, and accessibility.

BNZ knows that – much like the rest of New Zealand – their workforce is ageing. In 2013, they saw that they had more workers over 55 than they had under 24. The potential damage from the loss of long-serving, seasoned employees had to be mitigated. Ensuring the preservation of the knowledge held by the long-timers is a key-focus.

BNZ began an intense exploration of their workforce in 2012, conducting one-on-one ethnic interviews, focus

groups and employee surveys to gather and analyse data by ethnicity. The results made clear the broad variety of cultures on their team and the differences in experiences that each culture might have. This led to the appointment of BNZ's "cross-cultural ambassadors" – leaders from within each of New Zealand's largest ethnic groupings who meet regularly to discuss issues of cultural diversity within the BNZ workplace.

On top of that, BNZ has undertaken to provide Maori awareness training throughout the organisation on topics such as Maori protocols, norms and experiences.

They've also driven to accommodate the disabilities of New Zealanders – 20 per cent of New Zealanders live with a disability and because of that, they make it a priority to be accessible to everyone.

Debbie Teale, Diversity Manager BNZ, says that from the beginning the bank has focused on the workplace and customer.

"Many organisations just look at workplace and set up their case for change only on the EEO or equity perspective. There is a great economic case – and an inclusive society case – having everyone engaged and earning a good living is good for a sustainable economy and long-term growth."

Teale says the board is committed to the diversity push and engages regularly. "Our previous CEO, Andrew Thorburn (now chief executive at parent company NAB in Australia), initiated the work and was key in ensuring we had time at the top table,

backing and resource. Our current CEO Anthony Healy was the inaugural chair of our council. He has been right behind this all the way and continues to drive the organisation's focus.

"We argue that diversity is not political correctness, but delivers a distinct competitive advantage for organisations that invest in encouraging a culture of diversity, flexibility and inclusion; that a diverse workforce encourages fresh thinking, new perspectives and better decisions, leading ultimately to better returns for shareholders."

"But it's not enough to bring together a diverse mix of people. It is about having an inclusive culture."

"A simple analogy that people can relate to and feel is – 'diversity is getting an invitation to the dance, and inclusion is being asked on to the dance floor'."

Finalist: Vodafone

"Diversity isn't a buzzword at Vodafone; it's ingrained in everything we do and supported across our executive team," says Kirstin Te Wao, Diversity Lead at Vodafone, a finalist in the DiverseNZ Award.

"Our goal is that Vodafone's make-up mirrors the diversity of New Zealand. We want an environment where differences thrive so we can better serve our customers, our people and the communities we operate in – and that's why Vodafone employs me full-time, to drive that diversity agenda and outcomes."

The judges praised Vodafone's Plus One policy where targets are

measured twice yearly on a global scale. When person leaves the vacant position is filled with a female until there is a 50:50 ratio at senior levels of the organisation. The focus on diversity runs all the way to Vodafone's most operational front line, with diversity a key area of attention in their retail employee training.

Panel adviser Vicky Robertson said the company was further through their journey of diversity and inclusion than most. It was clearly trying out more initiatives than most and some were more successful than others.

Russell Stanners, CEO of Vodafone New Zealand, along with his Human Resources Director, Antony Welton and GM of HR, Jan Bibby, appointed a full-time Diversity lead in Te Wao to ensure the wheels on Vodafone's diversity efforts keep turning.

Finalist: Genesis

Genesis Energy sees its commitment to a diverse, inclusive workplace as essential to driving commercial success. Albert Brantley, CEO says Genesis has a high level strategy and three-year road map focusing on both company-wide diversity programmes and targeted initiatives. "This approach provides a point of difference, and will enable us to achieve better outcomes for all our stakeholders."

"We have developed a set of ground rules for fostering inclusive leadership practices across the company to help drive the right mindset and behaviours to truly leverage diversity in Genesis Energy."

"We are working hard to create a company where talent wants to work. To achieve this we need to honour the diversity of our people, our customers and the way we think."

Genesis Energy has set three high-level strategic goals to frame their diversity journey:

- Creating a place where talent wants to work
- Understanding their customers and how Genesis can create value for them
- Leveraging diversity of thought to create greater business value for their shareholders

Its diversity policy, available on Genesis' website, is targeted at all levels of their business and seeks to make diversity a way of life within the organisation. Genesis doesn't believe a prescriptive quota driven approach is the way forward.

Instead, it sets broader targets for the components of the organisation to meet. These targets include initiatives like mandatory unconscious bias education for all executive leaders, with the aim to have more than half of senior leaders go through the training this year.

Genesis is also developing a cultural calendar to create awareness for the array of celebrations that might be important to their diverse workforce.

Other initiatives include the organisation-wide promotion of Maori language week, a targeted minimum of three high-potential female employees through an executive development programme per year, and an internal apprenticeship programme designed to combat the effects of an ageing workforce.

Prime Minister's Office backs Diversity Leader Award

This year a new category of Diversity Leader was added to the prestigious Deloitte Top 200 Awards.

The Prime Minister's Office has provided government sponsorship for the new Diversity Leader Award, which recognises organisations for their policies, programmes and values to enable greater diversity across their business.

The addition to the awards illustrates the growing importance of diversity and its undeniable impact on

the success of organisations. Diversity enables an organisation to grow into new markets, evolve business models, innovate new products and services, and attract top talent.

A greater focus on diversity by New Zealand's most successful companies will spur economic growth and social change for our country.

The Top 200 Diversity Leader Award emerges from an annual listing of the 200 largest corporations based

on revenue, and a separate listing of New Zealand's Top 30 financial enterprises based on asset value. The lists comprise public listed and unlisted companies, New Zealand subsidiaries of multinational companies, co-operatives, societies and state-owned enterprises (SOEs), plus private companies prepared to supply audited accounts.

From the Top 200 index only those top 25 organisations that show strong

gender results will be asked to apply for consideration for the Diversity Leader Award. This analysis was undertaken on the basis of publicly available information only.

Assisted by advisor Vicki Robertson, Deputy CEO of Treasury, a panel of independent judges assessed award applicants on the basis of their commitment to promoting diversity and inclusion throughout their business, including on issues beyond gender, as

well as their development of innovative solutions to a diversity challenge or opportunity they recognise as business critical. Organisations will also be required to disclose their diversity policy.

The award is expected to encourage organisations to look deeply into their talent pool and increase diversity across their business, recognising advantages of diversity and inclusion to their business performance.

Success through diversity.

ASB is proud to be shaping a culture that reflects our diverse society, offering everyone access to the same opportunities and rewards, regardless of gender, ethnicity or sexual orientation.

We celebrate a range of cultural events - from Diwali to Matariki. We're the first New Zealand bank to be awarded the Rainbow Tick, and have been recognised for our commitment to leading gender equality in the workplace. Our inclusive environment empowers our people, enabling them to provide better service to our customers.

Succeed on



Diversity

The hidden advantages

Beyond the hard numbers, it is the intangible benefits of diversity – improvements in culture, diversity of thought and new streams of innovation – that is luring CEOs in droves writes **Alexander Speirs**

New Zealand business leaders have been relatively quick to recognise the benefits diversity can bring to a business.

Companies like Spark, its prime rival Vodafone, cloud accounting firm Xero and all of our major banks are among the New Zealand corporates spearheading more diversity within their companies to drive innovation, meet emerging new markets and ensure a fairer working place for all.

Many – including Fonterra, Bell Gully and GlaxoSmithKline – have signed up as members of DiverseNZ Inc to show their commitment to progressing diversity and collaborating within the space.

DiverseNZ Inc and the 25 Percent Group – which includes well-known corporate figures like ASB chief executive Barbara Chapman, Vector chairman Michael Stiasny and Goldman Sachs NZ chief executive Andrew Barclay – are among the leaders wanting 25 per cent female representation on boards by 2015. The group also includes Treasury Secretary Gabriel Makhlouf.

They have focused their efforts on improving diversity within management ranks, where women in particular still remain severely under-represented.

Chapman says, "Within our business we have a gender diversity target. We want improved representation of women among our senior leaders. The best way that can manifest and we can gain traction is by doing the simple things.



Apple's Tim Cook is a champion of diversity in the workplace.

"For any senior role in the business, there has to be a man and a woman on the interview panel. That does two things – it makes women think 'okay maybe I'm going to get a fairer hearing and they'll understand where I'm coming from', but it also makes us as a leadership team really figure out where the talent is and have the right conversations."

The NZX has required NZ companies to include diversity reporting in their

annual reports, including a breakdown of the gender composition of their boards of directors and officers, as well as an evaluation of the company's performance with respect to their formal diversity policy, should they have one.

Deloitte Top 200 Chairman of the Year for 2014, Tony Carter, has been a vocal supporter of diversifying talent at the top table, explaining that "the purpose of a board is to challenge ideas

in a positive and constructive way. And it's the person who can think differently and make others say 'I hadn't really thought of that' who can challenge in a way that gets a better outcome."

Carter chairs both the 2014 company of the year, Air New Zealand, and Fisher and Paykel Healthcare which was last year's winner. "Boards work best when there's a range of views. To me, diversity is really about diversity of thought and you only get that from a diversity of background, experience and skill," he says.

Supporting the diversity drive domestically are other organisations such as the Equal Employment Opportunities Trust (EEO) – our longest-tenured organisation in the space. The EEO works with businesses of all shapes and sizes to reduce barriers to inclusion.

EEO chief executive Beverley Cassidy-Mackenzie explains that "one of the things that we do is help organisations to take up diversity and inclusion and to use that as a tool to recruit, retain and empower. We've got a looming labour shortage, so whatever it takes for businesses to look after their current staff and recruit new ones is a positive."

Rainbow Tick is a relatively recent addition to the diversity space in New Zealand, but has been quick to make an impact as it strives to make all workplaces safe and welcoming to the rainbow community – lesbian, gay, bisexual, transsexual and intersex people.

Since replacing pop-culture icon Steve Jobs as chief executive at Apple, Tim Cook has been open about the progressive internal policies and politics he has brought to the world's most valuable brand.

Cook has championed diversity within the organisation, captured by the introduction of the new company mantra: inclusion inspires innovation. "We are making progress and we're committed to being as innovative in advancing diversity as we are in developing our products.

"Our definition of diversity goes far beyond the traditional categories of race, gender, and ethnicity. It includes personal qualities that usually go unmeasured, like sexual orientation, veteran status, and disabilities. Who we are, where we come from, and what we've experienced influence the way we perceive issues and solve problems. We believe in celebrating that diversity and investing in it."

Cook has led from the front – his appointments to the executive team

Barbara
Chapman
CEO, ASB

New Zealand seems to be world-class at setting up a whole lot of fragmented groups to tackle a perceived problem, a social injustice. I think that over the years that has been to our detriment, I really think we're a small enough nation that the best result we will get will be achieved if we unite, not splinter. I think we spread ourselves too thin and that creates inertia more than anything. It's not through lack of desire or intent, but there's just not enough results. Have we spread ourselves too thin to have a real voice and make a real impact?

Are we seeing massive improvements? No, it's not fast enough. But I think there are simple things and incremental steps which are being taken to remove some of the barriers and obstacles.

At ASB we have appointed two female directors. Great progress is being made here. New Zealand is full of some quite innovative, diverse organisations.

I wonder whether we're looking at diversity through the wrong lens targeting the major, listed companies. Maybe we might see more progress in smaller, non-listed companies. In which case what is it they do, how are they doing it and how can we share the best practice?

have reflected the public stance the company has taken. But by far the most far-reaching initiative led by Cook has been a personal one – revealing to the world in an essay for *Bloomberg Businessweek* that he himself is a gay man.

"For years, I've been open with many people about my sexual orientation. Plenty of colleagues at Apple know I'm gay, and it doesn't seem to make a difference in the way they treat me," wrote Cook. "Of course, I've had the good fortune to work at a company that loves creativity and innovation and knows it can only flourish when you embrace people's differences."

That sentiment is being echoed by some of New Zealand's most progressive companies, who have been quick to embrace the power of diversity and capitalise on the benefits.

Gabriel Makhlouf, Treasury

The business case for diversity is clear. A lot of us adopted it as a strategy to raise performance some time ago, and yet research indicates that across the board, progress has been slow.

A key reason some organisations don't become more diverse is because without knowing it, we're looking for other people like us.

We aren't consciously excluding ideas. We are unconsciously excluding them.

Unconscious bias is a glass wall. It can stop an organisation from becoming more diverse by excluding outsiders who don't fit the mould. Critically, it can also mean organisations don't get the best from the diversity that they do have,

because people suppress differences in order to fit in and succeed.

Any organisation that is in the business we are in strengthens itself by bringing different perspectives to its work.

Because as the world changes, it is the new and not the old that matters. We need to look to the future rather than reflect on the past. We want to learn from history, not be trapped by it.

Diversity is the key to bolder, more innovative thinking. If we can deepen diversity, if we can leverage difference and harness it effectively, it will generate a real advantage, in the form of fresh ideas that work in the new New Zealand.



Vodafone's diversity policy is a gradual move to long-term change

Alexander Speirs

Vodafone's Antony Welton reckons diverse candidates with the potential to contribute in "out of the box" ways aren't always caught by traditional recruitment methods.

"It's not that candidates don't exist," says Welton, who is HR director at Vodafone. "There are fantastically capable Maori people and women for example who would be ideal additions. It's just that we're not necessarily finding them through traditional routes and channels, and we have to put that extra effort in."

Welton says incorporating diversity into the culture at Vodafone has been about implementing processes to drive long-term organisational change, taking a gradual approach instead of making wholesale changes. "We've been trying this for many years and there is a lot of talk about targets, but we've found if you're trying to enact change in a predominantly male organisation and



Antony Welton



Kirstin Te Wao

the culture is more masculine, then the best way to respond is in a masculine way.

"One way we've achieved this is by setting all of our executive team a plus-one target in their direct reports, which is a goal to add one more female into their team each year until they hit the 50-50 mark. It's trackable, it's clear and the men get it. As a result, we've seen real gains and shifts since we introduced the targets.

"I'm sure as we gain a stronger gender balance within the organisation,

we won't need that as much because we'll have a different environment. To get momentum going however, it's been really valuable."

Vodafone now boasts a 38 per cent female workforce across the business, up from 33 per cent five years ago.

The executive team is now 30 per cent female and all shortlists for new senior roles are required to have an even split of male and female candidates.

That same effort is also being applied across a broader range of groups, with a particular focus on Maori – where a number of targeted initiatives and alternative pathways into technology are being implemented by Vodafone.

"Vodafone is a global company and wherever we are operating we become a long-term investor of infrastructure so it's really important to us to have strong communities where we work so that we have a strong customer base and for us to reflect that customer base so we can serve them better."

Increased diversity has opened new business opportunities

One of the company's more prominent business opportunities has been the development of unique ethnic offerings to target niche customers.

"One of our managers at Vodafone is Indian and she's come to us straight from India. She's brought that thinking and knowledge from her community and come to us with an idea and proposition which she thinks will fill a real need," explained Kirstin Te Wao, diversity lead at Vodafone.

"After a lot of research, advice from our business partners from within the communities and talking to a number of staff members within Vodafone, we designed three bespoke prepaid plans customised for the unique calling needs of these communities."

The result was Mera Mobile – a Hindi-based offering targeted at the Indian community.

This was followed by China Plan for the Asian community and

Pasifika Mobile for the Pacific Island community.

Says Te Wao: "It's all about serving our customers better and a big part about how we can do that is to connect with them at a level that embraces and celebrates an individual's identity."

Each plan takes into account the specific needs of the community which it targets – tailoring the service, prices and overall offering to better suit those unique needs.

Staff had also suggested a number of internal and community led diversity programmes which Vodafone has incorporated into their business.

"Our Technology Director, Sandra Pickering started the Inspiring Women in Technology programme which all came about when she got a group of women within the business together and challenged them about how to support women working in technology and grow that talent pipeline.

Diversity

Value of the human factor

Diversity is woven through Xero's core values, Natasha Hubbard tells **Alexander Speirs**

Cloud accounting software firm Xero – one of the most innovative companies New Zealand has turned out – credits diversity as a catalyst for its rapid rise to prominence.

Natasha Hubbard, Head of People and Culture, says a proactive approach to diversity has enabled the business to make better use of the talent they hire and incorporate a variety of perspectives to ensure that Xero remains on the cutting edge.

"We recognise the huge value of tapping into the diversity that exists in our world today – we need to embrace all of the unique contributions within our team in order to stay game-changing," says Hubbard. "If you do what you've always done, you get what you've always got."

"We are a global business and we have a global team."

Xero's goal is to create and sustain an environment that encourages collaboration and inclusion to drive innovation. Hubbard says the results speak for themselves: Positive employees, high levels of staff engagement and motivated teams pro-

ducing world-renowned software.

"It isn't that we stand up at team meetings and talk about diversity, instead we let our actions speak louder than words," Hubbard adds. "Diversity is more organic and inherent, it is woven through all of our core values and our work force is the living proof that we promote and welcome talented people from a range of different backgrounds, ethnicities and cultures."

"We have a strong set of core values that underpin everything we do, and being 'human' is one of our values. What that means is respecting our colleagues, being inclusive, approachable, accepting and collaborative. Everyone is clear what our stance on diversity is. We hire for merit, but we take into account the benefits of broadening the diversity within our teams."

She says one of the more tangible benefits of embracing a more diverse team is the knowledge transfer and heterogeneity of thought brought to the table. "It's about new and better ways of doing things. Fresh thought brings new innovations into the team. It's about not just doing what we have



We always choose the best person for the role. But sometimes the best person isn't the most obvious person – they might not have the academic pedigree or the picture-perfect CV, but they have the X-factor.

Natasha Hubbard (top left with other members of the Xero HR team).

always done, but going beyond that with constant input from people with new and different perspectives."

Incorporating inclusion into the culture at Xero and creating a more diverse team has required a conscious effort. Hubbard says though that hiring people who bring those qualities doesn't have to be at odds with a meritocracy.

"We always choose the best person for the role. But sometimes the best person isn't the most obvious person – they might not have the academic pedigree or the picture-perfect CV, but they have the X-factor. They understand our business, they are revved up about our product and they bring a passion, energy and attitude that outshines others."

Diversity of leaders is imperative

Organisations face an accelerating pace of change where customer needs are shifting and competition offshore is aggressive.

Diversity of ideas and perspectives ultimately equips an organisation to be more innovative and responsive to its customers and stakeholders.

Yet we still see a lack of diversity in the management of many New Zealand organisations, limiting the ability of these organisations to think differently or take advantage of New Zealand's changing demographic landscape.

This year the World Economic Forum Global Gender Gap Index cites New Zealand women as the most educated in the world but also reported an unprecedented low of 30th overall for our economic participation and opportunity – down from 15th overall – which illustrates a widening gap of wage equality between men and women for similar work.

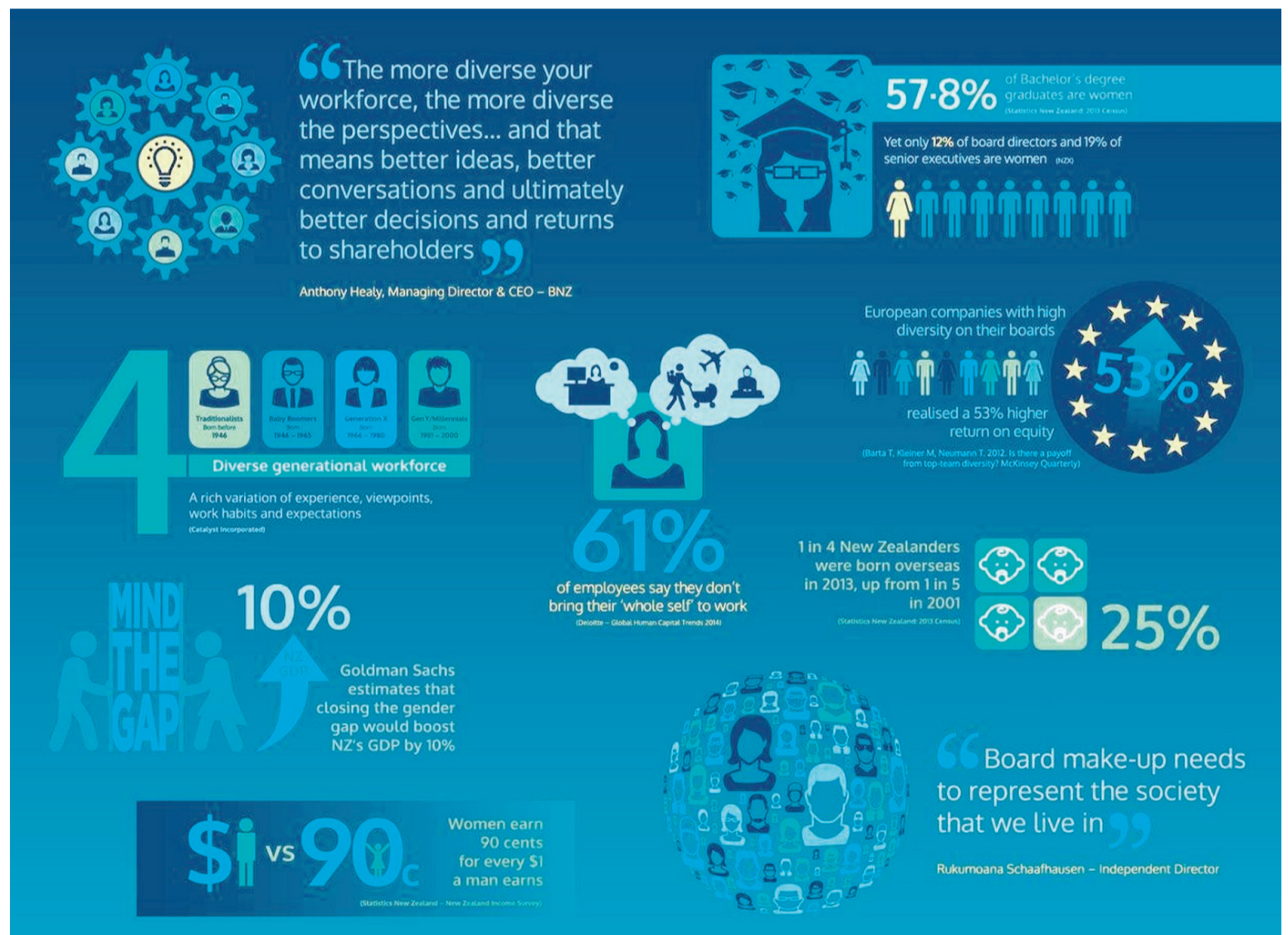
Equally concerning, New Zealand's demographic is quickly evolving with nearly a quarter of New Zealand's residents born overseas. The profound impact on the country's diversity makeup represents both challenge and opportunity to spur economic growth and social change.

This lack of diversity in New Zealand's leadership led Global Women to establish the DiverseNZ Inc. initiative aimed at encouraging New Zealand's business community to take on the broader Diversity and Inclusion (D&I) dilemma. At the heart of DiverseNZ Inc. is the belief that there is immense opportunity in diversity as a powerful driver of business value.

Organisations need to understand the importance of diversity's influence on new markets, business models, product and service offerings, company brand, and talent recruitment and development.

DiverseNZ Inc. has been working with 40 leading New Zealand organisations to build their capacity to manage their D&I strategy.

Based on a benchmark of their D&I position, DiverseNZ Inc. created a series of workshops for these organisations to establish their own D&I



strategy and share successful tools and approaches to designing a roadmap, monitoring and measurement, inclusive leadership and critical issues.

The initiative also launched an online toolkit developed to gather together the immense amount of literature available on D&I and filter it to provide the strongest examples and resources. Categorised into three

sections – Governance, Leadership and People & Culture, the selection of action-oriented resources and tools are accompanied by New Zealand business leaders lending their advice on having real impact and influence in New Zealand businesses.

Galvanising a collective commitment to diversity, the diversity initiative will continue to build organisational awareness and capacity, de-

velop knowledge and learning and support an ecosystem of organisations that move the dial on diverse leadership.

DiverseNZ Inc will hone in on the critical areas of creating pathways for Maori and Pacific people within organisations, supporting Asian leaders and addressing the talent shortages and pipeline issues that start back at school and impact gen-

der and ethnically diverse people. DiverseNZ Inc. believes New Zealand's most successful businesses will be those who cultivate leaders that have an appetite for diversity of thought, crucial to their organisation's business performance. The development of women, Maori, Pacific and Asian leaders for the future positions of influence has become a business imperative for New Zealand.

Diversity

A place where everyone belongs

ASB was the first NZ bank to be awarded the Rainbow Tick. CEO Barbara Chapman explains that it was a team effort

Barbara Chapman is delighted that ASB was the first NZ bank to be awarded a "Rainbow Tick" certificate following a diversity and inclusion audit. The term Rainbow covers people who are LGBTI, or lesbian, gay, bisexual, transgender and intersex.

"We've got a Rainbow Tick, and I'm actually really really proud of that," says Chapman. "We're the first bank and I think we're the largest company in New Zealand who have done it and it's been something that the team have wanted to do."

The *Herald* spoke to Chapman about diversity.

What is your approach to diversity and where does it sit in your strategy to drive ASB forward?

From the top down there's still not enough traction going on in gender diversity. We're doing as much as anybody else. I don't think we're missing anything. But the results are still really really low.

From the bottom up, we do think we've had some good outcomes and changes around LGBTI diversity. We've had a very active group called "Unity" – a very inclusive LGBTI group. Of all the diversity areas we're working on, that's the one where we're making the most impact.

We were accredited with the Rainbow Tick. We've been through the audit process, came through pretty well. There's one or two things we need to focus on – small things like being mindful of jokes in the workplace. So we're putting some training modules in to make sure that the areas they've found we needed to work on, we've done.

The LGBTI community here feels strong, feels empowered, supported and are ready to stand up and go "okay, here's what needs to be done to make this a better workplace for us".



People make up 50 per cent of our cost. Anything I can do as CEO to make the workplace better for our people, it just goes without saying – you do it.

Barbara Chapman

better for our people, it just goes without saying – you do it.

Has addressing LGBTI awareness meant a change in behaviour for your managers?

We had one member of the Unity community come into our executive community and take us through the LGBTI language and what it all means. And you've got to admit, someone coming and talking to an executive team of a bank is pretty hard-going, but actually it was a fun and interesting session. He's a guy we respect, and he made it really accessible for us, but after that one of my direct reports came up to me and said "this just feels so right".

It's so great we can have these conversations. It feels like it should be, no awkwardness, it's really open, great conversations. I think it's brilliant.

How did the Unity Group evolve?

There's a Unity group at CBA (ASB's Australian parent). We were fortunate to have one of the stronger members of that group come across the Ditch and work for us here.

That started the groundswell, and a few people came to me and said "look, do you mind if we kicked this off?" and "how do you feel about getting involved in the Rainbow Tick programme?" which they don't have in Australia. [I was] absolutely all for it. What more can we do?

You'll see we picked up sponsorship of the Falcons, the gay rugby team that went to the Bingham Cup. That was part of our DNA to support community initiatives. I didn't want any sense of Rainbow-washing, for self-serving purposes, so giving back to the Rainbow community helps us there.

We've also done a piece of work with Rainbow Youth, so we're very much trying to integrate that community into just the way we are around here.

How do you make the LGBTI group feel included within the bank?

It's not a level playing field, there are some really good areas, there are some areas that need work, just getting in there and supporting them and making everybody knows what we stand for is inclusion. That comes

with its risks. There is a portion of society and some of them work for us, who are very anti-inclusion around LGBTI communities and have been reasonably vocal in it. I've had my fair share of people telling me we shouldn't be doing this. But I can't think of any reason why we shouldn't

be doing this. As a CEO, why would I not want to have every group in this organisation feeling like they were included, could come to work and be themselves, engage effectively with their colleagues. People make up 50 per cent of our cost, so anything I can do as CEO to make the workplace

Ageing workforce is on the rise

Greg Hall

"It's not something that might happen: it's something that's going to happen," says Professor Tim Bentley, Director of the NZ Work Research Institute.

He's talking about New Zealand's ageing workforce. Since 2001, the percentage of people 65 and over has nearly doubled. As of 2013, 22.1 per cent of those aged 65 and over were in the workforce. By 2031, this number is expected to rise to 31 per cent.

With the rapidly ageing population and the expected eventual reduction of the overall number of people in the workforce, making use of the older sectors is critical. A 2011 Ministry of Social Development report estimated that an increase in workers aged 65+ to 10 per cent by 2051 could generate tax revenue of \$1.8 billion in 2051, up from today's \$200 million.

Bentley says workplaces will have to adapt to make the work more flexible in order to accommodate New Zealand's changing demographics.

One focus area in particular, he says, is the concept of "gradual retirement".

"A lot of people would retire because the demand of work is so high that they can't imagine keeping it up any longer."

But it doesn't have to be this way: "You can 'graduate' the retirement – that way, you can keep the talent there in the workforce and transfer their skills to the younger generations over time."

In the digital age, opportunities to take advantage of this are abundant.

"Technologically, setting us up to be able to work off-site has implications for

the ageing workforce," he says.

"If you've got the opportunity to work at least some of the time remotely, then you can still be around your grandkids, look after your sick relatives, whatever.

"That model will allow you to stay longer in the workforce and work beyond traditional retirement age – everyone wins."

Despite the availability of such opportunities, we are yet to take advantage of them. "Society hasn't caught up with it. Culture hasn't caught up with it," he says. "The idea that you need to be monitoring someone to know they're working – these are things holding back productivity."

The Work Research Institute focuses on people and work. Areas of interest include not only workplace diversity, but a wide range of topics such as employment law, the labour market and workplace well-being and employee performance.

The Institute, in partnership with the Equal Employment Opportunity Trust, conducts a regular "Diversity Survey", polling New Zealand companies on their attitudes toward diversity in the workplace.

In the context of business diversity, much attention has been paid to the fact that "four generations" will simultaneously be a part of the workforce. There are the baby-boomers, born following World War II. There's Generation X, which includes people born from around 1960 to the early 80s. There are the Millennials, born from the mid 1980s to the mid 1990s. Finally, Genera-



You can 'graduate' the retirement – you can keep the talent there in the workforce and transfer their skills to the younger generations over time.

Tim Bentley, NZ Work Research Institute

tion Z is said to have begun anywhere from the mid 1990s to the mid 2000s. Babies being born now will fall into this category.

But in a business context, these categorisations might be of limited value when talking about what age-diversity means for the workforce. "It's lumping people into a whole big group – you're homogenising them," says Emma Edgar of the Equal Employment Opportunity Trust. "It's not helpful. We

need to look at who these people really are."

It is an area that hasn't received the attention that other diversity issues have, particularly where employers are concerned. A recent Workplace Diversity survey found that despite age being identified as a top issue, over 60 per cent of organisations have neither a policy or programme in place to manage or support an ageing workforce.

Bentley says, "If you mix their work up, and balance them with younger workers, then you can get the best out of both groups."

"It's great if you can do it, but that intergenerational management is a real issue and I'm not sure anyone knows how to do it well."

Here are three companies that are leveraging the ageing workforce:

Solid Energy

Solid Energy, in response to concerns about its skilled mining workforce rapidly being depleted by retirement, has made conscious moves to capture the knowledge of the older agents in the workforce by ensuring all new miners are thrust into a community of older, more seasoned veterans.

Rather than a formal, structured arrangement, Solid Energy has taken care to make the mentoring a cultural direction. This way, it can be sure that the acumen held by the older corners of its mining staff can be absorbed throughout the organisation in preparation for when the older generation moves on.

New Zealand Steel

NZ Steel has seen the shape of its workforce change and is facing it head on, actively having the hard conversations with ageing employees. Discussion of retirement options is encouraged as early as possible. The company has put in place a number of policies to accommodate the needs of older employees, and initiatives like phased contractual options, flexible hours and part-time work go a long way to keeping their older, more experienced staff engaged in the workforce. "The more we capitalise on different experiences, opinions, knowledge ethnicities, genders, and ages, the more enriched we are as an organisation," says Brenden Mannix, NZ Steel's People & External Affairs spokesperson.

Electrix

Electrix, a large utility company, found some concrete benefits in being proactive in managing its age-diverse labourers. Noticing an increasing number of injuries among older staff, management sought to address this by putting in place a number of temporary gyms in the workplace. They brought in physiotherapists to identify areas of weakness among staff and worked with them to improve their muscle conditioning and overall endurance. The initiative worked – the next year, Electrix saw a dramatic decrease in its ACC levy and ultimately reaped the benefits for its bottomline.

Diversity

Dealing with super-diversity

Bill Bennett talks to Auckland Council's Philippa Reed about managing the many faces of the Super City

Cities don't come much more diverse than Auckland. It falls into what academics call the super-diverse category, a term that applies when more than 100 nationalities are represented.

Auckland Council diversity manager Philippa Reed says: "We know of over 200 ethnicities in Auckland. It's changing fast – in the last five years we've seen a marked increase in the number of Asians coming from India and the Philippines. There has also been a jump in the number coming from Latin America, although their overall numbers are still relatively small."

Reed says these changes have been reflected in the council's workforce. It's not just about ethnic minorities, Reed says: "As we've become more ethnically diverse, we have looked at other aspects of diversity. We're now more aware of different family status, age, sexual orientation, religious belief and disability."

There's a ready-made blueprint for dealing with this issues at an organisational level in the Auckland Plan: a master document outlining the city's development over the next 30 years.

The plan talks of creating: "a strong, equitable and inclusive city, that ensures equality of opportunity for all". It also aims to be "fair, inclusive, accessible and well-connected".

Reed says these principles apply just as much to the internal workings of Auckland Council. "We have to be like that internally. That way we can better relate to and understand the community. It means we can be better at problem solving and bring all those additional resources to bear on meeting the challenges of creating the world's most liveable city. We need to look and sound more like our customers."



The city's libraries are a good example of how diversity already works in practice. Reed says Auckland Libraries already hold publications in a wide variety of languages. They hold events appropriate to local communities and librarians help people in those communities get access to services.

There are limitations to how far this can go. While Auckland Libraries can hold publications in dozens of languages, it doesn't make economic sense to cater for every one of the 200 or so different languages when

I believe diversity is fundamental to the way we do business both within Auckland and with the rest of the world

Philippa Reed, Auckland Council

it comes to council documents. There the emphasis is on the most commonly used languages.

Reed says there needs to be a balance between serving people and delivering value for money to the council's ratepayers. There are times when it makes sense to provide translations, she says the council's resource consent team drew on its own language and cultural resources to match the needs of a developer on a recent large project.

One area given special attention is te reo. Reed says there is a commit-

ment to increasing the visibility to te reo, both internally and externally. In part this is because Maori is a notable point of difference for Auckland allowing the city to stand out from other international centres.

This is one area where there has been some internal resistance to the council's diversity policy. Reed says some resistance is inevitable when there is organisational change and the internal challenges posed by promoting the Maori language are a reflection of wider community views.

She says there is a tendency to think of diversity and being inclusive as something nice to have: "I believe it is fundamental to the way we do business both within Auckland and with the rest of the world."

There's also potential for conflict between the values of groups. For example, people working for the council may belong to religious groups uncomfortable with, say, gays or lesbians. Reed says if that arises the council's response is to point out these values may not be the same as those in the wider community. The words "that's not how we do things around here" are useful.

She says though some parts of the council's programme address diversity head-on, for the most part it is woven into the fabric of how things are done. Take leadership training: this now has a focus on inclusive leadership and dealing with diverse teams. There is work on the ideas of unconscious bias and how to mitigate its effect.

Auckland Council has groups: Manawa for Maori, Moana Pasifika, No 8 Wire group for disabled council staff, Gilbert for the gay, lesbian and transexual employees, and a Filipino group. Reed says their roles range from employee support to social interaction, advocacy and a more strategic focus.

Less 'management' and more 'leadership'

We certainly live in interesting times, writes Westpac's **Su Duffey**, as she looks at the future workforce

Given the rate of population ageing, by 2020 many large workforces in New Zealand will span five generations from "traditionalists" through to "millennials", triggering new challenges for both workers and employers.

Today, in my own organisation, we have employees aged from 18 to 75 years, and we work through the challenges younger employees bring while remaining an attractive employer for the older workers we highly value.

New Zealand is facing a number of changes to its workforce demographics that will force organisations to really consider their diversity practices, broadening their approach to ensure their workplace is more open and more inclusive than perhaps they are today.

One of the most pressing of these changes is the multi-generational implication of the ageing workforce. Disruptive technologies and changes in the way customers are behaving, along with their increasing levels of expectation, are irrevocably changing how businesses operate. And the impact on how we work will be significant as the recent PricewaterhouseCoopers study *The Future of Work* highlighted, with 40 per cent of people surveyed already believing traditional employment arrangements won't exist in the future.

The next generation of workers don't respond to the same triggers for aspiration and performance; they don't care for hierarchy, they aren't asking for a job-for-life and they have higher expectations around flexibility. At the same time older workers are staying in the workforce longer and female participation will continue to rise. At Westpac we have seen the average age of our employees increase from 40 to 43 over the past five years; however the proportions across the age brackets is flattening as employees stay here longer. This brings rise to issues around career responsibilities and how work is structured to support other priorities in people's lives and their ability, let alone desire, to work to the same highly pressured, highly structured conditions we traditionally know.

Though it is easy to intuitively feel there is a positive outcome in having more generations available to select talent from, the challenge lies in the company providing a value proposition that works well for people from all five generations.

This means doing things differently. The future of successful and productive workplaces revolves around diversity and flexibility. Increasing diversity is an accepted truth and many organisations are improving their openness and inclusiveness to

welcome talent from all walks of life.

For many years the goal of growing employee engagement has been to increase the level of "discretionary effort" given; we currently believe this drives a higher level of productivity. The traditional drivers of engagement have been clear and accessible career development, fair pay, belief in the organisation's vision and the performance of the person's direct manager.

These drivers remain relevant; however, new imperatives have emerged including the ability to work where and when it best suits with the best technology, the ability to work more cross-functionally and collaboratively, the recognition that balance and wellbeing are important and work is flexible with performance measurement based on results and behaviours, not hours done. We may look at the younger generation and think they are less loyal, more demanding and harder to manage. In fact, younger people are loyal but to different things than older generations. Long-term job security and a steady stepping through the hierarchy were important to baby boomers but are not of interest to either Gen Y or the new workforce of millennials.

What matters more to younger employees is a sense of purpose in the organisation. They want to be proud of where they work as they are more



socially aware and responsive (PwC survey has 61 per cent wanting to work for an organisation with a powerful social conscience *).

Yes they are impatient and demand recognition but they're growing up in a highly networked world of instant gratification. They are also more focused on driving their own development and want very much to self-direct this and seek collaborative working and networking, more so than formal class-based development.

They want to move fast but are less concerned with moving up. They would rather move around and learn as much as possible. They see work as what they do, not where they go.

Most of the organisational development focus of companies needs to be shifted and reset, especially how we develop our managers to lead this new multi-generational workforce.

Management is becoming an old-school practice. Tomorrow's workforce requires less "management" and more "leadership" – people who are able to understand and value the differences in their employees, not just their obvious demographic and background differences, but their differences in motivation drivers and aspiration.

If I look at my own team today I know my people have many and varied reasons for how they approach their work and for what's important to them. It's my job as a people leader to be able to mould that group of individuals into a cohesive and productive team. I can only do this if I know each person well enough to understand their individual drivers and am flexible in meeting their needs for work pattern and learning style.

Organisations that are leading in this space are listening to their people. They are introducing flexible work practices that allow different work patterns, agile work approaches that enable people to collaborate, network or work remotely more easily, and ensuring that their people policies respect and value all generations.

The commercial winners in this situation will have varied, diverse workforces combining the enthusiasm and innovation of young digital natives with the wonderful experience, patience and skills of people with many years invested in their careers.

● *Su Duffey is Westpac's general manager of human resources*
* PwC's 2014 *The Future of Work* study had 10,000 respondents

Diversity

Women in the NZ boardroom

Bill Bennett talks to Tracey Cross of Phillips Fox about equality in business leadership

Women are still poorly represented in New Zealand boardrooms, and Tracey Cross, a partner at Phillips Fox, wants to change that.

How bad is female representation?

Cross points to research by Dianne McAteer, now an independent director. She says: "In the 2013 reporting period, 38 per cent of companies listed on the NZX did not have a single woman on the board. Of the new board positions created during that time only 23 per cent were filled by females. Retiring women board members were only replaced by other women in 67 per cent of cases".

She says one of the justifications often mentioned for low female representation is the lack of room at the top due to the stability of boards and long tenure of males. In other words, "Women aren't getting the opportunities".

Cross says though there are equity and fairness arguments for giving women more responsibility, there is a strong business case. A 2012 Credit Suisse report on Gender Diversity and Corporate Performance concluded companies with women on the board do better and are more competitive.

It found investors got a better return from companies with women on their boards. These businesses: "delivered higher growth, better share price performance, higher average returns on equity, lower gearing and

improved price-book value multiples over a six-year period". Not bad considering that period coincided with the global financial crisis.

Cross says things are changing: "Boards face a changing regulatory environment. The bar is being raised and many boards are now considering whether they have the right composition. They are aware diversity is a problem and most thinking leaders now agree getting more women on board is a business issue".

She says the problem is particularly pressing in New Zealand – 120 years after we led the world giving women the vote. "New Zealand is small. We need to take advantage of all our resources and draw from the entire talent pool".

Some countries have introduced quotas to force change. Cross says there's been a push back against that in New Zealand, where women don't want to be seen as a token board member, and there needs to be an emphasis on the benefits and skills a woman can bring: "It's about women adding value. Diversity means a diversity of perspective with different experiences. Having diversity is a way a board can demonstrate it understands its market".

Cross is the New Zealand chair of an organisation called Leadership Alliance for Women (Law), which aims to quicken the pace of change. In September she travelled to the organ-



If you have a seat at the table, then you have to ask others why there are not more women sitting there.

Tracey Cross, Phillips Fox

isation's Global Woman's Leadership Summit in Chicago where strategies were discussed. One topic was how women are not generally comfortable with talking about their accomplishments. This means their skills are not always apparent. Or as speaker at the Summit put it: "It's not a question of who you know, but of who knows what you know".

Cross says this need to change and that means giving women a voice. There's a responsibility for women who have already made it up the ladder to play a role. "If you have a seat at the table, then you have to ask others why there are not more women sitting there."

One woman corporate lawyer found herself at a meeting preparing for a large scale Initial Public Offering where advisors from banks and other organisations turned up. All were men. She told them this wasn't good enough, to go away and bring some women with them when they came back.

Cross says it's important for women to encourage and support one another. She quotes former US Secretary of State Madeleine Albright who famously said: "There's a special place in hell for women who don't help other women."

Cross says this is something she does at Phillips Fox: "It means getting women focused on leadership from early in their careers. We need to work on these areas and support each other, we all need to be champions of diversity. Women need help when it comes to learning how to sell their skills and that means finding a champion or a mentor – that person doesn't have to be male."

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Diversity

Catching sight of the rainbow

The corporate world is waking up to the benefits of LGBTTI inclusiveness, writes **Brierley Penn**

The corporate world is beginning to open its eyes to a new strand of diversity initiatives through rainbow inclusion.

The term "rainbow" encompasses people who are lesbian, gay, bisexual, transgender, takatapu or intersex (LGBTTI), and businesses are increasingly becoming cognisant of the crucial role that rainbow equity can play within the workplace. Launched in February, the Rainbow Tick programme aims to provide practical support and assistance to businesses with the ultimate goal of fostering more diverse and inclusive work environments.

With big names such as Coca-Cola Amatil, AUT, ASB, Simpson Grierson and Westpac already signed on, it is clear that the appetite for such an initiative is high.

"Internationally, we've been seeing that businesses that are inclusive in this way are having increased staff retention, lower levels of staff turnover, lower levels of staff sick leave, and greater employee engagement," says Michael Stevens, Rainbow Tick Programme Director.

"The benefits of inclusion around gender and ethnicity are pretty well understood now, and we consider that the same arguments apply to the rainbow community. It's about making the workplace a safe and welcoming place for people from rainbow communities."

The Rainbow Tick programme is modelled on similar overseas initiatives, and involves businesses signing on for either a one or five-year period. Rainbow Tick carries out an annual audit of the business' rainbow inclusion, and prepares a report, action plan and feedback based on the results of focus groups and investigations. Training to supplement these results is also provided.

Finally, Rainbow Tick certification is awarded to businesses that meet the required standards, and this certification can be used in marketing and advertising.

"I think one of the things that has struck me the most is how welcoming the corporate world has been to this, because they can see the benefit for them in taking these steps," Stevens says.

"We see it as a quality improvement programme, so our ideal is to sign a business up for five years, and come back every year and help them maintain or improve the standards they have reached."

The certification involves examination of five different areas, including external engagement, top-level strategy and policy, general training and monitoring.

Factors such as allowing for the optional recording of sexuality or gender will play favourably into the



overall certification criteria.

Already, Stevens says that participating businesses have implemented initiatives such as internal staff support networks, and carrying out pro bono work for LGBTTI charitable organisations.

Innovative engagement initiatives, such as SkyCity lighting up the Sky Tower in rainbow colours during Pride Week, can reassure both staff and customers that the organisation is an inclusive and welcoming workplace.

Stevens suggests that it can be easy for senior management to overlook the need to provide further support

to their rainbow community.

"Even though people at the very top of organisations go, 'Look, we just want the very best talent, we don't care whether they're gay or straight', the experience of people on the shop floor is often very different from that. So that's where it seems like more work is needed; in making the environment lower down in the companies more inclusive and more welcoming."

This is where the audit report and training provided by Rainbow Tick can be of assistance, in identifying target areas and providing the support necessary to educate staff.

A big tick for new priorities

Alexander Speirs

One of New Zealand's oldest law firms is leading the pack in the diversity space, particularly where sexuality and gender are concerned.

Simpson Grierson were the first organisation to be awarded a Rainbow Tick – signifying that they met the world-standard benchmarks for LGBTI inclusion in five areas: policy, staff training, staff engagement and organisational support, external engagement and monitoring. LGBTI stands for Lesbians, Gays, Bisexuals, Transgenders and Intersexes.

Chairman Kevin Jaffe said "We signed up to the Rainbow Tick because we want to make sure our workplace is truly inclusive and supportive of people from different backgrounds and in particular the LGBTI Community. Our goal is to let both our staff and our clients know that we embrace diversity and support our LGBTI staff."

Jo Copeland, HR Director, explained that the catalyst for change was a staff member who revealed the significant strain keeping his sexuality a secret at work was taking on him.

"He admitted that he'd received quite a lot of advice from his family and friends that a law firm environment was not a safe place to come out and that he needed to be careful with his career. The toll it was taking was just absolutely and completely unacceptable. In this day and age, it was something that we couldn't allow to be happening."

Breaking the traditional mould and perceptions of a law firm



became a top priority for Simpson Grierson. Signing up to the Rainbow Tick was designed to "change the culture and make sure no one else would have this experience, says Copeland. "This was something that was so easy to fix and it was really something which the whole firm could get behind. The board said it was an absolute no-brainer."

The first move was establishing an internal LGBTI network to support staff, an initiative to come out of the partner-led diversity committee. That network would quickly expand to incorporate the University of Auckland and major clients ASB Bank and Auckland Council.

"Establishing our own LGBTI network was something that was so easy and it's meant the absolute world to some of the people coming in here and our staff members. It's made a big, positive impact on the firm as well as opening up some whole new avenues for relationships with clients."

in your company."

And the plans don't stop there. In what may be a world first, Rainbow Tick is working with Standards NZ, to support a voluntary human resources standard that any business can apply for.

Rainbow Tick currently targets primarily large businesses, but is looking to expand and develop the programme over the next six months, to make it workable for small and medium enterprises.

Finally, a Wellington launch in August aimed to provide a springboard into government departments and Wellington-based businesses.

Despite significant progress towards LGBTTI equality within the political framework, the corporate environment can be slower to adapt. But the benefits exist to customers, as well as staff.

"The other area that we're keen to work with a bit further down the track is with the tourism sector," Stevens says. "For example, if you are an adventure tourism company and you can prove that your staff aren't going to freak out if two women bungee jump holding hands, you can put a rainbow tick on your website, to show people looking for somewhere to go and do activities that they are safe

Religious transformation sweeping through

Greg Hall

New Zealand is undergoing a slow religious transformation, highlighting added challenges and opportunities in the management of our workforce.

According to the 2013 Census, the percentage of New Zealanders who identify as Christian has decreased to under 50 per cent, while minority religions such as Hinduism, Sikhism and Islam are increasing.

Compared with the 2006 Census, the number of New Zealanders affiliated with the Sikh religion has more than doubled – 19,191 are now so affiliated compared with 9507 in 2006.

The number affiliated with Hinduism has increased from 64,392 in 2006 to 89,919 in 2013. Those following the Muslim faith increased from 36,072 in 2006 to 46,149 in 2013.

In light of the changing landscape of New Zealand religiosity, the needs of the country's workforce are inevitably changing too.

Professor Edwina Pio is AUT University's resident Professor of Diversity. She recently authored a book on the role of worship in the workplace, particularly concerning the worship of minority religions.

"Work and Worship presents the privileges and obligations of working with a diverse workforce which organisations worldwide as well as



A Muslim and a Buddhist share a prayer room in a Waitangi hotel during an Interfaith conference.

in New Zealand have to contend with," she says. "What is shared by all these religious groups is a commitment to New Zealand and to live and work in a manner that respects the country, while also adhering to one's personal faith."

The Equal Employment Opportunity Trust conducts research focusing on the state of New Zealand's workplace diversity efforts and holds yearly award presentations for those organisations who have particularly excelled in the area.

Mt Albert's Pak 'n Save won the Equal Employment Opportunity Trust Manaaki Tangata Innovation Award in 2005 for its efforts in recognising the ethnic and religious

diversity in its workforce.

Over half of their employees were born overseas, and they pride themselves on their levels of retention.

They make workplace training available in the native language of the trainee, they acknowledge cultural holidays and traditions, and they established a prayer room for their team's Muslim population.

"There's been great progress, but bias still plays a part for employers, particularly when hiring," says Bev Cassidy-Mackenzie, CEO of the Equal Employment Opportunity Trust. "Anything from passing over a non-English sounding name to not having those policies in place is a missed opportunity for employers."

Diversity

Community's changing face

Fred Ohlsson

You don't need to walk far in Auckland to see that the face of the city has changed almost beyond recognition in recent decades. The days when the Queen St crowds were overwhelmingly European are gone. Auckland is now home to a richer cultural mix than London or Sydney, with no fewer than 200 ethnicities at the last official count.

In keeping with New Zealand's growing Asia-Pacific ties, our city is also becoming more Asian. Communities from Asia – mostly China and India – have doubled since 2001, with one in four Aucklanders now identifying themselves as Asian. Within 10 years, European Aucklanders will be on the verge of becoming a minority. We are clearly living in a time of change. As people and as businesses, we should see it as a time of opportunity for us all.

There are very good reasons to celebrate and embrace diversity. For a start, accepting and welcoming people from a range of backgrounds is simply the right thing to do – particularly given the time-honoured Kiwi values of fair play and equality. Many Kiwis already value the role of different ethnic traditions, cuisines and events in building more vibrant communities. But the truth is that embracing diversity is not just good morally, and good for communities – it's also good for business.

The leaders of major companies are realising that modern New Zealand, and therefore their customers, are increasingly diverse in culture, language and perspectives. It makes

good business sense for companies to embrace these people and show that they look and think like them, that they understand them and are committed to meeting their needs.

In fact, this is nothing new; it's something firms have long tried to achieve in their brand positioning, marketing and general dealings with customers – it's just that the people they are trying to look and think like have changed.

In this context, having a variety of views and perspectives around the table within your business can only mean better and more relevant decisions as a company. That means building a diverse workforce, and celebrating that diversity and developing it as a strength as you seek to build meaningful relationships with your customers.

This is a responsibility we take very seriously at ANZ. As a bank that counts one in two New Zealanders as our customers, with a presence in 33 markets across Asia-Pacific and beyond, we believe we should take a lead. Our business should be a mirror that reflects the many customers and communities we serve.

We now have 600 multi-lingual staff who, between them, can serve customers in 77 languages other than English. We have established 15 migrant banking centres, with a dedicated team expert in 14 of the most in-demand languages – including Mandarin, Hindi and Korean.

Anyone who works with new migrants knows that connecting them to the right people, advice and services can make it so much easier for them to establish themselves in New Zealand. So we recently brought



Fred Ohlsson says diversity is good for communities, business and our economy

together ethnic community groups, government departments, consulates and others to provide expert advice, workshops and seminars at our second Asian Migrant Expo in Auckland. We've also developed a tailored migrant banking package and a new bilingual English-Chinese website – the first of its kind from a New Zealand bank – to help people through the complex needs of moving country, including setting up a New Zealand bank account before they arrive.

But the business community's responsibility towards fostering a diverse society doesn't stop with their

products and services: genuine commitment means walking the talk in the wider community. Companies have an important role to play in helping to celebrate New Zealand's many cultures and support social cohesion in the communities they serve. There are some excellent examples where organisations are making a real difference.

For our part, we're proud to back cultural events including the Chinese New Year Festival Market Day, Japan Day and Korean Day, as well as supporting the New Zealand Chinese Association and New Zealand Indian Central Association.

What we're doing in New Zealand is complemented by initiatives which build on ANZ's connections offshore.

We're supporting the Government's aim to double New Zealand's \$2.6 billion export earnings from education by 2025, by introducing new payment solutions and using ANZ's presence in global markets to help institutions attract foreign students.

Working with Immigration New Zealand, we help Chinese, Indian, Sri Lankan and Filipino students to prove they have funds to cover their New Zealand living expenses – making it simpler for them to get a visa, pay tuition fees, open accounts and transfer money.

With Malaysian bank AmBank, we help students on scholarships from the Malaysian Government to open New Zealand accounts before they arrive, so their scholarship funding can be sent through and ready to use as soon as they get here.

These are just a couple of examples of how a commitment to fostering a diverse, multicultural community can support export-led growth in the economy, by helping to connect this country to opportunities in overseas markets.

There are many other ways businesses can embrace the opportunities presented by an increasingly multicultural New Zealand. ANZ and other companies are doing great work. We encourage more New Zealand businesses to embrace diversity. Not only because it's good – but good for communities, good for business and good for our economy.

● *Fred Ohlsson is ANZ New Zealand's Managing Director, Retail and Business Banking*



Diversity is a global issue. With DLA Piper, our efforts to understand, value and incorporate differences are woven into our culture.

By fostering diversity and inclusion we can attract and progress talent, create balanced teams, deliver the highest level of service, and effectively contribute to local communities. We're on a journey and we still have some distance to travel.

But with strategic approaches in place, we're making progress.



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THE SECRET OF SUCCESS
IS TO DO COMMON THINGS
UNCOMMONLY WELL

John Davidson Rockefeller Sr.

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Real story lies in the profit

This year's figures further illustrate our continued problem with tax loopholes, writes **Alexander Speirs**

THE DELOITTE TOP 200

Companies that comprised the Top 200 in 2014 improved their cumulative revenue by 6.6 per cent year on year – an improvement of \$17.4 billion since last year.

That's a strong performance from the players at the top end of town, considering New Zealand as a country has experienced 4 per cent growth over the past year.

The real story however lies in the profit. Our Top 200 companies improved their pre-tax profit by 48.5 per cent, yet the Government's tax take only improved by 13.5 per cent. In terms of tax, that's a \$294 million increase off the back of a \$3.4 billion increase in pre-tax profit.

Those figures could point to the issues New Zealand continues to grapple with regarding tax loopholes – particularly where foreign entities are concerned.

Loopholes in our tax laws can result in foreign companies funnelling revenue through countries with low-tax systems – in effect, a legitimate rort of the tax system.

A strong performance from the players at the top end of town, considering that New Zealand as a country has experienced 4 per cent growth over the past year.

Ebos Group made the biggest gain, more than doubling its revenue following its \$1.1 billion acquisition of Australian pharmaceuticals giant Symbion and boosting its position from 21st last year to 4th this year, trailing only Fonterra, Fletcher Building and Woolworths.

Despite a 5.5 per cent fall in revenue for Spark and a drop from 5th to 7th in the Top 200, they emerged as the most profitable company following a major corporate rebranding and restructuring exercise – posting a profit of \$460 million – up 93 per cent.

After a paltry profit from ExxonMobil last year of only \$1.9 million from more than \$2.5 billion in revenue, they have topped the list of most improved profit makers with an increase in excess of 2000 per cent.

Goodman Fielder ended up at the polar opposite of the spectrum, reporting a \$201 million loss as the business was prepared for a foreign takeover which was approved earlier this year.

Our largest financial institutions also turned in a strong year, growing revenue by a modest 3.7 per cent – in line with national economic growth – but improving their pre-tax profit by 22.9 per cent.

Unlike the Top 200 companies, that growth in profit flowed through to a healthy increase in tax paid – up 19.7 per cent or \$269.2 million.

ANZ remains the largest of the financial institutions by a significant margin, boasting \$120.4 billion in assets – more than 50 per cent above its closest competitor, Westpac.

Top 200 companies

Category	2014 (\$000s)	2013 (\$000s)	% change
Revenue	167,053,265	149,676,039	6.6*
Profit After Tax	7,926,767	4,822,165	64.4
Tax Paid	2,471,613	2,177,009	13.5
EBITDA	22,331,016	20,769,738	7.5
Assets	226,586,782	214,478,407	5.6
Equity	104,231,613	98,673,678	5.6

* Adjusted to allow for companies where nil prior year comparatives have been included.

Top 30 finance companies

Category	2014 (\$000s)	2013 (\$000s)	% change
Revenue	28,128,660	27,126,348	3.7
Profit After Tax	4,553,106	3,671,148	24.0
Tax Paid	1,632,343	1,363,167	19.7
EBITDA	18,372,730	17,538,806	4.8
Assets	421,013,197	413,286,501	1.9
Equity	36,317,733	34,070,817	6.6

A seat for Maori at the Top 200 table

Leon Wijohn

Maori businesses form a significant and growing part of our economy. As a reflection of this growing importance, for the first time in 2014, the Deloitte Top 200 includes a separate list of the nine top Maori business entities based on total asset value.

While we approached a larger number of Maori organisations, in Maori culture it is generally frowned upon to talk publicly about one's success – Kaore te kumara e whaakii ana tana reka (The kumara does not say how sweet he is). We respect that some of the organisations we approached took this view, declining to be included. But we feel it is vitally important to recognise and celebrate business success in Aotearoa. By recognising the success of Maori companies and their people through the Deloitte Top 200 Awards, we hope to provide more positive role models for other Maori businesses.

Some of the organisations on the inaugural list may not be what most people would intuitively describe as a Maori company.

Deciding whether a business is a "Maori company" can be subjective. In our view, it is not only about being

T200 Rank	Company name	Total assets	Revenue	Profit	Total Equity
1.	Ngai Tahu	1,218,873	325,831	145,870	1,075,029
2.	Waikato Tainui	1,058,511	81,619	70,874	783,724
3.	Ngati Whatua ki Orakei	592,983	34,599	106,288	423,632
4.	Aotearoa Fisheries	503,302	130,161	(6,040)	404,485
5.	Tauhara North No.2 Trust	314,543	49,785	6,935	129,589
6.	Wakatu Inc	261,044	74,417	6,530	176,900
7.	Ngati Porou	197,476	30,622	2,207	184,798
8.	Pukeroa Oruawhata Trust	171,240	12,617	612	99,034
9.	Te Wananga o Aotearoa	158,304	151,341	4,029	142,793

a Maori Trust or Incorporation. In fact, some of those entities do little that would define them as "businesses."

For the purposes of the Deloitte Top 200 we have taken the more general view that the so-called Maori economy is made up of all those businesses where "Maori-ness" matters. First, an organisation needs to identify as Maori. Then we look more closely at four attributes; stake-

holders, kaupapa, ownership and results – what we call the Maori business SKOR.

What portion of the organisation's stakeholders are Maori? How does the organisation demonstrate it follows Maori kaupapa? How much of the business is owned by Maori individuals, iwi and other Maori groups or organisations? And are the results – the purpose and profits –

of the company predominantly to benefit or promote Maori initiatives? The answers to these questions collectively inform the extent to which any business is defined as Maori.

We extend our gratitude to the nine largest Maori organisations for agreeing to part of the inaugural Deloitte Top 200 Maori companies list. We hope their leadership this year opens the door for others to



agree to be included, expanding the list in future years. We look forward to discussing other metrics that Maori would value having measured.

However uncomfortable it may be for Maori, we need to start taking our seats at the Deloitte Top 200 Awards.

● Leon Wijohn is a Deloitte Private Partner and National Maori Business Sector Leader

THE DELOITTE TOP 200

Top Profits

Fresh from an extensive rebranding and marketing exercise, Spark New Zealand, formerly Telecom – topped the Deloitte Top 200 in terms of profit – posting \$460 million up 93.3 per cent from last year. Last year's result was due in large part to the mammoth restructuring undertaken.

Fairfax New Zealand ranked second in profit – however it is a one-off rise – the bulk of which can be attributed to the sale of Trade Me, with the 51 per cent remaining stake sold for \$760.9 million.

Air New Zealand's profits soared 45 per cent to \$262 million, with increased passenger volumes and a reduction in fuel prices credited for the upswing.

Infratil saw a substantial rise in profits as it rejigged its investments – selling a 30 per cent stake in Z Energy and two loss-making airports in the UK as part of what it termed a "portfolio rejuvenation".

Despite a 7.2 per cent drop in revenue and a 22.1 per cent drop in profit, Meridian Energy's \$229.8 million profit was enough to retain its spot in the top 10. Ryman Healthcare produced another strong result, with an underlying profit of \$118 million boosted by valuation gains on its property portfolio producing a \$194.8 million profit.

Fonterra – New Zealand's largest company and No 1 on the Top 200, ranked 15th for profit – with the \$179

Rank	Company name	Profit (\$000s)
1	Spark	460,000
2	Fairfax	453,937
3	Fletcher Building	351,000
4	Beijing Capital Waste	310,503
5	Infratil	274,600
6	Air New Zealand	262,000
7	Kiwirail Holdings	248,000
8	Contact Energy	234,000
9	Meridian Energy	229,800
10	Auckland Int. Airport	215,881
11	Transpower	215,800
12	Mighty River Power	212,000
13	Ryman Healthcare	194,805
14	Fonterra	179,000
15	Vector	171,291
16	Oregon Group	161,750
17	Sky Television	161,423
18	Woolworths	155,379
19	Chorus	148,000
20	Housing NZ	141,000

million representing a 76 per cent drop year on year – a change attributed to higher costs along with an increased interest and tax take bill.

Malaysian owned Oregon Group – the parent company of Ernslaw One and NZ King Salmon among others – improved profits from \$90.1 million last year to \$161.8 million.

Rounding out the Top 20 largest profit makers was Housing New Zealand, which saw a 17.5 per cent increase from last year – \$108 million of which will controversially be paid out as a dividend to the Government.

Rank	Prev. year	Company name	Revenue (\$000s)	% change	Profit after tax (\$000s)	Rank	% change
1.	(1)	Fonterra	22,500,000	19.5	179,000	15	(75.7)
2.	(2)	Fletcher Building	8,427,000	(1.3)	351,000	3	4.2
3.	(3)	Woolworths NZ	5,843,862	4	155,379	19	20.5
4.	(21)	Ebos Group	5,761,620	215.9	92,069	35	226.4
5.	(–)	Foodstuffs NI	5,674,902	n/a	38,778	63	n/a
6.	(4)	Air New Zealand	4,707,000	1.2	262,000	7	44
7.	(5)	Spark	3,960,000	(5.5)	460,000	1	93.3
8.	(8)	Z Energy	3,366,000	(5.4)	95,000	34	(30.7)
9.	(7)	BP NZ	3,320,874	7.9	102,380	28	1.9
10.	(10)	Fulton Hogan	3,203,008	18.4	96,513	33	1,116.00
11.	(12)	Exxon Mobile	2,864,774	11.9	43,246	52	2,002.40
12.	(11)	Foodstuffs	2,770,276	5.6	21,536	79	38.1
13.	(16)	Warehouse Group	2,666,160	17.1	77,254	40	(46.8)
14.	(9)	Meridian Energy	2,516,900	(7.2)	229,800	10	(22.1)
15.	(13)	Contact Energy	2,452,000	(3)	234,000	9	17.6
16.	(14)	Infratil	2,450,100	0.4	274,600	6	256.6
17.	(22)	Vodafone	2,066,100	15.7	(27,900)	220	(149.9)
18.	(17)	Silver Fern Farms	2,007,148	(2.2)	(28,551)	221	8.3
19.	(18)	Genesis Energy	2,005,900	(2.3)	49,200	49	(52.9)
20.	(20)	Mainfreight	1,924,407	2.1	89,638	63	36
21.	(19)	Mighty River	1,712,000	(10)	212,000	13	84.7
22.	(23)	NZ Post	1,667,000	(1.9)	107,000	27	(11.6)
23.	(24)	Nuplex	1,652,033	(1.2)	54,650	47	16.7
24.	(27)	Alliance Group	1,386,401	1.1	5,614	156	111.1
25.	(30)	ANZCO Foods	1,280,415	5.9	12,220	118	163.7
26.	(29)	Vector	1,262,024	(1.8)	171,291	16	(16.9)
27.	(28)	Downer	1,260,983	(3.1)	43,822	51	41.8
28.	(39)	Zespri	1,230,183	(15.8)	17,245	95	127.8
29.	(32)	PGG Wrightson	1,224,467	7.7	42,258	55	113.8
30.	(31)	B.A.Tobacco	1,214,259	3.7	131,649	23	14.5
31.	(47)	Methanex	1,194,222	45.9	109,432	26	113.3
32.	(33)	Housing NZ	1,139,000	5.2	141,000	21	17.5
33.	(34)	Chorus	1,066,000	0.2	148,000	20	(13.5)
34.	(41)	Transpower	1,003,700	8.4	215,800	12	(18.2)
35.	(38)	Toyota	986,447	7.5	5,739	155	111.1
36.	(37)	Goodman Fielder	941,103	(4.1)	(201,372)	234	(632.5)
37.	(44)	Ballance	925,012	4.8	9,665	136	(54.8)
38.	(43)	Sky TV	909,609	2.8	161,423	18	22.1
39.	(35)	Ravensdown	881,281	(15.8)	553	195	(83.3)
40.	(45)	Datacom	861,350	(1)	51,404	48	42.9
41.	(40)	Tasman Steel	860,988	(7)	25,112	71	(64)
42.	(42)	Kiwirail	835,900	(8.3)	248,000	8	42
43.	(46)	SkyCity	822,444	(4.9)	98,537	31	(22.6)
44.	(56)	Bunnings	815,740	15.4	5,853	153	411.2
45.	(48)	Trustpower	813,186	0.8	115,121	25	(6.7)
46.	(66)	Westland Co-op	801,199	43.9	503	196	(96.1)
47.	(–)	Haier NZ	774,013	n/a	(30,983)	222	n/a
48.	(53)	Bidvest NZ	754,423	13.1	23,669	74	10.8
49.	(–)	HJ Heinz	744,435	n/a	44,366	50	n/a
50.	(52)	Turners & Growers	737,668	9.8	17,238	96	229.8

Biggest Losses

Goodman Fielder took a massive hit to its bottom line in the past year, delivering a huge loss after writing off nearly \$400 million from the value of its baking and grocery businesses. Part of that loss can be attributed to record milk prices the year before as well as a complex restructuring ahead of a takeover by Wilmar International and First Pacific Co.

OceanaGold posted a \$131.7 million loss, following a \$44.2 million profit the year prior. With a declining global gold price, the firm made the decision to close its Otago mining operations by 2017 – beginning the process of impairing the massive amount of assets to be wrapped up.

Bayer NZ reported a \$57.5 million loss, the bulk of which was accumulated by the amortisation and write-off of a previously acquired company.

Independent Liquor narrowed its losses from \$117.9 million last year to \$41.6 million, much of which – as with Bayer – can be attributed to impairments to goodwill, as Japanese owner Asahi has finally come to an out-of-court settlement.

Fernhoff rounded out the Top 10 biggest loss-makers for the year, with a \$31 million writedown ahead of the closure of Holcim's Westport cement manufacturing plant blowing out losses on paper from \$7.8 million last year to \$35.9 million.

Vodafone New Zealand reported its

Rank	Company name	Profit (\$000s)
1	Goodman Fielder	(201,372)
2	Solid Energy	(181,900)
3	Oceana Gold Holdings	(131,701)
4	Rakon	(83,799)
5	Norske Skog Tasman	(83,063)
6	Toll Group	(60,808)
7	Bayer	(57,524)
8	Kura	(44,394)
9	Independent Liquor	(41,578)
10	Fernhoff	(35,923)
11	Two Degrees	(35,894)
12	Haier	(30,983)
13	Silver Fern Farms	(28,551)
14	Vodafone	(27,900)
15	General Cable	(27,064)
16	Fuji Xerox	(19,571)
17	Hewlett-Packard	(14,664)
18	Ingram Micro	(13,349)
19	Juke	(12,474)
20	DSE	(11,685)

first loss since 2000, as mounting costs – particularly financing costs from its TelstraClear acquisition – made a dent in the bottom line.

Ingram Micro NZ posted a consolidated loss of \$13.3 million despite a positive operating profit, as the IT distributor continues to invest and evolve in a rapidly changing market.

Losses grew for Dick Smith at the lower end of the Top 20, as the electronics retailer posted an \$11.7 million loss, up from \$8.9 million the year prior.

EBITDA	EBIT	% return on revenue	Total assets (\$000s)	Rank	% change in assets	% return on assets	Total equity	Rank	% return on equity	Avg proprietorship ratio	Balance date
1,010,000	472,000	2.1	15,529,000	3	8	1.2	6,543,000	2	2.7	43.70	Jul-14
801,000	583,000	6.9	6,941,000	6	(2.6)	5	3,454,000	6	10	49.11	Jun-14
416,337	308,731	5.3	4,004,460	14	(3)	3.8	1,714,311	13	9.2	42.15	Jun-13
178,247	155,658	2.7	2,309,293	22	(8.8)	3.8	979,039	23	14.3	40.45	Jun-14
89,531	89,531	1.6	2,740,453	19	n/a	n/a	763,208	30	n/a	40.45	Mar-14
883,000	447,000	9.5	5,850,000	8	4.5	4.6	1,872,000	12	14.3	32.71	Jun-14
1,138,000	654,000	16.5	3,243,000	17	(7.2)	13.7	1,708,000	14	29.5	50.71	Jun-14
-	134,000	4	1,540,000	33	(19.2)	5.5	591,000	38	16	34.30	Mar-14
184,924	161,534	4.9	1,485,779	34	22.6	7.6	415,180	56	29.2	30.79	Dec-13
239,023	162,041	5.1	1,672,055	32	(3.9)	5.7	492,046	49	20.9	28.85	Jun-13
101,871	88,382	3.1	1,093,854	42	1.2	4	147,017	103	34.7	13.52	Dec-13
30,651	30,651	1.1	955,696	49	3.9	2.3	314,999	65	7.2	33.59	Feb-14
169,112	117,743	4.4	1,131,680	41	13.7	7.3	523,917	43	16.5	49.25	Jul-14
618,600	398,600	15.8	7,589,800	5	(1.9)	3	4,633,700	4	4.9	60.46	Jun-14
603,000	411,000	16.8	6,183,000	7	(0.2)	3.8	3,582,000	5	6.6	57.87	Jun-14
665,000	513,200	20.9	5,449,800	12	0.2	5	2,035,900	10	13.8	37.39	Mar-14
490,900	104,300	5	2,317,700	21	2.7	(1.2)	278,500	72	(9.5)	12.18	Mar-14
14,369	(16,131)	(0.8)	833,279	59	0.6	(3.4)	297,917	68	(9.2)	3.86	Sept-13
244,500	134,000	6.7	3,629,400	16	(3.2)	1.3	1,880,700	11	2.6	50.96	Jun-14
161,549	129,590	6.7	975,827	48	3.5	9.3	442,220	52	21	46.09	Mar-14
545,000	382,000	22.3	5,689,000	10	(1.9)	3.7	3,219,000	7	6.6	56.03	Jun-14
229,000	167,000	10	17,583,000	2	8.9	0.6	1,192,000	20	9.4	7.07	Jun-14
123,223	86,694	5.2	1,200,296	38	(4.5)	4.4	514,223	46	10.2	41.85	Jun-14
38,448	17,953	1.3	485,036	81	(16.3)	1.1	297,323	69	1.9	55.85	Sept-13
33,519	21,715	1.7	462,865	86	(3.7)	2.6	216,881	85	5.7	45.98	Sept-13
584,867	401,111	31.8	5,839,100	9	1.6	3	2,307,787	9	7.5	39.84	Jun-14
105,845	75,040	6	509,192	79	(2.3)	8.5	80,185	146	54.6	15.56	Jun-14
31,382	27,191	2.2	444,564	94	(6.9)	3.7	89,428	136	20.6	19.40	Mar-14
687,108	56,230	4.6	634,502	69	2.4	6.7	269,702	74	16.1	43.01	Jun-14
190,492	189,957	15.6	539,670	77	3.5	24.8	144,008	106	94.6	27.14	Dec-13
160,734	117,735	9.9	995,318	46	90.5	14.4	279,883	71	48.9	36.88	Dec-13
497,002	296,000	26	19,597,000	1	13.6	0.8	15,561,100	1	1	84.48	Jun-14
657,000	335,000	31.4	3,680,000	15	10.4	4.2	731,000	32	21.8	20.85	Jun-14
728,000	510,300	50.8	5,668,400	11	4.1	3.9	1,429,000	16	15.2	25.72	Jun-14
16,383	10,905	1.1	330,558	108	(2.7)	1.7	60,124	164	10.4	17.94	Mar-14
27,299	(160,911)	(17.1)	1,277,669	35	(11.9)	(14.8)	529,421	42	(32)	38.81	Jun-14
56,625	18,502	2	593,173	75	4.5	1.7	420,610	55	2.3	72.47	May-14
374,846	248,703	27.3	1,865,369	27	(1.8)	8.6	1,241,164	19	13.3	65.92	Jun-14
41,829	23,033	2.6	545,805	76	(26)	0.1	356,571	61	0.2	55.58	May-14
95,296	68,093	7.9	377,406	100	0.9	13.7	165,977	97	33.4	44.17	Mar-14
97,042	40,081	4.7	996,812	45	0	2.5	567,538	39	5	56.92	Jun-14
659,800	258,800	31	922,700	50	(8.6)	25.7	477,000	50	46.6	49.37	Jun-14
259,450	178,681	21.7	1,831,327	28	10.9	5.7	773,885	28	12.4	44.43	Jun-14
33,475	20,258	2.5	471,573	85	(6.6)	1.2	44,907	186	13.9	9.20	Jun-14
286,557	214,318	26.4	3,146,903	18	5.7	3.8	1,514,532	15	7.5	49.47	Mar-14
32,231	7,981	1	478,350	82	11.4	0.1	229,993	83	0.2	50.67	July-14
46,032	(12,226)	(1.6)	1,725,094	31	n/a	n/a	133,935	112	n/a	50.67	Dec-13
43,229	34,788	4.6	242,595	126	14.2	10.4	122,501	114	20.4	53.84	Jun-14
94,103	69,526	9.3	716,746	65	n/a	n/a	310,737	66	n/a	53.84	Dec-13
46,361	29,662	4	459,816	88	0.2	3.8	268,671	75	6.3	58.50	Dec-13

THE DELOITTE TOP 200

Most Improved Profit

After a down period last year, Exxon Mobil improved its profits from a paltry \$2.1 million up to \$43.2 million – a more than 2000 per cent increase to pace the pack – a figure far more impressive on first sight than the underlying numbers reveal.

Fulton Hogan posted a much-improved final result compared to last year which will be a promising sign for the road ahead, as a costly six-year buyback of a 37.4 per cent stake from Shell New Zealand is due to be completed.

Rayonier's local business unit, which manages significant forestry assets in New Zealand, reported a 606.5 per cent rise in profits – \$11.9 million in the green.

Christchurch City Council-owned City Care came close to quadrupling profits, with a 360.8 per cent rise bringing its total to just under \$13 million, as the infrastructure and maintenance firm got costs under control and culled staff numbers.

New Zealand's largest holiday vehicle rental business – Tourism Holdings, turned in a strong year as cost reductions and across-the-board growth resulted in a much improved bottom line, far surpassing even the company's own expectations.

Fruit marketer Turners & Growers rebounded from a tough year in which it grappled with supply shortages and

Rank	Company name	+%
1	ExxonMobil NZ	2002.4
2	Ford	1983.1
3	NDA Group	1476.1
4	Fulton Hogan	1116
5	Pan Pac FP	1024.4
6	Beijing Waste Mgmt	954.8
7	BMW	840
8	Bupa Care	704.5
9	Rayonier	606.5
10	OfficeMax	439.6
11	Bunnings	411.2
12	Landcorp	402.8
13	City Care	360.8
14	Infratil	256.6
15	Turners & Growers	229.8
16	Ebos Group	226.4
17	Tourism Holdings	191.9
18	Fairfax	164
19	ANZCO Foods	163.7
20	Newmint Waihi Gold	155.8

other one-off events to more than double profits and finish with a healthy \$17.2 million profit.

Ebos Group saw a substantial rise in profits, as revenues have increased significantly following its \$1.1 billion acquisition of Australian pharmaceuticals giant Symbion.

Anzco Foods produced a strong result for the second year running, improving profits by 163.7 per cent off the back of a marked improvement in company performance – with a tax credit from the year prior helping profit hit \$12.2 million.

Rank	Prev. year	Company name	Revenue (\$000s)	% change	Profit after tax (\$000s)	Rank	% change
51.	(68)	Hellaby Holdings	733,609	34.5	(129)	200	(100.7)
52.	(50)	Harvey Norman	722,180	7.1	19,113	89	18.9
53.	(54)	Mitre 10	718,065	9.4	1424	190	149.2
54.	(60)	Colonial Motor Co.	699,314	13.8	20,206	82	36.5
55.	(51)	Wilson&Horton	672,754	(3.8)	40,260	62	148
56.	(49)	RTA Pacific	668,632	(13.6)	74,841	41	113.8
57.	(62)	Sime Darby	651,041	10.3	13,755	107	11.3
58.	(59)	Lion	644,239	(6.4)	55,190	45	(22)
59.	(79)	Synlait Milk	600,713	42.9	19,603	87	70
60.	(69)	F&P Healthcare	572,359	12.3	97,053	32	26
61.	(55)	Hewlett-Packard	570,148	(12)	(14,664)	217	84.1
62.	(64)	Apple Sales NZ	565,264	(1.1)	10,487	127	90.2
63.	(65)	Transfield	563,657	1.2	(2,342)	205	(119.5)
64.	(73)	DB Breweries	547,940	15.1	31,059	67	18.4
65.	(57)	Open Country	544,630	(15)	15,561	102	(33)
66.	(63)	Ingram Micro	528,583	(9.3)	(13,349)	216	(79.9)
67.	(61)	Fairfax NZ	527,648	(13.7)	453,937	2	164
68.	(71)	Coca-Cola	506,196	2.4	60,798	44	14.5
69.	(76)	Auck. Int. Airport	487,446	6.3	215,881	11	21.3
70.	(77)	Briscoe Group	485,401	6.8	33,575	65	10.2
71.	(72)	Watercare	485,027	1.2	(8,392)	209	(120.8)
72.	(75)	Sanford	468,624	0.4	20,400	81	3.8
73.	(70)	Kura	467,038	(5.7)	(44,394)	227	(1369.90)
74.	(58)	Solid Energy	467,000	(26.4)	(181,900)	233	45.8
75.	(80)	Opus International	462,934	12.4	22,779	77	2.6
76.	(87)	Oregon Group	461,280	16.9	161,750	17	133.7
77.	(98)	Bei Waste Mgt	457,537	25.2	310,503	5	954.8
78.	(94)	Ford Motor Co.	453,203	20.3	12,503	114	1,983.8
79.	(90)	Holden NZ	443,946	15.7	14,366	103	32.1
80.	(85)	Steel and Tube	442,325	12	17,904	94	14.9
81.	(81)	Frucor	439,305	3.3	24,502	72	8.5
82.	(74)	Oceana Gold	433,915	(8.7)	(131,701)	232	(398.2)
83.	(83)	Freightways	432,375	6.4	41,702	58	3.4
84.	(86)	Imperial Tobacco	431,692	9.5	19,766	85	(11.7)
85.	(82)	Beca Group	419,302	3.1	37,438	64	2.5
86.	(84)	Powerco NP	415,480	3.5	91,831	36	47.9
87.	(91)	Orora Packaging	402,535	6.1	16,046	99	43.2
88.	(88)	Kathmandu	394,331	2.5	42,152	57	(4.6)
89.	(92)	Nestle NZ	393,740	4	41,178	59	(2.5)
90.	(78)	IBM NZ	388,184	(9.9)	40,324	61	2.2
91.	(89)	TollGroup	379,697	(1.2)	60,808	229	(69.2)
92.	(95)	Kordia Group	370,726	n/a	3,669	172	n/a
93.	(-)	Ind. Liquor	357,940	(13.8)	(41,578)	226	64.7
94.	(93)	OfficeMax	352,504	(6.7)	10,419	128	439.6
95.	(-)	ChCh City Care	350,804	(0.1)	12,892	110	360.8
96.	(96)	TVNZ	350,710	(1.5)	18,111	91	25.4
97.	(100)	Pact Group	345,352	3.9	42,181	56	(2.4)
98.	(105)	Pan Pac Forests	344,970	12.4	98,752	30	1,024.40
99.	(102)	Mondelez NZ	342,061	5.6	10,196	132	(12.4)
100.	(97)	DHL Holdings	333,058	(5.9)	8268	141	(4.1)

Most Improved Revenue

Across the Deloitte Top 200 companies, 2014 represented a strong year of revenue growth with a 10.4 per cent rise across the board – \$18.4 billion more than last year.

Ebos Group paced the rest of the pack, growing revenues by 215.9 per cent as it rose from 21st to 4th on the Deloitte Top 200 list. Much of that gain can be attributed to the 2013 acquisition of Australian pharmaceuticals giant Symbion – opening new markets and prompting a dual-listing on the ASX.

Food processor Tetra Pak and methanol producer Methanex were the other two big risers, achieving 86.4 and 84 per cent revenue gains respectively.

Synlait Milk and Westland Dairy both proved that a downturn in global dairy markets wasn't a detriment to business prospects, with both reporting strong year on year growth as they continue to exploit high-demand, niche sectors.

Orion Health Group continue to make strong revenue gains, increasing its presence in international markets – particularly in North America – with health management software.

2degrees also continued to make a real dent in the New Zealand mobile market, as its financial prospects improved for the fifth straight year, with revenue up and losses down.

Both BMW and Mitsubishi took advantage of some of the strongest car

Rank	Company name	+%
1	Ebos Group	215.9
2	Tetra Pak	86.4
3	Methanex	45.9
4	Westland Dairy	43.9
5	Synlait Milk	42.9
6	Orion Health	38.5
7	Rayonier	37.2
8	Newmont Waihi Gold	36.6
9	Hellaby Holdings	34.5
10	Landcorp Farming	33.4
11	Beijing Waste Mgmt	25.2
12	Tru-Test Corp	23.2
13	Goodman Property	21.7
14	Two Degrees	21.5
15	Visionstream	20.3
16	Mitsubishi Motors	20.1
17	Scales Corporation	20
18	BMW NZ	19.9
19	Fonterra	19.9
20	Fulton Hogan	19.5

sales figures in New Zealand in the past decade, growing revenues by 19.9 and 20.1 per cent respectively.

Scales Corporation, the newly listed owner of New Zealand's largest apple-growing and export business surpassed expectations to raise revenues across all divisions in the business.

Fulton Hogan posted a 19.5 per cent rise in revenues to round out the Top 20, as a more diversified business has the family-owned firm actively pursuing the market for potential mergers and acquisitions.

EBITDA	EBIT	% return on revenue	Total assets (\$000s)	Rank	% change in assets	% return on assets	Total equity	Rank	% return on equity	Avg Proprietorship ratio	Balance date
55,988	15,677	2.1	387,919	99	(0.6)	0	188,254	90	(0.1)	48.39	Jun-14
25,916	25,916	3.6	220,734	130	(16.7)	7.9	141,304	109	11.3	58.17	Jun-13
13,374	4,422	0.6	189,405	141	16.6	0.8	53,582	175	2.6	30.45	Jun-14
34,749	31,407	4.5	246,607	123	10.8	8.6	142,620	107	14.6	60.79	Jun-14
119,096	91,853	13.7	1,228,465	37	(9.5)	3.1	773,088	29	5	59.78	Dec-13
85,665	82,202	12.3	892,756	51	6.5	8.6	437,559	54	20	50.56	Dec-13
25,827	20,873	3.2	261,801	122	(2.5)	5.2	6,484	229	N/A	2.44	Jun-13
107,823	80,596	12.5	987,668	47	(4.1)	5.5	804,004	26	7.1	79.70	Sep-13
44,988	33,611	5.6	476,886	83	37.8	4.8	183,130	91	11.3	44.5	Jul-14
174,337	144,444	25.2	630,325	70	1.9	15.5	406,122	57	24.9	65.04	Mar-14
5,507	(3294)	(0.6)	345,980	103	75	(5.4)	(225,106)	234	N/A	(82.81)	Oct-13
14,422	14,422	2.6	81,660	204	0.3	12.9	10,809	226	81.6	13.26	Sep-13
21,267	8,038	1.4	337,599	105	(13.4)	(0.6)	154,985	102	(1.5)	42.62	Jun-13
70,424	49,742	9.1	350,824	102	18.1	9.6	117,834	118	19.4	36.38	Dec-13
38,221	26,243	4.8	444,655	93	29.6	4	254,590	79	6.3	64.63	Sep-13
3,581	(5,446)	(1)	219,739	131	0.3	(6.1)	19,093	216	(193.7)	8.70	Dec-13
549,342	528,368	100.1	871,766	53	(46.7)	36.2	264,479	76	82.2	21.09	Jun-14
126,049	98,662	19.5	735,158	63	3.1	8.4	320,732	64	19.3	44.30	Dec-13
413,470	349,929	71.8	4,733,919	13	20.2	5	2,918,935	8	8	67.31	Jun-14
52,756	46,939	9.7	215,384	132	12.3	16.5	140,648	110	24.9	69.08	Jan-14
304,934	98,987	20.4	8,385,594	4	1.8	(0.1)	5,783,445	3	(0.1)	69.58	Jun-14
58,986	38,459	8.2	767,449	61	(0.7)	2.6	554,908	40	3.7	72.04	Sep-13
(33,565)	(32,479)	(7)	731,057	64	(3.2)	(6)	388,555	59	(10.9)	52.28	Sep-13
(20,900)	(159,700)	(34.2)	636,100	68	(26)	(24.3)	12,500	224	(349.5)	1.67	Jun-14
43,544	36,591	7.9	335,206	106	30.6	7.7	134,232	111	17.7	45.36	Dec-13
242,660	234,911	50.9	1,239,445	36	37.3	15.1	687,286	33	26.8	64.17	Jun-14
396,138	359,187	78.5	868,900	54	(0.6)	35.6	522,308	44	62.1	59.93	Jun-14
18,066	17,629	3.9	134,763	173	43.4	10.9	48,458	180	29.6	42.37	Dec-13
19,987	19,878	4.5	170,659	150	34.9	9.7	50,576	177	29.2	34.04	Dec-13
32,925	26,821	6.1	276,966	115	24.6	7.2	160,381	99	11.3	64.24	Jun-14
45,565	33,771	7.7	601,968	73	(1.4)	4	497,392	47	5.1	82.07	Dec-13
207,019	(162,132)	(37.4)	406,011	98	(36.2)	(25.3)	94,758	130	(81.8)	18.19	Dec-13
82,681	69,757	16.1	453,885	91	4.8	9.4	199,436	89	21.6	44.96	Jun-14
38,085	32,763	7.6	168,437	153	15	12.6	35,718	197	55.1	22.69	Sep-13
61,242	52,507	12.5	171,350	149	(3.2)	21.5	97,808	127	36.9	56.16	Mar-14
229,153	156,735	37.7	1,940,375	26	1.4	4.8	515,217	45	18.5	26.74	Mar-14
32,740	17,110	4.3	334,510	107	(2.7)	4.7	242,097	82	6.5	71.38	Jun-13
73,765	63,567	16.1	408,297	97	8.5	10.7	302,146	67	14.1	77.03	Jul-14
64,764	59,389	15.1	127,103	181	(11.5)	30.4	24,149	204	140	17.84	Dec-13
66,599	56,538	14.6	275,234	116	(10.4)	13.8	146,344	104	29.7	50.26	Dec-13
14,050	(36,132)	(9.5)	145,498	164	(19.5)	(37.3)	65,070	158	(63.7)	39.88	Jun-13
44,772	12,432	3.4	215,082	133	N/A	N/A	93,425	131	N/A	39.88	Jun-13
17,814	(26,007)	(7.3)	520,383	78	(3.3)	(7.9)	54,084	172	(58.4)	10.22	Dec-13
22,065	16,182	4.6	214,957	134	(1.3)	4.8	176,648	93	6.1	81.64	Dec-13
28,653	18,717	5.3	110,402	192	(6.7)	11.3	50,559	178	27.5	44.21	Jun-14
245,828	25,285	7.2	229,451	127	5.5	8.1	176,162	94	10.8	78.85	Jun-14
80,739	65,936	19.1	366,812	101	(2.1)	11.4	109,887	122	31.2	29.64	Jun-13
154436	137,544	39.9	652,972	67	21.1	16.6	464,384	51	23.9	77.90	Mar-14
30,718	22,631	6.6	246,056	124	11.8	(11.8)	33,810	199	20.9	12.88	Dec-13
17,962	14,694	4.4	169,801	152	0	4.9	63,488	160	13.4	37.39	Dec-13

THE DELOITTE TOP 200

Return on Assets

Return on Assets (ROA) provides an indication of how efficiently a company manages its assets in order to generate earnings.

As a measure, ROA numbers tend to be heavily influenced by the industry in which the business is operating – however, this year's Top 20 reflects a diverse cross-section of New Zealand business.

Fairfax New Zealand generated a significant return on assets across the business; a number heavily boosted by the sale of its remaining stake in Trade Me – a much improved performance on paper for last year's biggest loss-maker.

New Zealand's largest refuse collector and landfill owner, Waste Management – acquired earlier this year by Beijing Capital Group – earned \$310.5 million from an asset base of \$868.9 million.

For the second straight year, Nestle generated a significant return on assets, topping last year's 29.7 per cent after improving revenue by 4 per cent while reducing assets by 11 per cent.

British American Tobacco dropped two places on the list despite posting an improved ROA and its biggest annual profit since at least 1999. Revenue was up, but cost-cutting exercises internally in response to increases in excise tax charged on cigarettes has resulted in an improved bottom line.

Confectionery company Mars NZ

Rank	Company name	%
1	Fairfax	36.2
2	Beijing Capital Waste	35.6
3	Nestle	30.4
4	Rayonier	28.3
5	Kiwirail	25.7
6	Brit Amer Tobacco	24.8
7	Visionstream	24.5
8	Skellerup	22.2
9	Beca	21.5
10	MARS	19.8
11	Restraunt Brands	18.1
12	Hallenstein Glasson	17.0
13	Pan Pac Frst Prdcts	16.6
14	Briscoe Group	16.5
15	New Zealand Sugar	16.3
16	Asure Quality	16.1
17	Fisher & Paykel	15.5
18	Oregon Group	15.1
19	Green Cross Health	14.6
20	Methanex	14.4

improved its ROA from 18.1 per cent last year to 19.8 per cent, growing revenues by 23.6 per cent while only increasing its assets by 12.3 per cent.

Hallenstein Glasson Holdings saw a noticeable drop in its ROA year on year, moving from 4th last year with a 24.4 per cent return down to 17 per cent and 12th place as profits dropped by almost a quarter.

The final five places in the top 20 are all held by newcomers, all of whom saw substantial jumps in profit over the past year – with the minimum threshold for making the list rising from 11.8 per cent ROA to 14.4 per cent.

Return on Equity

Return on Equity (ROE) measures how effectively a company can generate income relative to the amount of money shareholders have invested in the firm. It's a useful tool for investors, particularly when comparing firms within the same industry and is calculated by measuring the revenue earned against the average equity held over the past two years.

The New Zealand arm of Nestle, the Switzerland-based food and beverage company led the Top 200 companies in ROE this year, generating a profit of \$41.2 million from \$29.4 million of average equity for a 140 per cent return. It's not quite as high as the 177 per cent return generated last year, where Nestle finished third.

Apple Sales New Zealand – the locally based company for the American tech-giant – jumped eight spots up the list, earning \$10.5 million profit from \$12.9 million of average equity – good for 81.6 per cent and 4th on the list.

Alcatel-Lucent dropped one spot to finish seventh, lowering its return on equity from 73.9 per cent last year to 56.8 per cent this time.

Imperial Tobacco turned in a strong ROE for the second year running, improving from 40.3 per cent to 55.1 per cent – sufficient to jump from 16th to 8th – although they continue to trail competitor British American Tobacco who reported an even larger improvement to its ROE and now sit in second.

Downer New Zealand are the

Rank	Company name	%
1	Nestle	140
2	Brit Amer Tobacco	94.6
3	Fairfax	82.2
4	Apple	81.6
5	Visionstream	79.7
6	Beijing Capital Waste	62.1
7	Alcatel-Lucent	56.8
8	Imperial Tobacco	55.1
9	Downer	54.6
10	BMW NZ	54.3
11	McDonald's	51.8
12	Tetra Pak	49.3
13	Methanex	48.9
14	Mercedes-Benz	46.8
15	KiwiRail Holdings	46.6
16	Mars	46.3
17	NZ Investment	42.8
18	Rayonier	39.8
19	Beca	36.9
20	Avis Rent-a-Car	34.9

highest ranked of the Deloitte Top 200 companies to rank amongst the best for ROE – generating \$43.8 million in profit from only \$80.2 million of average equity – a substantial improvement over last year's results.

The final four entrants on the list failed to make the grade last year, but improvements to their figures and a lower qualifying percentage has seen them make an appearance for the first time.

ExxonMobil and Datacom – the 11th and 40th largest companies on the Top 200 – narrowly missed making the list, with Avis edging ExxonMobil by only 0.2 per cent.

Rank	Prev. year	Company name	Revenue (\$000s)	% change	Profit after tax (\$000s)	Rank	% change
101.	(103)	Restaurant Brands	330,418	5.6	19,953	83	23.5
102.	(–)	Nutricia	318,314	(19.2)	1,985	186	(96.7)
103.	(109)	Northpower	310,120	9.5	15,875	100	40.6
104.	(–)	Two Degrees	308,766	21.5	(35,894)	224	20.6
105.	(106)	Market Gardeners	292,589	(3.6)	6,382	147	58.6
106.	(104)	Orica Investments	292,429	(6.3)	19,521	88	17.2
107.	(101)	DSE (NZ)	285,982	(13.8)	(11,685)	214	(31.5)
108.	(107)	NZ Snack Food	280,980	(4.3)	5,095	160	(75.1)
109.	(117)	Port of Tauranga	276,694	7.9	78,252	39	(30.2)
110.	(115)	Wesfarmers	276,277	2.7	11,953	119	28.3
111.	(113)	Allied Foods	275,999	(0.3)	13,375	109	(16.4)
112.	127)	Mitsubishi Motors	275,581	20	7,488	144	68.2
113.	(128)	Scales Corporation	274,406	19.9	20,438	80	50
114.	(–)	Visionstream	273,764	20.1	16,181	98	(6.1)
115.	(121)	Fuji Xerox NZ	271,030	10	(19,571)	218	(148.9)
116.	(110)	Unilever	263,647	(6.8)	929	194	(88.6)
117.	(–)	Green Cross Health	259,289	3.9	18,832	90	13.6
118.	(161)	Landcorp Farming	248,400	33.4	54,700	46	402.8
119.	(137)	Bupa Care	246,748	12.7	42,761	53	704.5
120.	(111)	NZ Sugar	244,561	(12.4)	22,851	76	6.8
121.	(125)	NZPM Group	244,384	3.6	(1,367)	203	(269.2)
122.	(118)	Juken NZ	242,260	(4.6)	(12,474)	215	(144)
123.	(108)	Pumpkin Patch	241,905	(16.3)	10,166	133	100.9
124.	(141)	CB Norwood	241,383	11.8	5,092	161	(25.2)
125.	(120)	Dunedin City	239,576	(2.9)	12,483	115	(39.1)
126.	(138)	Mazda Motors	234,996	7.6	2,752	179	104.5
127.	(124)	Linde Holdings	233,593	(2.8)	28,702	70	(9)
128.	(119)	Weyville Holdings	232,765	(5.7)	12,316	117	3
129.	(129)	Tatua Dairy	230,964	1	10,415	129	104.2
130.	(143)	Coles Group	230,823	10.2	19,660	86	118.5
131.	(123)	Millstream	229,357	(4.9)	(9,557)	211	94.8
132.	(130)	Tourism Holdings	228,104	1.9	11,116	124	191.9
133.	(139)	GPC Asia Pacific	226,525	4.5	3,328	174	18.6
134.	(114)	General Cable	226,158	(17.2)	(27,064)	219	(150.9)
135.	(13)	Delegat's Group	224,629	0.8	42,597	54	3.4
136.	(158)	Ports of Auckland	224,206	17.7	73,998	42	90.4
137.	(112)	NZ Refining	223,289	(19.9)	(4,951)	206	(115.9)
138.	(136)	Bridgestone	220,785	0.6	9,572	137	(6.1)
139.	(155)	CablePrice	220,594	13.1	11,292	123	126.4
140.	(134)	Smiths City Group	219,600	(1.3)	4,100	167	(24.1)
141.	(145)	McDonald's	216,643	5.8	30,709	69	(3.7)
142.	(151)	Nobilo Holdings	216,364	9.3	21,826	78	12.6
143.	(152)	Mercedes-Benz	215,396	9.6	16,258	97	31.5
144.	(142)	ABB Limited	213,616	1.3	12,792	111	53.3
145.	(148)	Livestock Improvt.	212,865	5.6	18,046	93	(23.7)
146.	(146)	Abano Healthcare	210,457	4	6,059	149	49.4
147.	(133)	JB Hi-Fi	209,502	(5.9)	1,667	188	(3.6)
148.	(140)	Hallenstein/Glass.	209,135	(5.4)	14,278	104	(23.5)
149.	(150)	Kiwi Income	208,690	5	101,300	29	(7.8)
150.	(178)	Newmont Waihi	207,863	36.6	13,557	108	155.8

EBITDA	EBIT	% return on revenue	Total assets (\$000s)	Rank	% change in assets	% return on assets	Total equity	Rank	% return on equity	Avg proprietorship ratio	Balance date
43,644	28,189	8.5	108,338	196	(3.1)	18.1	64,656	159	31.9	58.75	Feb-14
8,194	4,782	1.5	106,230	197	(30.4)	1.5	9,555	228	4.4	7.38	Dec-13
43,321	25,450	8.2	423,068	96	0.6	3.8	255,905	77	6.3	60.66	Mar-14
30,143	(23,490)	(7.6)	439,895	95	27.6	(9.2)	121,925	116	(26)	31.08	Dec-13
15,161	11,771	4	178,819	145	(3)	3.5	86,029	140	7.5	47.37	Jun-14
46,011	38,534	13.2	242,650	125	7.3	8.3	142,001	108	14.9	60.59	Sep-13
(10,158)	(14,624)	(5.1)	87,819	202	(10.6)	(12.6)	47,601	181	(21.9)	51.18	Jun-13
46,498	30,565	10.9	605,440	72	4.2	0.9	76,358	150	3	12.87	Dec-13
142,725	120,176	43.4	1,154,883	40	3.8	6.9	812,419	25	9.7	71.66	Jun-14
19,061	17,014	6.2	152,747	160	9.7	8.2	124,001	113	10.1	84.94	Jun-14
27,490	18,342	6.6	132,282	176	(5.2)	9.8	97,774	128	13.2	71.93	Sep-13
11,822	10,694	3.9	128,519	178	8.9	6.1	92,208	134	8.4	74.81	Mar-14
45,870	34,672	12.6	272,658	117	4.4	7.7	175,313	95	12.3	65.69	Dec-13
24,479	21,070	7.7	71,659	214	18.6	24.5	20,966	213	79.7	31.75	Dec-13
(1,036)	(9,805)	(3.6)	270,147	120	23.1	(8)	16,513	220	(74.4)	6.75	Mar-14
6,090	2,520	1	108,835	195	0.2	0.9	60,574	163	1.5	55.7	Dec-13
31,538	27,562	10.6	134,460	174	9	14.6	89,415	137	22.9	69.37	Mar-14
84,100	81,100	32.6	1,748,500	29	3.2	3.2	1,428,300	17	4	82.96	Jun-14
62,311	52,248	21.2	845,649	57	24.1	5.6	221,757	84	23.6	29.04	Dec-13
37,754	32,038	13.1	141,662	165	2.3	16.3	117,764	119	20.3	84.06	Dec-13
5,568	2,623	1.1	115,223	185	(7)	(1.1)	25,075	203	(5)	20.97	Mar-14
22,360	(15,889)	(6.6)	447,865	92	(6.5)	(2.7)	287,171	70	(4.2)	61.96	Mar-14
36,976	16,987	7	141,495	166	(1)	7.1	42,174	190	20.9	29.66	Jul-14
10,591	8,278	3.4	125,007	183	(7.8)	3.9	67,014	156	7.4	51.44	-
84,836	65,449	27.3	1,034,432	44	(0.2)	1.2	169,549	96	7.6	16.38	Jun-14
3992	2,793	1.2	72,142	212	13.9	4.1	38,764	192	6.8	57.23	Mar-14
72381	44,698	19.1	626,937	71	5.9	4.7	367,579	60	7.8	60.31	Dec-13
27084	17,519	7.5	211,695	136	0.3	5.8	163,357	98	7.8	77.28	Jun-13
24868	17,282	7.5	162,526	156	5.6	6.6	56,138	169	20.7	35.49	Jul-13
30143	27,305	11.8	311,649	111	13.7	6.7	269,842	73	7.6	92.14	Jun-13
8695	(6,038)	(2.6)	858,844	56	(3.6)	(1.1)	682,160	34	(1.4)	77.95	Jun-13
62,061	24,596	10.8	295,535	112	(10.4)	3.6	159,896	100	6.9	51.13	Jun-14
14,933	11,378	5	182,582	144	0	1.8	109,077	123	3.1	59.73	Jun-13
(5,243)	(24,302)	(10.7)	166,471	154	(18.2)	(14.6)	81,865	144	(31.4)	44.24	Dec-13
79,666	67,922	30.2	476,529	84	13.2	9.5	249,060	80	18.3	55.51	Jun-14
113,057	89,275	39.8	776,342	60	2.1	9.6	493,427	48	15.6	64.22	Jun-14
65,620	(5,486)	(2.5)	1,064,190	43	12.3	(0.5)	591,101	37	(0.8)	58.76	Dec-13
17,134	13,300	6	137,541	169	(4.2)	6.8	98,235	126	9.5	69.90	Dec-13
18,283	16,907	7.7	113,661	188	1.5	10	47,446	182	26.3	42.06	Mar-14
10,430	8,930	4.1	151,700	161	2.4	2.7	43,000	188	9.8	28.68	Apr-14
67,902	54,700	25.2	338,454	104	(4.2)	8.9	58,310	168	51.8	16.86	Dec-13
60,595	51,092	23.6	458,150	89	(11.8)	4.5	201,328	88	9.9	41.18	Feb-14
33,686	33,298	15.5	454,063	90	8.2	3.7	36,652	195	46.8	8.39	Dec-13
21,889	19,270	9	113,239	189	(3.4)	11.1	50,398	179	26.6	43.73	Dec-13
43,015	25,354	11.9	283,796	113	3	6.5	213,369	87	8.5	76.30	May-13
26,452	16,394	7.8	224,290	129	6	2.8	94,859	129	7.1	43.53	May-14
4,900	2,389	1.1	78,553	207	(4.5)	2.1	53,739	174	3.2	66.85	Jun-13
27,685	19,886	9.5	82,539	203	(3.2)	17	63,137	161	22	75.23	Aug-14
146,780	146,780	70.3	2,235,834	23	5.1	4.6	1,188,544	21	8.7	54.49	Mar-14
58,557	18,986	9.1	271,152	119	3.6	5.1	181,838	92	7.7	68.24	Dec-13

THE DELOITTE TOP 200

The Newcomers

Foodstuffs North Island makes its first appearance on the Top 200 list since the amalgamation of Foodstuffs Auckland and Wellington businesses – previously 6th and 15th respectively – and makes its debut at 5th.

Haier New Zealand replaces Fisher & Paykel Appliances on the Top 200 on the Top 200, with its 90 per cent acquisition of the iconic firm sufficient to place inside the Top 50 at 47th.

At 49th, H.J. Heinz makes a reappearance on the Top 200 list, after having been removed due to its financial statements being unavailable since 2011. A change of ownership in 2012 however, has brought about a change in their reporting policies and it is once again eligible to be included.

City Care and Christchurch International Airport were both previously part of the list under the consolidated accounts of Christchurch City Holdings, as explained below however – a different treatment of the Council's investment vehicle has seen them make their first appearance on the list as individual entities – Lyttelton Port narrowly missed the list at 204th.

Nutricia, Visionstream and Wellington Electricity all make their first appearances on the list having previously fallen outside of the scope of assessment.

Making their first Top 200 appearance at 167th, Tetra Pak NZ has raised revenues in the past year

Rank	Company
5	Foodstuffs Nth Island
47	Haier NZ Investment Holding Company
49	H J Heinz Company
93	Independent Liquor
95	City Care Ltd
102	Nutricia Ltd
104	2 Degrees Mobile
114	Visionstream
117	Green Cross Health
167	Tetra Pak
170	Wellington Electricity Dist. Network
178	Orion Health Group
180	Metroglass
192	CDL Hotels
194	Flight Centre
195	Tru Test
198	Christchurch International Airport

significantly – making the grade for the first time. Likewise, Metroglass Holdings, at 180th on the list, has qualified for the first time by sufficiently raising revenues to meet the Top 200 threshold.

Debuting at 178th on the list, Orion Health may have qualified for the Top 200 in previous years, but its financial statements have been unavailable prior to this year and were unable to be considered.

CDL Hotels, Flight Centre and Tru Test have all improved their financial results from last year's Top 200, where each was on the periphery of making the final list. CDL Hotels improved 10 places from 202nd to 192nd, Flight Centre moved up twenty spots from 214th to 194th and Tru Test moved up from 212th to 195th.

Missed the Cut

Foodstuffs Auckland and Wellington, previously the 6th and 15th largest companies in the Top 200 amalgamated into Foodstuffs North Island in the past year, removing both of the former companies from the list while the new entity has debuted at 5th in this year's list.

Following the purchase of Fisher & Paykel Appliances by Haier, last year's 36th ranked company drops off the list while Haier's holding company for its New Zealand investments debuts inside the top 50 at 47th.

At the end of 2013, jewellery retailer Michael Hill moved its financial reporting currency to Australian dollars in recognition of the importance of that market to their business. No longer reporting in New Zealand dollars means that Michael Hill was no longer eligible to appear in the Top 200.

GR Media Holdings was the company used by Ironbridge to hold and finance MediaWorks. Since being placed into receivership, that company has been struck off the New Zealand Companies Register.

Inghams Enterprises was sold last year to private equity firm TPG Capital for \$880 million AUD. As it was acquired by an Australian entity and not a New Zealand firm, Inghams are no longer eligible to appear in the Top 200.

For the first time this year, Christchurch City Holdings no longer appears as a consolidated entity and

Prev Rank	Company name
6	Foodstuffs Auckland
15	Foodstuffs Wellington
26	Farmlands Co-Op Society
36	Fisher & Paykel Appliances
39	Christchurch City Holdings
67	Michael Hill International
99	Inghams Enterprises
116	G R Media Holdings
126	Ashburton Trading Society
156	Hansells Food Group
162	Retirement Care
187	Schneider Electric

has been broken up into its major component parts. Strictly speaking this wouldn't be done under the current criteria, however, at the request of Christchurch City Council, Deloitte made a decision to break out the separate businesses because the major companies within the group were both large enough to be included individually and were deemed useful for the sake of comparison to entities in the same sector.

During the last financial year, Ashburton Trading Society sold off a large portion of their business and the remaining section was not large enough to qualify for the Top 200.

For the remaining companies not to make this year's list; Hansells Food Group, Retirement Care and Schneider Electric, the relevant financial information was unavailable to Deloitte and therefore, they were not able to be included.

Rank	Prev. year	Company name	Revenue (\$000s)	% change	Profit after tax (\$000s)	Rank	% change
151.	(149)	Sealed Air NZ	205,351	2.2	4,277	166	(57.9)
152.	(135)	PMP	204,440	(7.9)	2,754	178	140.2
153.	(167)	Ryman Healthcare	203,223	12.1	194,805	14	42.5
154.	(132)	Fernhoff	202,758	(9)	(35,923)	225	(361.1)
155.	(144)	Cavalier Corp	202,711	(2)	5,790	154	91.1
156.	(160)	Alcatel-Lucent	198,749	6	9,349	138	(1.2)
157.	(159)	Skellerup	197,446	3.8	41,094	60	115.9
158.	(154)	MARS NZ	195,048	(0.4)	19,843	84	23.6
159.	(153)	CDC Pharma	194,195	(1.1)	375	197	(88.7)
160.	(166)	Unison Networks	191,922	5	24,173	73	0.3
161.	(169)	NZ Investment	187,625	7.5	18,106	92	18.4
162.	(168)	Bayer New Zealand	185,842	4.3	(57,524)	228	(1,317.9)
163.	(147)	NZ Wool Services	184,918	(8.5)	3,323	175	48.5
164.	(171)	Trade Me Group	182,019	9.6	80,111	38	1.9
165.	(164)	Airways Corp	181,282	(1.1)	11,835	122	(45.6)
166.	195	Rayonier	176,802	37.2	11,855	121	606.5
167.	(-)	Tetra Pak	174,367	86.4	8,300	140	90.7
168.	(176)	AsureQuality	174,028	8.2	12,539	113	23.6
169.	(163)	Vitaco Health	170,856	(7)	13,906	105	(9)
170.	(-)	Wgtn Electricity	168,921	2.2	(6,464)	208	66
171.	188	Fujitsu	167,586	18.1	5,926	151	(48.6)
172.	(180)	Goodman Property	167,100	21.7	134,100	22	72.1
173.	(182)	Precinct Properties	165,600	12	117,200	24	(25.6)
174.	(173)	ITW	160,016	0.2	30,762	68	108.5
175.	(172)	AgResearch	159,834	1.2	2,005	185	(64.7)
176.	(193)	BMW NZ	157,898	19.9	5,856	152	840
177.	(179)	Honda NZ	157,682	4.1	980	193	126.6
178.	(-)	Orion Health	157,269	38.5	(1,137)	202	(114.7)
179.	(177)	Compass Group	156,520	2.4	2,659	181	1
180.	(-)	MetroGlass	155,603	14.6	11,951	120	44.6
181.	(186)	Avon Pacific	155,575	8.5	10,785	126	4.5
182.	(165)	Rakon	155,359	(15.1)	(83,799)	231	(155.3)
183.	(183)	Dow AgroSciences	154,964	5.2	189	198	110.1
184.	(185)	GlaxoSmithKline	149,239	3.5	7,052	146	13.5
185.	(189)	AWF Group	148,742	7.1	3,952	169	(42.9)
186.	(175)	Cerebos Gregg's	146,885	(11.1)	10,957	125	4.9
187.	(122)	Norske Skog	142,587	(40.9)	(83,063)	230	66.6
188.	(197)	Siemens (NZ)	140,925	12.8	4,532	165	72.3
189.	(190)	Avis Rent A Car	139,566	1.6	12,417	116	28
190.	(181)	Suzuki NZ	136,289	(8.2)	1,477	189	(35)
191.	(184)	Pepsico	133,641	(7.8)	1,077	192	(52.7)
192.	(-)	CDL Hotels	133,438	13	32,532	66	(36.3)
193.	(198)	NZ Radio Network	133,351	9.3	12,739	112	44.8
194.	(-)	Flight Centre	132,807	5.9	7,630	142	28.1
195.	(-)	Tru-Test Corp	132,570	23.2	2,179	182	(66.9)
196.	(191)	Kimbyr Invest.	132,265	(1.8)	4,008	168	(11)
197.	(174)	Aotearoa Fisheries	130,161	(18.3)	(6,040)	207	(135.4)
198.	(-)	Chch Int. Airport	129,571	9	15,694	101	(14.8)
199.	(170)	NDA Group	127,641	(25.2)	3,220	176	1,476.10
200.	(194)	DFS NZ	124,727	(4.8)	3,445	173	0.8

EBITDA	EBIT	% return on revenue	Total assets (\$000s)	Rank	% change in assets	Return on assets	Total equity	Rank	% return on equity	Avg proprietorship ratio	Balance date
9,496	5,952	2.9	283,622	114	2	1.5	246,807	81	1.8	87.88	Dec-13
20,429	10,570	5.2	136,815	170	(8)	1.9	53,854	173	7.9	37.71	Jun-13
21,9807	210,762	103.7	2,729,014	20	23.9	7.9	926,746	24	23.5	37.58	Mar-14
16,676	(42,412)	(20.9)	326,199	109	(11.9)	(10.3)	67,521	154	(42.6)	19.39	Dec-13
16,033	10,804	5.3	198,060	139	0.7	2.9	92,959	132	6.2	47.10	Jun-14
13,284	12,415	6.2	131,901	177	(12.9)	6.6	21,136	211	56.8	14.92	Dec-13
56,764	49,306	25	185,480	143	0.7	22.2	144,691	105	30.5	78.29	Jun-14
30,799	28,190	14.5	105,766	198	12.3	19.8	45,269	185	46.3	45.28	Dec-13
1,568	1,238	0.6	45,789	227	6.7	0.8	9,838	227	3.8	22.19	Mar-14
76,768	50,771	26.5	672,724	66	2.1	3.6	326,638	63	7.6	49.06	Mar-14
35,580	29,910	15.9	163,231	155	(1.6)	11	43,459	187	42.8	26.40	Dec-13
5,576	(53,518)	(28.8)	154,107	159	(26.3)	(31.7)	13,493	222	(143.4)	7.43	Dec-13
7,539	5,854	3.2	98,418	200	8.2	3.5	16,850	219	12.9	17.80	Jun-13
130,634	118,321	65	866,670	55	3	9.4	674,472	35	12	78.97	Jun-14
37,623	19,401	10.7	161,513	157	8.7	7.6	76,926	149	16.4	49.62	Jun-14
12,293	11,855	6.7	49,239	225	42	28.3	35,687	198	39.8	85.06	Dec-13
13,137	12,105	6.9	75,734	210	92.4	14.4	20,999	212	49.3	36.49	Dec-13
23,682	17,280	9.9	80,620	205	7.5	16.1	39,123	191	32.8	50.28	Jun-14
31,613	27,220	15.9	206,142	137	(0.2)	6.7	88,086	138	17.1	42.69	Mar-14
79,747	49,451	29.3	873,568	52	0.5	(0.7)	102,248	125	(9)	11.73	Dec-13
10,443	8,624	5.1	51,248	221	1.5	11.6	24,024	205	23.2	47.22	Mar-14
168,600	168,600	100.9	2,118,300	24	4.9	6.5	1,265,600	18	10.9	61.18	Mar-14
164,300	164,300	99.2	1,747,500	30	5.4	6.9	1,106,800	22	11.2	64.99	Jun-14
45,044	43,138	27	228,512	128	9.7	14.1	113,402	121	31.5	51.92	Dec-13
14,692	1,037	0.6	262,008	121	1.2	0.8	216,879	86	0.9	83.27	Jun-14
8,664	8,208	5.2	63,457	217	3.6	9.4	19,454	215	54.3	31.19	Dec-13
17,541	5,315	3.4	173,352	148	(10)	0.5	84,960	141	1.2	46.43	Mar-14
20,94	(1,616)	(1)	109,219	194	42.5	(1.2)	29,182	201	(3.8)	31.40	Mar-14
62,48	3,764	2.4	50,716	222	11.1	5.5	22,473	209	12.6	46.63	Sep-13
29,512	22,081	14.2	205,636	138	4.8	5.9	119,030	117	10.5	59.25	Mar-14
19,109	14,412	9.3	113,194	190	(26.9)	8.1	92,529	133	9.6	69.07	Jun-13
(20,314)	(81,003)	(52.1)	128,385	180	(47.3)	(45.1)	78,967	147	(71.1)	42.48	Mar-14
1,510	673	0.4	128,456	179	(9.1)	0.1	69,378	152	0.3	51.43	Dec-13
10,288	10,068	6.7	74,151	211	(65.6)	4.9	36,605	196	6.5	25.25	Dec-13
8,436	6,557	4.4	76,961	208	117.6	7	20,763	214	18.7	36.97	Mar-14
18,348	13,861	9.4	115,046	187	(9.5)	9.1	86,146	139	11.4	71.16	Dec-13
(38,919)	(64,711)	(45.4)	192,505	140	(40.7)	(32.1)	59,353	165	(216.4)	22.95	Dec-13
7,049	5,497	3.9	125,900	182	(47)	2.5	84,518	142	5.5	46.50	Sep-13
33,584	17,919	12.8	133,446	175	31.9	10.6	23,495	207	34.9	20.03	Dec-13
2,433	2,261	1.7	56,610	219	10.4	2.7	37,533	194	4	69.57	Dec-13
16,812	8,702	6.5	314,746	110	(1.3)	0.3	81,619	145	1.4	25.77	Dec-13
50,484	43,962	32.9	743,077	62	5.6	4.5	600,499	36	5.6	83.03	Dec-13
23,576	17,326	13	175,126	147	7	7.5	159,022	101	8.3	93.88	Dec-13
15,118	11,953	9	159,435	158	11.3	5	62,389	162	13	41.22	Jun-14
14,921	7,669	5.8	135,815	172	(2.1)	1.6	31,268	200	6.6	22.78	Mar-14
9,561	7,046	5.3	116,491	184	7.7	3.6	38,469	193	11	34.25	Jul-13
(1,913)	(4,824)	(3.7)	503,302	80	0.9	(1.2)	404,485	58	(1.5)	80.71	Sep-13
76,952	42,614	32.9	1,176,716	39	8.4	1.4	745,234	31	2.2	65.87	Jun-14
12,668	10,335	8.1	187,168	142	(23.7)	1.5	72,474	151	4.5	33.52	Dec-13
7,592	4,796	3.8	60,128	218	3.4	5.8	46,106	183	7.8	77.97	Dec-13

Top four banks hold their places

The top financial institutions have held their positions on the Top 30 rankings for financial institutions despite fierce competition in the sector.

Financial institutions are ranked by the total assets they hold as opposed to revenue, and are separated from the Top 200 list.

Unsurprisingly the "Top 4" – the NZ offshoots of Australian banks like ANZ, Westpac, BNZ and ASB – dominate the rankings. ANZ remains at the top of the list for 2014, boasting assets of \$120.4 billion and generating profits in excess of \$1.3 billion.

There is a substantial gap between first and second placegetters. Westpac's NZ asset base is just under two-thirds that of ANZ.

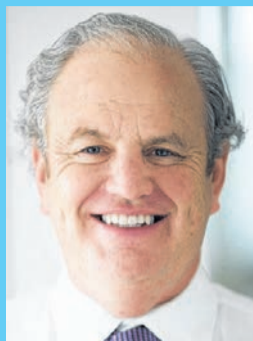
Just one company – Suncorp Group – has dropped out of the Top 10 financial institutions compared with the 2013 rankings. Suncorp had a 20.6 per cent reduction in NZ assets forcing it from tenth position to make way for the Bank of Tokyo-Mitsubishi.

Despite being the second-largest holder of assets among the financial institutions, Westpac is only the fourth largest equity holder, with a 13.3 per cent drop in total equity year on year – the only financial insti-

Our 'Top 4' banks have combined assets of \$341.2 billion



David Hisco
CEO ANZ
\$120.4 billion



David McLean
CEO (Acting) Westpac
\$77.6 billion



Anthony Healy
CEO BNZ
\$75.3 billion



Barbara Chapman
CEO ASB
\$68.4 billion

tution in the top five to see their equity drop.

Kiwibank saw the biggest proportional change amongst the top five companies, growing their assets by 9.6 per cent over the past year while also seeing healthy growth across the

board – improving revenue, profit and equity numbers.

They still have a long way to go before they can be considered a true competitor to the big four New Zealand banks.

IAG New Zealand, our largest in-

surer and the seventh ranked company among the financial institutions, reported positive growth of their bottom line. Yet IAG still failed to make a profit – \$2.8 million in the red off the back of more than \$1.6 billion in revenue.

The Bank of Tokyo-Mitsubishi substantially increased its asset holdings, growing by more than \$700 million in the past year and improving revenue to \$120.8 million; a 24 per cent improvement yet still in the bottom quartile for financial institutions.

ASB Group (Life) is the only newcomer to the list of financial institutions.

The primary operations of the group are insurance and investment management, with the main trading entity from the group Sovereign Assurance. Because their figures are not consolidated with the ASB Bank accounts they are considered a separate entity.

Both Tower and Deutschebank reported a significant decline in revenue, 39.5 and 40.3 per cent respectively, which hurt the bottom lines for both companies.

Just missing out on making the list were Fuji Xerox Finance and CBL Insurance – neither of whom have featured in the Financial Top 30 before but will be close contenders next year – particularly if Fuji Xerox continue their strong asset growth, which was 22 per cent up over the past year.

Top 30 financial institutions

Rank	Previous year	Company name	Total assets	Revenue	Profit	Total equity	Return on revenue
1	1	ANZ Bank	120,438,000	6,780,000	1,374,000	11,467,000	27.5
2	2	Westpac	77,559,000	4,387,000	855,000	4,784,000	26.9
3	3	Bank of New Zealand	75,310,000	4,056,000	695,000	5,687,000	23.4
4	4	ASB Bank	68,380,000	4,040,000	806,000	5,166,000	28.4
5	5	Kiwibank	16,676,000	983,000	100,000	1,003,000	14.1
6	6	Rabobank New Zealand	9,788,523	539,629	80,811	1,066,253	20.7
7	7	IAG (NZ) Holdings	6,018,546	1,603,277	(2,768)	937,519	-0.2
8	8	TSB Bank (100% TSBC)	5,681,875	306,534	49,953	477,343	22.1
9	9	Hongkong & Shanghai Banking	5,053,515	250,636	25,067	301	14
10	12	Bank of Tokyo-Mitsubishi	3,450,092	120,791	(16,267)	97,392	-20.7
11	10	Suncorp Group Holdings	3,086,731	1,022,667	83,902	668,078	11.5
12	11	AMP Life (NZ Branch)	3,036,388	518,516	39,847	574,528	-2.6
13	16	Heartland New Zealand	3,016,888	227,010	36,039	452,622	22.4
14	15	GE Finance and Insurance Group	2,961,587	457,635	69,880	610,879	21.5
15	(-)	ASB Group (Life)	2,835,000	792,000	110,000	1,213,000	17.6
16	13	Southland Building Society	2,787,776	191,304	15,639	234,213	11.1
17	14	Deutsche Bank AG New Zealand	2,575,000	74,000	4,000	128,000	5.4
18	17	Citibank NA New Zealand	2,190,662	75,923	13,750	187,619	26.2
19	18	Tower	1,696,570	347,204	34,375	381,077	10.7
20	19	The Cooperative Bank	1,623,910	114,353	7,144	143,246	7.8
21	21	Toyota Finance	1,138,884	152,518	28,591	158,378	23.9
22	26	QBE Insurance (International)	1,018,212	170,225	26,393	78,490	21.6
23	20	Lumley General Insurance	942,834	398,026	32,363	140,516	11.5
24	22	AIG Insurance	759,592	103,113	5,444	106,117	8.3
25	23	Fidelity Life Assurance	661,523	124,650	35,136	185,961	36
26	24	Medical Assurance Society	561,842	80,246	4,122	145,828	2.6
27	28	Mercedes-Benz Financial Services	464,252	35,196	9,016	37,481	35.5
28	25	Fisher & Paykel Finance	441,578	97,305	17,427	102,883	25
29	27	Motor Trade Finances	439,810	61,345	8,171	77,101	19
30	29	Kookmin Bank Auckland Branch	418,607	18,557	5,071	5,908	38.1

Deloitte Top 200 team



Kim Fisher



Jasmin Carter



Cassandra Worrall

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Maori list: Leon Wijohn, Mark Lash, Miriama Tito, Wiremu Stone.

Deloitte Top 200 criteria

Deloitte's listing of New Zealand's largest organisations includes publicly listed companies required to disclose audited financial statements, including New Zealand subsidiaries and branches of overseas companies. It also includes producer boards, co-operatives, local authority trading enterprises and state-owned enterprises. To be included in the Deloitte Top 200, organisations must operate for a commercially determined profit and be liable for tax on earnings.

Companies fully owned by another New Zealand company are excluded. All figures are the latest available, verified and audited. The initial list is compiled of 240 companies and some rankings reflect the larger pool from which the Top 200 is selected.

- **Revenue:** as disclosed in the entity's Statement of Income or equivalent. Includes sales (excluding gross commission sales), rent, dividends, share of income from associated companies and interest received.
- **Profit After Tax:** includes equity accounted profit and profit attributable to non controlling (minority) interests.
- **EBITDA:** earnings before interest, tax, depreciation and amortisation and impairments of property, plant and equipment or intangible assets.
- **EBIT:** earnings before interest and tax, includes unusual income and expense items. Not shown for the financial institutions.
- **Return On Revenue:** calculated by profit before interest and tax divided by revenue. Where no profit figures are shown, this calculation is not applicable as indicated by N/A.



- **Total Assets:** as disclosed in the entity's financial statements. Includes current and non-current assets, investments, tangible and intangible assets, deferred tax assets and goodwill.
- **Total Equity:** as disclosed in the entity's financial statements including non-controlling (minority) interests. For New Zealand branches of overseas companies, the amount shown as owing to head office is taken as deemed equity.
- **Return on Total Equity/Total Assets:** calculated by profit after-tax divided by average total equity/total assets over the past two years. Where an entity is in its first year of operation the current year total equity/total assets figure has been used as an approximate.
- **Proprietorship Ratio:** Total Equity (see above) divided by average total assets over the past two years expressed as a percentage. owned subsidiaries

- General**
- Companies that have operated less than six months are not included in this listing.
 - Majority shareholdings greater than 50 per cent by other New Zealand entities are indicated in brackets. A key to these abbreviations follows the listing.
 - Not disclosed (N/D) is used where figures were not disclosed by the company or disclosed but not able to be verified.
 - An (-) indicates the company was not ranked last year.
- Financial Institutions**
- Includes banks, finance companies, insurance companies (life/fire and general/superannuation). These are ranked on total assets and appear separately. The financial institution results are based on the entity's legal set of accounts and not those accounts which include funds under administration (ie accounts which include assets that are not legally

Top 200 Team

- Fran O'Sullivan (Editor and Judging Convenor); Alexander Speirs (Data Analysis and Writer); Greg Hall (Data Analysis and Writer); Isobel Marriner (Design)
- For further information on the Top 200 listings or to seek nomination to be included in next year's list, email top200@nzherald.co.nz
- Look for further Top 200 stories on nzherald.co.nz



Fran O'Sullivan



Alexander Speirs



Greg Hall

- owned by that institution but administered by it).
- **Revenue:** as disclosed in the entity's Statement of Income or equivalent but not reinsurance revenue (insurance companies).
 - **Profit After Tax:** is shown for information purposes only and no ranking is given.
 - **Total Equity:** as disclosed in the entity's financial statements including non controlling (minority) interests. For New Zealand branches of overseas companies, the amount shown as owing to head office is taken as deemed equity.
 - **Pre-tax Return on Revenue:** calculated by profit before tax (and after interest) divided by revenue. Where no profit figures are shown, this calculation is not applicable as indicated by N/A.
 - **Proprietorship Ratio:** Total Equity (see above) divided by average total assets over the past two years expressed as a percentage.

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Shams is just one of over 6,000 students who have benefited from your involvement with the AUT Business School. Thank you for helping us transform the lives of tomorrow's leaders and changing the future of business and our communities.

Shams is a passionate social entrepreneur and a third year business student with a double major in International Business and Management. Studying business has allowed her to unite her passion for empowerment and social change into income-generating projects, creating a positive impact through social entrepreneurship. She co-founded Think.e, a social enterprise student organisation and is currently co-president. She recently travelled to San Francisco representing AUT Business School at the Hult Prize, a prestigious international case competition.

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