

FINANCIAL REVIEW

SE Boss
HD **True grit: Transfield's Diane Smith-Gander**
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PROFILE

From Westpac and NBN to Transfield Services, Diane Smith-Gander has never been fazed by controversy. JULIE-ANNE SPRAGUE NIC WALKER

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It wasn't long after Diane Smith-Gander arrived at McKinsey's Washington office that the **firm's** partners nicknamed her "The Colonel". The 179 centimetre tall, frank Australian was embracing the culture of consulting houses with gusto, even though she was a junior member of the team.

"McKinsey has a certain code of communication and interaction and Diane had a somewhat more direct way," says Matt Bekier, the incoming chief executive of Echo Entertainment, who 14 years ago recruited Smith-Gander to the global consulting **firm**.

"McKinsey prides itself on a non-hierarchical environment and she took that a little bit too literally and was quite happy to issue instructions to all and sundry. I spent the first couple of months after she joined, running around making sure everyone was OK after their first interactions."

Smith-Gander, who was elevated to chairman of Transfield Services last October, remains direct by nature, but admits her edges have softened with age.

"I have always been a direct person," she tells Boss. "Sometimes I feel like I'm stating the blindingly obvious, but it does help to put things out on the table and then allow people to resolve them."

"I think I'm now much more nuanced about how to introduce those difficult conversations, and I'm a lot better at understanding other people's perspectives. My empathy gene had a great deal of exercise when I was at McKinsey and it was something that I have learnt: to stand in the other person's shoes."

Smith-Gander, who joined McKinsey after a decade-long career at Westpac, may not have been politically correct but that didn't hinder her meteoric rise at McKinsey, where she became a partner after just a couple of years.

"She happened to be very good at it," says Bekier. "What made her different was she was one of the most effective people I have ever seen. She knew what mattered to business to make a difference. She had been an executive, and she knew how to use consultants and she knew how consultants could add value."

"Diane is just fantastic at getting stuff done and having impact."TRANSFIELD TEST

Her leadership style is being put to the test at Transfield Services, where its decision to take on a \$1.2 **billion** contract to manage Manus Island detention centre in Papua New Guinea for 20 months ignited controversy.

So deep is the outrage about Australia's refugee policy that the board of Sydney's Biennale arts festival was forced to turn down sponsorship from Transfield Holdings, which holds a 13 per cent **stake** in Transfield Services, after artists protested.

Luca Belgiorno-Nettis, an executive director at Transfield Holdings, had to quit as chairman of the festival.

Smith-Gander is ripe for the challenge. She says one of the biggest problems facing the world is "tens of **millions** of displaced people", a view she says is shared by Transfield's chief risk and legal officer Kate Munnings, who is taking on an operational role to oversee the Manus Island and Nauru contracts. Munnings' grandparents were German refugees.

Smith-Gander wants increased immigration levels and improved legal pathways for entry to reduce demands on detention centres.

"Immigration has been wonderful for this country," Smith-Gander says. But she says business and industries such as tourism complain it's too hard to get visas for workers.

"On many fronts we are hearing our presence outside our shores, which is our embassies and our consulates, are not meeting the needs of the stakeholders," Smith-Gander says. "That makes me feel that we are probably driving more people than needed to illegal pathways to Australia."

Transfield's immediate challenge is improving accommodation for refugees at Manus Island, after taking on a task previously managed by the Salvation Army and British defence contractor G4S, which face criticism after a riot in February resulted in the death of Iranian asylum seeker Reza Barati. Wilson Security has taken over the security contract. Smith-Gander concedes there is reputation risk for Transfield Services, but is confident the **company's** deep experience will lift standards and improve conditions.

"Transfield has a 60-year legacy of doing this sort of work in remote locations and difficult conditions," she says. EYES WIDE OPEN

"We are used to dealing with people who are under stress. We also have very direct recent experience with working for 12 months on Nauru, which had pretty much gone under the radar, which is an indicator that you are doing the job appropriately. Do we see the risk and do we go in with our eyes open? Of course we do, but we have got the view we have experience in this sort of work."

Asked whether she agrees with the government's policy to put refugees, including children, on Manus Island, she uncharacteristically jumps on the fence.

"It is not my place to agree or disagree," she says. "My view is that it is a policy of two democratically elected governments and it had bipartisan support. The Commonwealth is a very good customer of Transfield. We have served them for many years in many different ways and it is the sort of work we do well."

Smith-Gander is one of Australia's most high-profile female directors. As well as Transfield, she is a Wesfarmers director and until last month sat on the board of the nation's biggest grains exporter, CBH Group. She departed last September from NBN Co, where she was deputy chairman, due to conflicting duties at Transfield.

Some seasoned executives questioned why Smith-Gander would consider the politically charged NBN Co as a building block for a career as a non-executive director.

"You've got to ask, why would you do that?" says one senior executive, who declined to be named. Yet it was a role Smith-Gander passionately sought out.

TOUGH TRANSITIONS

Smith-Gander quit McKinsey in 2007 to return to Australia and her former employer, Westpac, where then chief executive David Morgan had asked her to **lead** the bank's technology division.

In 2008, Morgan was replaced by Gail Kelly, who restructured the management team after acquiring her previous employer, St George Bank. The restructure left Smith-Gander without a role that she wanted.

"It would be fair to say that Gail and I had a different philosophical approach to how you integrate organisations," Smith-Gander says.

"I had to go through a difficult conversation with Gail, which was: 'Where are the options for me?' There were options for me, all of which were fantastic roles, but none of them were super appealing. I thought: 'I don't think I'm going to be able to go where I need to go.'"

Smith-Gander says it was a disappointing time. Her marriage had broken down and the tawdry details were later splashed across the news pages, including her claims that her ex-husband, a former lawyer, deceived her by not revealing that he was twice divorced with children as she fought his claim for \$US20 million in the US courts.

She was dealing with the divorce while her dad battled melanoma; his illness prompted Smith-Gander to leave Sydney and return to Perth at the end of 2008.

Smith-Gander was consulting, and being considered for a plum spot on the Wesfarmers board when she heard NBN was looking for a director.

"There were lots of things I wanted to do [at Westpac] that I couldn't even contemplate," she says.

"A lot of it couldn't be done with Australia's telecommunications infrastructure. I was really interested in that [NBN] project."

"I had this funny moment where I thought: 'I'd be perfect for that, why haven't they asked me?'" she says.
BLUNT APPROACH GETS RESULTS

"It was nothing about [whether] I need another board [seat] or I need more profile or whatever; it was just: 'I could do that and why haven't they asked me?' I got blunt," she recalls. "I rang [recruiters] Egon Zehnder. I said, 'I understand you are recruiting for NBN, why haven't I been considered?'"

It's this go get 'em attitude that Perth businessman Tony Howarth admires and says more women should take note of.

"The one thing I would say that helps Di and doesn't help some others is that Di is very confident," he says. "She is confident in her own ability and what she can do. She has that balance of being able to put herself forward without being overly pushy. Sometimes you have got to say, 'Well what about me? I can do that'. A lot of people will sit back and say, 'I hope I get picked'. I think men do it much more [put themselves forward]."

Howarth sits on the board with Smith-Gander at Wesfarmers and the University of Western Australia Business School.

"You have a conversation with people and you agree to all sorts of things, but Di gets it done," he says.

Knowing what she knows now of the controversy surrounding the NBN and its roll-out, would Smith-Gander have rung up and pitched for the role?

"If another large government board came along that was incredibly politicised, would I do it in the way that I addressed the NBN challenge? No I wouldn't. But would I still do it and do it a different way? Absolutely."

She says she would be firmer on clear lines of decision-making needed between the executive and the board, and points to the changes in the NBN under the structure put in place by Communications Minister Malcolm Turnbull, who appointed Ziggy Switkowski as chairman. He in turn appointed Bill Morrow as chief executive in December.
DIFFICULT RELATIONSHIP

Smith-Gander notes there were problems during her tenure because Mike Quigley was shifted from executive chairman – reporting to then communications minister, Senator Stephen Conroy – to chief executive. "The pathway for the minister was to the executive chairman, and then the executive chairman became the CEO, so it is very hard then to change that relationship," she says.

"[Conroy] was very directly in contact with Mike Quigley. It makes it extremely difficult for the board and it makes it extremely difficult for the CEO."

She has publicly joked about whether she pressed Conroy to do a cost benefit analysis for the project, telling a recent AFR Chanticleer lunch in March: "Maybe I could ask the room to do a small exercise for me."

"The board of NBN Co was a commercial board, as is the one Ziggy is executive chairman of. Put yourselves in the shoes of that board. Think about the notion of suggesting anything to Minister Conroy."

The audience laughed.

But she says without a minister like Conroy, the nation would never have embarked on the NBN.

"This is a great vision and a gift to the nation," she says. "It is truly nation building. No one can argue with that."

BATTLER BACKGROUND

For most of her career Smith-Gander has forged her way by simply knuckling down and getting on with it – a trait instilled by her working-class parents, who, when confronted by a brick shortage in Perth in the 1950s, made their own in order to build the family home in Alfred Cove.

"I grew up knowing that the room I slept in had been built by my dad and the bricks made by my mum," she says.

Recently, Smith-Gander has championed the plight of women in the workforce although she used to think it was better to keep quiet.

"You almost feel that if you play the gender card you'll be in some ways marked down and it will make life harder for you," she says.

"I think women are a little frightened, senior women in particular, that if they speak they will only be given an opportunity to talk about gender issues and that they will get typecast as some strident feminist who feels that the mere fact of her gender should allow her to progress and have good commercial opportunities."MIND THE GAP

But at 56, she's a little fed up at the gap between female and male salaries and the still relatively low numbers of women in senior positions.

"Equal opportunity for everyone is at its core a value issue. But put that to one side; as if that is not enough, we are a small economy. We have 23 million people. That's the population of Texas. That's the population of Shanghai city. We have it plonked in the land mass of a continental USA. We cannot afford not to use all the talents we have here."

It was another woman, esteemed company director Helen Lynch, who helped Smith-Gander land her first blue-chip board role at Wesfarmers after recommending the headhunters contact her. The two had kept in touch with each other after they worked at Westpac during the 1980s.

Lynch says taking on NBN and Wesfarmers while her personal life was stressful proves Smith-Gander's strength of character.

"At that time it was stressful for her and it goes to her strong character that she could handle those really tiring times and still keep achieving in her corporate life," Lynch says.

Lynch says that most know Smith-Gander to be highly intelligent and confident, but she is also loyal and kind.

"She is very generous and she has some very, very long-standing friends," Lynch says.BID TO ELEVATE MORE WOMEN

Smith-Gander is now doing her bit to try to elevate more women in the executive ranks. She argues the easiest "productivity lever" for the nation is to improve female workplace participation and get more women into the right roles.

Reluctant to recommend formal quotas for business, she feels company management can first improve recruitment processes, remove unconscious gender bias and restructure jobs to appeal to both sexes.

"My view is that a quota is an intervention of absolute last resort," she says.

While working at Westpac in the 1990s, she led a project team that improved female participation at the bank's branches. Within three years, the number of female branch managers rose from 7 per cent to 32 per cent.

"We redesigned the role of the branch manager, put in formal selection criteria, had a different way of communication for these jobs," she says.

Smith-Gander, who studied commerce at the University of Western Australia, says the key is to make all jobs flexible and craft policy that allows individuals to make the best choices for their family.

This, she says, isn't what Tony Abbott's \$6 billion paid parental scheme will deliver.

"I don't believe that somebody sitting in Canberra can elegantly design an intervention that is going to suit every woman in Australia," she says. "Flexibility means different things to different people."

She prefers tax breaks or a HECS-style funding scheme for childcare. There's also the opportunity to explore immigration, she says.

"I have seen friends who have their revolving door nannies that go six months at a time because that's how the visa works. I don't think that's helpful," she says.

Smith-Gander wants the country to debate the merits of lifting immigration, which would help a range of sectors and could also be used to improve options for working parents.

"If you go to Singapore and Hong Kong, you see how much easier it is for women to work, because they have their helper," she says. "We don't design our homes like that and we don't design our immigration system like that."

RED ALFA ROMEO

Smith-Gander was a WA state basketball player. An old injury from the game has led to nearly two years of wearing metal braces on her teeth, although her confidence renders them nearly invisible. She is still a fan of the game and is a season ticket holder for US basketball team the Utah Jazz. Her commitment to staying in shape is evident from the Fitbit band on her wrist.

Her younger brother, Craig Smith-Gander says she's hard to miss in a crowd.

"She stands out in a room, not just because she's tall but because you look at her and you say: 'Here is someone with authority'," he says.

"She's a natural leader because she is good at getting in the trenches with the troops. It's not seen as tokenism. She means it," he says.

He recalls when Westpac sent his sister to manage the group's Queensland operations in the early 1990s. She drove her 1984 GTV Alfa Romeo across the country to meet with branch managers. On the back seat were usually a couple of bags of coffee beans.

"Back then, you couldn't get coffee beans in Roma [in regional Queensland]. So my point is Diane is the sort of girl that thinks about what is the bank manager and his wife in Roma going to need or want. She has great empathy for the people that work for her."

Smith-Gander still owns the red Alfa, which her niece and nephew have learnt to drive in. She's also got a 1967 version, but in blue. Most days she drives a Lexus hybrid, however.

She laughs when reminded of her branch visits in Queensland and says she also took KFC to the branches, because the locals said it was the best takeaway food for reheating.

She recalls arriving in her red Alfa at the branch in Murgon, 270 kilometres north-west of Brisbane and pulling up right in front of the branch. As she walked in she was greeted by one of the staff, who asked her to move her car, because they were expecting the usual big black Statesman to arrive with the big boss. Then the penny dropped: "She says, 'They said you were different, but I didn't know you were good different,'" Smith-Gander beams.

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SHE IS ABLE TO PUT HERSELF FORWARD WITHOUT BEING OVERLY PUSHY.

SHE'S A NATURAL LEADER BECAUSE SHE IS GOOD AT GETTING IN THE TRENCHES.

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