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Thirty-five words that might have been digested as passing entertainment by followers of our Rear Window column have caused more than considerable heartburn in and around BHPBilliton's shrinking globe. On Wednesday Rear Window observed that the Global Australian's chief executive, Andrew Mackenzie, received external help in preparing his final, successful boardroom pitch to replace Marius Kloppers.

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That assistance, it was written, came from a New York advisory **firm** called Teneo. It was set up by a former senior adviser to equally former US president Bill Clinton. And it is now run by a very serious guy called Declan Kelly. Clinton and former British prime minister Tony Blair are regulars on the Kelly play list.

Kelly is described by some as one of Jac Nasser's best mates. That is one reason why eyebrows were raised when Teneo was introduced to BHP on a \$600,000-a-month retainer since 2012 and one reason why they are being raised again by the idea that Teneo offered any assistance at all in Mackenzie's candidacy.

The other big reason why this snippet matters is that it suggests, in any case, that Mackenzie took advice on his presentation.

BHP's CEO succession protocols have always required that the final candidates make a full strategy presentation to the board.

The previous chairman, Don Argus, enforced an informal rule that prevented the candidates seeking or accepting external assistance on those election pitches.

But this time around, we have been told, the informal became formal in a letter from the board that established rules of engagement that included the traditional limitation the use of external advisors.

BHP denies this is the case and some close to the process insist that the protocols, in fact, place no constraint on the use of external assistance in preparation of the board presentation. BHP also denies that Teneo offered Mackenzie any direct or material strategic advice in the manufacture of his election pitch.

Now, for what it is worth, there has long been speculation within and without BHP that Teneo's advice to Mackenzie was limited to the purely cosmetic and mundanely practical.

And, given our personal experiences with Mackenzie, we are confident he would need little or no external voices to direct his strategic map. To cut a long story short, Mackenzie was given external advice that resulted in a shift to a wardrobe of tailor-made elegance and some improvement in his presentation skills. We are told this is the level of advice that Teneo more usually offers at BHP, though the **firm** has also been used to provide advice and comfort on the delicacies of BHP's still-live engagement with the US Securities and Exchange Commission over possible past violations of

US corruption laws. We are also told the links between Mackenzie and Teneo go back well beyond the **firm's** introduction to BHP and pre-date any appreciation of the **firm's** closeness to the chairman.

Apparently Mackenzie took advice from the **firm** during the days when he spoke for BHP's **copper** division and it had eyes for a project in Alaska.

But it is a fact unavoidable that the Rear Window narrative has a standing and resonance across a far broader community of the BHP church than is comfortable. And this should be cause for reflection and considered response rather than witch-hunts and veiled threat.

For a generation and more, BHP was a very tight organisation with impressively few loose lips.

Through the closing years of the Kloppers era, as the busting of the boom was anticipated by **firm** management action, the big ship became a little more leaky. But the stresses and strains of change have seen that trickle become an irritating torrent for BHP through the opening 21 months of the Mackenzie period.

Apart from revealing rather more of life within BHP than the **company** would like, this unusual level of chatter says that the strategic, structural and cultural change being driven by Mackenzie is rather more challenging to the known as the Global Australian than might be appreciated from the outside.

One of the most obvious expressions of the Mackenzie era is the demerger that will deliver a new, yet unnamed, \$US15 **billion** (\$17 **billion**) or so **company** to BHP shareholders. It will own the bits of BHP that no longer fit with Mackenzie's four pillars strategy.

When SpinCo was originally designed, its assets included BHP's hard-pressed Western Australian nickel assets. But by the time the demerger was announced Nickel West had been removed from the SpinCo pack and marked for a separate **sale** process. But that process has not gone to plan.

All the talk that Glencore or **China** Inc would pick up the strategic, but financially challenged, integrated nickel business had come to nought and BHP has shut down the active **sale** process. So was it a mistake to remove Nickel West from the demerger?

No, says the **company**.

"Mmmmm" say others.

The shaping logic of the SpinCo asset base is that it would support a success story. Nickel West would have been an unpredictable anchor to the business.

Now, Nickel West carries a clean-up liability of something near \$US1 **billion**. Presumably this simple fact sat as central to the failure of the **sale** process as did the long-term structural uncertainty over the nickel market and the fact that the processing part of the business relies increasingly on third-party sources for nickel feed stock.

So, given it does not belong in either BHP or its still gestating **mining** progeny and there is no buyer for the thing either, what is the future of Nickel West?

Well, things are tough. It is currently earnings before interest and tax negative and, even with the more positive volatility of the nickel market, it could well be cash flow negative.

Plainly then, this is a business on life support and looking for longer term survival options.

They will most likely involve the **sale** of the still attractive parts of the business, which means its processing **operations** and the most prospective parts of the nickel tenements.

How long this cherry picking (if that is what we might call it) might take is really anyone's guess. BHP insists there is no internal deadline for the shrinking of the business through sad attrition or asset disposals.

As promised, Asciano's quietly robust chairman Malcolm Broomhead treated shareholders at Wednesday's annual general meeting to some pointed and constructive advice on the unproductive state of rail regulation in Australia.

While identifying Queensland's long-winded access process as a particular problem, Broomhead called for the creation of a single, national rail regulator to promote the cause of productivity.

"As one example, with the stroke of a pen, **coal** capacity and network efficiency and productivity could be improved in Queensland by allowing flexible transfer of rail capacity between miners," Broomhead observed. "That is, without any additional investment in new below rail infrastructure," he added.

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