

the Oppeus Oracle

Edition V

Talent

Organisation

Governance



Welcome to the **OPPEUS ORACLE**.

In Ancient Greece, the oracle was a wise advisor who foretold the future and gave sagacious advice. Who could have foretold OPPEUS' future 3 years ago, when we first envisaged a new firm focused on strategic Human Capital matters... where leadership makes the difference?

2006 has been another year when OPPEUS has continued to build from strength to strength. We are particularly pleased about the recent celebration of OPPEUS' third anniversary. This event signifies the sustainability of OPPEUS as a service for our clients. Also our growth trajectory is encouraging for all involved with our firm.

Our services to clients in each of our primary domains of Talent, Organisation and Governance are growing. Our outlook for the future is confident. Every one of our employees is committed to our goals.

Significantly our **OPPEUS Talent** (Executive Search) practice continues to grow with many CEO, CFO, CIO, HR and Non-Executive Director appointments confirming the success of our unique approach. In our **OPPEUS Organisation** practice, we are working with many Australian leadership groups to enhance their performance and effectiveness.

*Our third anniversary...
We hope you will be
pleasantly surprised by
the scope of our work*

The **OPPEUS Governance** practice is also developing soundly. As reported in a recent Company Director journal, our work is based on our belief that actual development of a Board and its members is more

important than the mere conduct of a review activity. The key indicators of success include the readiness of the Board to embrace change and accepting insights from a reputable external reviewer.

OPPEUS has further strengthened our Governance Review process by integrating the Leblanc Board Effectiveness Diagnostic® tool as an offering. It provides benchmarking for clients, which are compared to the Boards of other similar organisations. In addition, year on year comparisons allows organisations to measure the development of their governance effectiveness.

Our **OPPEUS Remuneration** practice is another key development. In this area we are providing highly sought after clear, professional advice to Boards regarding the appropriate remuneration for the CEO, the executive team or Directors themselves. This practice is led by Bill Patullo, former head of Global Remuneration for BHP.

I encourage you to review this edition of the OPPEUS ORACLE, where we hope you will be pleasantly surprised by the scope of our work undertaken in all of the above areas. Our clients include **BHP Billiton, Coles Myer, Walt Disney Company** and **Linfox**. Naturally, we will be pleased to discuss the possibilities of assisting you to achieve your future goals.



Peter Kronborg

Executive Chairman
OPPEUS

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“...This is the best strategic review of the company’s assets and future directions and has provided clarity to our decision making.”

“...This was excellent value.”

Chairman

Industrial Manufacturing Company

after a Board Strategic Review conducted by OPPEUS

What our clients say...

"On behalf of the Chairman, thank you very much for presenting your review to the Board. The review enabled the Board to discuss various important issues in detail. The work your team completed has ensured that a comprehensive review was completed in a timely and most professional manner."

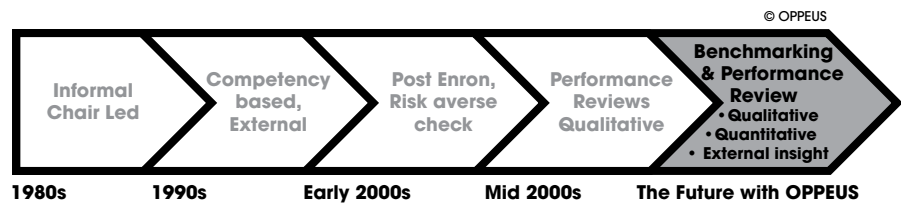
Company Secretary
International Professional
Services Firm

"I...thank you and your colleagues for the excellent facilitation services you delivered yesterday: like most people I have been exposed to a number of facilitators and business consultants but you, in particular, stand head and shoulders above others I have worked with."

Board Member
Leading Independent School

New Trends in Governance Reviews – Beyond Basics...

Contrary to popular notion in the post-Enron era, emergence of check-box driven assessments and Board reviews have been around for a long time.



About 20 years ago, Board reviews tended to be internal, informal, Chair-driven initiatives focusing on performances of directors and the business. In the 1980s, accounting and search firms led competency based Board reviews. These were usually a precursor to a new director appointment process and focused on the skills and capabilities of individuals.

After highly publicised corporate debacles like Enron in the US and HIH in Australia, the credibility of directors and Boards came under severe scrutiny. New laws were passed, including the Sarbanes Oxley Act (2002) in the US, ASX Guidelines (2003) in Australia and the Higgs Commission Report in the UK. In the post Enron era, firms became very risk averse and having the "right" processes and people was paramount. Governance reviews reflected this need. These "conformance driven" Board reviews were typically led by accounting and law firms.

After the first wave of check-the-box type reviews where companies ensured that they had the right structures, people and processes in place, the focus has been on performance-based governance reviews. The concept of "strategic stewardship" has come to the fore, with Boards serving the threefold role of setting strategic agenda and vision, ensuring leadership and resources, and monitoring and assuring performance. By now, governance is an emerging industry around the world and a variety of specialist consultants and international consulting firms are establishing themselves in this arena.

Human capital issues in the Boardroom are now becoming front-of-mind topics.

Various studies of Board and Director performance have indicated that the key criteria for Board performance include: director competency, behaviours, relationships, as well as diversity within the Boardroom. The diversity factor includes elements such as gender, geography, backgrounds, ethnicity, skills and experiences. Positive behaviour such as collaboration, challenging conversations and consensus building are key to the effective functioning of a Board.

New governance regulations continue to be passed around the world, constantly changing the governance climate in which publicly listed companies operate. The IFRS rules passed in 2005 mandated standard financial reporting and disclosure internationally, while the latest APRA rules provide guidelines of expectation for "fit and proper" directors in Australia. Their requirement for independent external review of individual directors takes the sector to a new level of engagement.

Fresh Perspectives on Remuneration Governance

OPPEUS recently held a Colloquium for Chairs and directors on:

The Non-Executive Director – Revaluing the Resource

Many non-executive directors are compensated inadequately. This presentation explored some new ways to rectify the situation and bring greater understanding and appreciation of the directorial role, among critics and commentators alike.

Executives' Remuneration – A business phase approach to reward

This discussion advocated an approach for the evolutionary phase of the organisation becoming the key influencer on the reward structures for executives and other key management.

If you would like further information on these topics or our Remuneration services please contact Peter Kronborg or Bill Patullo.

Bill, formerly BHP Global Remuneration Executive, is a specialist in Executive and Director performance and rewards programs, executive contracts, compensation and benefits policy, and negotiation strategies relating to remuneration.

The focus of highly successful Boards is increasingly on performance contribution and meaningful leadership for the organisation. At OPPEUS Governance we have a team of specialists who are aligned to delivering positive results for Boards in this ever changing environment.

The current thinking is towards a standardised assessment of Boards, comparing Board performance against that of similar organisations. This can be done a variety of ways:

- **Quantitative assessments** based on published corporate governance information.
- **Qualitative assessments** review key factors including behavioural issues in the Boardroom to look at a holistic assessment of Board performance. Overall performance factors can be rated against other organisations over time to provide a benchmark for development.
- **External insight** can be combined with a quantitative and qualitative assessment to provide a professional viewpoint to Boards as well as an avenue for directors to air the "un-discussables" in an environment of objectivity and confidentiality.

The **OPPEUS Governance Review**® methodology combines all three elements to provide comprehensive reviews and meaningful development opportunities.

The LeBlanc Board Effectiveness Diagnostic® Methodology

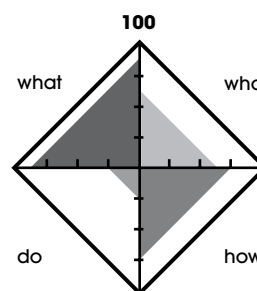
OPPEUS is one of a select group of the Australian consultancy firms licensed to use the Leblanc Board Effectiveness Diagnostic® process – **WhatWhoHowDo**™. The process is tailored to the specific needs of each organisation and is used in the private, public and not-for profit sectors. It examines the four key dimensions of effective governance:

What describes the scope of the Board's responsibilities

Who describes who is on the Board

How describes how the Board carries out its main tasks

Do describes what the Board does in terms of its main tasks.



Evidence indicates that using the Leblanc Diagnostic process to underpin a Board Governance Review improves the performance of Boards as key contributors to organisation performance. Dr. Leblanc and others have conducted extensive research on this topic.

For further information on how the OPPEUS Governance Review® methodology, using Leblanc and/or other instruments and our experience, can help your organisation please visit the OPPEUS website (www.oppeus.com) or contact Peter Kronborg.

The key indicators of success include the readiness of the Board to embrace change and consulting insights from the Governance Review® process.

What our clients say...

"...Your assessments and keen insights have been extremely valuable. All of our Executive Team members felt that despite any particular personal feedback, the overall exercise has lifted the bar for performance and helped them gain greater understanding on the business and our strategic vision."

CEO

Technology Services Company

Commenting on a Review of direct reports of the CEO of an international technology business

"To ensure the VFF could make the most informed decision, the services of an independent and well respected consultancy firm were retained... (it was) a process designed to create the most informed decision to best serve the grain producers of Victoria."

Ian Hastings

President, VFF Grains Group

In a letter to the editor, The Weekly Times, February 15 2006.

Nick Varigos is the Managing Director of OPPEUS and heads our Talent practice.



For further information on how OPPEUS can assist you with your Talent, please contact Nick Varigos.

Talent Practice continues to grow

The OPPEUS Talent practice continues to grow from strength to strength. Over the past year, we have successfully placed over 40 CEOs, CIOs, CFOs, senior executives and non-executive Directors (NEDs) into organisations. The sectors we have covered include:

- Resources – Multiple NEDs for a number of leading public companies in this high growth and dynamic sector
- Health – Many CEO and senior medical administration appointments
- Education – Principals and senior staff in leading private schools and senior university leadership positions

Successful placements were also made in the Financial Services, Government and SME sectors.

OPPEUS assists the AWB Limited

OPPEUS was engaged through our Talent practice, led by Nick Varigos and managed by René Johnson, to assist in the restructuring and resurgence of **AWB Limited**. This iconic Australian organisation has been through some public difficulties in recent times and is presently on the road to strengthening its performance for the future.

OPPEUS is one of the few high-level Australian firms to assist on such mission-critical assignments in the AWB turnaround. We have successfully placed senior executives into key leadership roles.

Case Study: Management Assessment – Global IT Company

The Situation

This global IT company has experienced rapid international growth. In order to ensure its sustainable development and build on existing strengths, the CEO and Board wanted to review the management team's talent and capability against future strategy.

OPPEUS' Contribution

OPPEUS Organisation practice designed and conducted an intensive assessment program to facilitate the review of all senior management. Individual development plans were written and personal feedback given. A comprehensive report was also presented to the Board and CEO to enable them to support the ongoing development.

Benefits

The detailed assessment was well received by the individuals, CEO and the Board. The senior team has continued to strengthen and work together in an even more integrated manner. It has also demonstrated even greater understanding of, and buy-in to, the company's strategic direction. The company continues to grow strongly with expanding international revenues.

The senior team has continued to strengthen and work together in an even more integrated manner.

Review of a highly regarded Independent School

The Situation

A significant private school, of more than 1000 students, sought our advice to ensure they were achieving in an optimal manner at Board level.

OPPEUS' Contribution

OPPEUS Governance conducted a Board Review and made a number of developmental recommendations. Through the governance development process we conducted the Board's Annual Retreat and were subsequently asked to advise in more detail on the School's strategic plan.

Through our OPPEUS Organisation practice we undertook demographic, economic and educational research focusing on current education practices and global benchmarking. This work was the basis of crystallising the strategic plan for the school over the next 3 to 10 years.

In parallel, through our OPPEUS Talent practice, we have conducted professional searches to identify key educational and leadership team roles in significant private schools and universities.

Benefits

OPPEUS' recommendations on the Board Review and Strategic Framework were accepted and are presently being implemented. The Board and executive leadership team possess a clear sense of where the school is positioned in the broader market and, consequently, the management team performance is enhanced.

Transformation of Citywide Service Solutions

The Situation

Citywide Service Solutions, formed in 1995, is a provider of environmental, civil infrastructure, engineering and maintenance services to the public and private sector. Its growth is a success story of transformation.

OPPEUS' Contribution

After conducting a Board Review, and finding a new CFO, OPPEUS were engaged to undertake a Behavioural Review of the management team, using the DiSC® profiling tool. Through a series of workshops, OPPEUS worked with the team to improve group functioning and working relationships, by helping them understand their differing styles, strengths and the diversity each person brings to the management team.

Benefits

Following OPPEUS' intervention there was improved team-based performance at the Board and management levels. The relationships improved, with clearer lines of communication and clarity around roles. The company's success is moving to new levels.

OPPEUS...give quality work, promptly, at commercial rates, and...have earned ...support from me.

What our clients say...

"We saw your extensive experience come through in the study you carried out for us, in the form of an Operational Board Review, and believe that this will give us a strong foundation with a clear direction to take the Board forward into the future."

**Chairman
of a highly regarded
Independent School in Victoria**

" My support of OPPEUS is based on a professional group of people who, I believe, give quality work, promptly, at commercial rates, and who have earned that support from me. However, that is only half. The balance in my view is more important and that is you care, you're friendly and you return support in spades."

**J Lyn Davies
Chairman, Citywide and other
Board positions**

OPPEUS' Mission is...

to provide strategic advice and services, on issues where leadership makes the difference.

Our Services:

Talent

From finding talent and holistically assessing their capabilities, OPPEUS delivers:

- Senior Executive Search
- Management Assessment of Executives
- Executive Remuneration Advice
- Performance Management and Executive Coaching

Organisation

OPPEUS brings specialised transformational expertise to your organisation through:

- Strategic Planning Advice
- High Performance Team Development
- Strategic Talent Management
- Merger Integration and Change Management Planning

Governance

Our specialist Governance practice has the proven advisory skills and experience in:

- Board Reviews
- Governance Development Programs
- Board Reporting and Processes
- Board Remuneration Advice
- Board Retreats and Strategic Reviews

For further information visit

www.oppeus.com

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Talent Growth within OPPEUS



Amanda Earle

Executive Consultant, B.S.Sci. M.A (Psych) (London)

Amanda has a wealth of experience in the corporate, government and not-for-profit sectors in Australia and the UK. She contributes to all domains of the business including management assessment, high performance team development, executive search and organisational reviews. Amanda is a Board Member of the Yellow Ribbon Foundation, a charitable organisation aiming to reduce youth suicide.



René Johnson

Principal Consultant, B. Bus., (RMIT) CPA, ACIS

René's career spans senior executive positions in the corporate world, media organisations and senior executive recruitment. At OPPEUS, René's experience is channelled across our 3 service areas with significant contributions in the FMCG, Media, Industrial/Resources and Agriculture sectors.



Geoffery Williams

Principal Consultant B. Com (Melbourne), FCA, CMC, MIMC

Geoffrey has a professional background with leading consulting firms including KMPG. He has advised leading Australasian organisations on improving organisational alignment and performance, governance, and transformational change. Geoffrey was previously a CEO of a leading research company Ambit Insights, co-developers of Board Effectiveness Diagnostic Tools.

“Where is my security team when I need it?”



Nick Varigos, Managing Director of OPPEUS, with the Prime Minister, Rt Hon. John Howard. Taken at a recent cocktail function where Nick was advising the Prime Minister on the art of attracting and retaining talent.

If you have any better suggestions for a caption, we would love to hear them. Email any suggestions to office@oppeus.com and the best will be posted on our website www.oppeus.com.