# Graphical user interface, text Description automatically generatedTake on Board Podcast – Episode 245

Transcript – Julia Bearzatto

offers a risk refresher and talks the tech questions boards need to ask

Helga Svendsen 0:00

Today on the Take on Board podcast, I'm speaking with Julia Bearzatto. About, well a whole bunch of things around risk and strategy.

Before we start recording that podcast today, I'd like to acknowledge the traditional custodians of the land on which we record. For me, I am indeed we were talking before both of us are on the lands of the Wurundjeri people of the Kulin Nation, and I pay my respects to Elder's past and present and any First Nations people that might be listening today. I acknowledge their continuing connection to land, waters, skies and culture.

With that, let me introduce Julia. Julia has spent 20 years working with technology companies from startups, scale ups to mature businesses, much of this time has been in the FinTech space, and she's become passionate about sharing her experience to educate directors, and help companies to scale. Obviously, we needed to get her on the Take on Board podcast then so she could talk to a bunch of directors at the same time. So welcome to the Take on Board podcast, Julia.

Julia Bearzatto 0:58

Thank you. Thank you glad to be here.

Helga Svendsen 1:00

Before we dig into strategy and risk, which I love talking about, but before we get there, and some of the tips for directors, I'd like to dig a little bit deeper about you. Can you tell me a story about young Julia, that tells us a bit about how you got to where you are today?

Julia Bearzatto 1:14

Yeah, absolutely. So I grew up in a household surrounded by teachers, I've got a big extended family, and my mum is one of nine kids. And five of the nine of them were teachers, including my mum. So education played a massive part. And with that came curiosity. And it wasn't just about curiosity about subject matter. It was also about the curiosity around the understanding of how things are taught by how systems are formed. And my father was a very bright man, and he's very community oriented. And he actually, we had different upbringing to a lot of people around me were my dad actually worked part time. My mum was actually the primary breadwinner, which was very odd at that point in time. So that was the one doing all the pickups, the school activities, all of the household things. And we spent a lot of time doing sport and doing things that these days will be classified as STEM, right? So puzzles, maths, games, buildings, things. I went to an all girls high school, and we didn't extracurricular core thing in computer networking. And I really worked out that I liked puzzles, I liked understanding how things work. And I just started to see things as big a puzzles that really sparked my curiosity into the world of technology. And it's very much who I am today. And what I do in my roles that these sorts of organisations, lots of puzzles on the puzzle master.,

Helga Svendsen 2:40

Oh my god, I love that. That's what should be on your LinkedIn to have as auto puzzlemaster. Or it's gonna be the next TV show, you know, after Lego masters, puzzle masters or something like that. Oh, I love that solving puzzles. Curiosity was the other thing you said in their systems like, it is so key to just how the world works in so many ways, including how boards work, because boards need to work out the systems for the organisation or the puzzle for the organisation, or whatever it may be. And often with not all of the info because you're not in their day to day. So how did you then you're doing lots of puzzles as a kid, you've got curiosity, you've got this sense of community from the family. How did that then translate into the puzzle queen?

Julia Bearzatto 3:26

I think I always sort of started from a place of trying to understand the bigger picture and things. And as I started my career, I did an undergrad in, in technology. And I was always asking why and work this part off. And that also meant that for certain organisations where I couldn't get that clean, sort of or clear enough answer, I wasn't satisfied. I wasn't satisfied. So I was always the one who was asking for more. How does this actually line up? What's the bigger picture here? Why does this company actually exist? And I think that that sort of what's got me to the point where I'm in the roles doing what I'm doing today because I like to understand the bigger picture and the company direction and then actually being able to link it to through to how things actually work on the ground and that connected execution aspect as well.

Helga Svendsen 4:20

It's taken me back to the conversation we had off air about getting you in the boardroom Julia I know the times not quite right yet. But my goodness, those skills are exactly what... as I said puzzles and putting things together and yeah, anyway, curiosity, asking the annoying questions are actually I'm interested now then go into the next generation then because I imagined as a child and you asking lots of why questions you probably drove your father if he was doing most of the care, you probably drove him bananas, all the things in kids that drive you bananas, great attributes in adults. So as your child picked up some of these attributes as well?

Julia Bearzatto 4:57

Absolutely two little girls and they are are absolutely on it. We're trying to unpick the world that we live in, which is fantastic being on the other end of it.

Helga Svendsen 5:07

Yes. Oh, well. And now, your mum and dad are both sitting back and going. Just exactly. Love it. Look, we could pick around in there forever. But I think let's get on to the conversation. So today we're going to talk about risk. And some of the questions directors could ask around technology and strategy balancing that growth and risk phase? Where should we start to we want to start delving into risk or into strategy, where's the best place?

Julia Bearzatto 5:37

I think starting off with risk. And one of the things that whenever I join an executive team, one of my first questions with the employer, that client is, what agenda has the board set? And I typically get one of two responses, right? One is to be a unicorn. Right? That's very helpful. And you know, when we talk about being uniform, unicorn becoming a billion dollar company, well, that's great, cool, helpful, or nothing? Then I'm looked at as though I've got two heads saying, why would you actually want to understand where we want to take the broader company. And this is really a wasted opportunity. And executive teams really need a level of input from boards, right? Usually not on a day to day basis. But at that governance level, if you don't take the time to have these conversations, we'll have some written down, these gaps can really, really start to appear, and very, very quickly. And I've worked in various places, as an employer as an advisor. And, and I've seen this to be the case. And when I look at the root cause in many situations, it's come down to boards not knowing what questions to ask and being scared to ask the wrong questions, or will look down. And I heard a recent episode that you did with the slogan and her ask was to be curious. And I think that's an awesome start really, really awesome stuff. I'll give a another example of where this relates really to risk. And there was a tech company who was providing a critical service to 1000s of businesses.

Now, the drive behind that business was to grow, grow, grow, grow, grow revenue, okay. Now, the team's thought was absolutely focused on this. Okay, so laser focused and all investment was going into making this a reality. No one was explicit with this strategy about what was not going to be focused on. And risk was seen as this sort of side tickbox compliance activity, and wasn't embedded into the, into the organisation, right. And then an outage happened. Now, this whole service, the entire business was off the air for 12 hours. And this was a technology business providing technology services to other companies that have 1000s and 1000s of other businesses who are also impacted, and effectively off the air on the back of this outage. And, you know, the team jumped on it brought things back up. But ultimately, that was 12 hours, that if that this was down, and everyone was shocked, and everyone's sitting there turning to each other, all levels within the company, the board, how is this the case how this happened? And the team on the ground thought they were doing the right thing, they'll focus that we're executing, no one actually ever asked or started to talk about what was not happening. Neither the board did, and there were no expectations in terms of what's the tolerance of the organisation? How are we actually continuing to invest in keeping things running? And as a result, it just being unspoken, it just had no focus? I guess why? Why sort of share that stories. This is where I sort of spend a lot of time with people in terms of helping them to understand what are some of those key questions that people can ask to ensure this sort of thing doesn't happening? Doesn't happen, sorry. And articulating risk appetite statements, which I think are very under utilized. People are bought to have a have an opportunity to get involved. But that's can be a great tool that that both can actually use to sit here and say, Hey, team, like, this is where our appetite sets, and then you can start to lay out from that.

Helga Svendsen 9:20

I could not agree more. I am a big fan of risk appetite statements and spending the time delving into just what does that actually mean? And in the different elements of the business? I'm doing a workshop with a board and executive in a couple of weeks about exactly that. And they've got their risk framework in place, but not their risk appetite yet. And it's like, well hang on. To be fair, I don't think it's necessarily a problem to do the risk framework and the, you know, the risk register and all that sort of stuff before you do the risk appetite statement. I think that's okay can build into the risk appetite conversation, but they must go together.

Julia Bearzatto 9:56

Absolutely. Absolutely. And it's also where you can then start to have real meaningful conversations in with the management team as well, right, you start to get that spoke about that end to end connected view. And this is one of the mechanisms that you can use to actually, to actually do that. And in the case of like technology risk, you know, that can mean different things to different types of businesses, right. So you may not be a tech business per se, but tech will be the core of how you do things or how you operate your your business.

So some of the key questions that start that conversation, and people don't really know where to start, particularly when it comes to technology risks, start to have a think about what sort of business are you actually in. What can go wrong? And what's that material impact? And then from that start to draw out, what's the actual appetite for your business, like as an example, I was at my GP the other day, and the NBN was down, because somehow they flipped to pen paper, they printed out booking systems, so they had an offline version, they could, and they flipped into this mode. Now, not everything was available, but they at least had a plan. And that was that was my local GP. So that was very impressive to go off and see, but they had, obviously they had a plan. And they were clear on what they would do if something went went wrong.

I think the other thing that businesses also showed, and particularly as technology advances, and it's gonna be faster and faster and faster, is it clear on what your data privacy and compliance obligations are, that shouldn't once again, shouldn't be something that's just left to the side, if we think about a lot of bingo, the moment AI machine learning data, data, data, data data, you've got to be clear and understanding of what that could potentially mean for your business and how that actually feeds into into that risk appetite. Also, the last thing is just capabilities, from a board perspective to really be asking the question of, of the management team, do we actually have the capabilities to achieve this strategic agenda that we've actually got, because in a lot of instances, you'll find square peg, round hole type type thinking, and it's just about ensuring that there's a level of continuity, you're actually being able to make the most efficient, effective investments.

Helga Svendsen 12:11

Just to leverage off your your capabilities point there. My view, you know, people have heard me talk about diversity a lot. But I think in this instance, as well, it's important because if you've got people the example you gave before about growth, growth growth, if you've got people that are just focused on growth, and not miss it, you need some black hats in the room, basically, not people that are just oh, it's all going to be wonderful, I am very much a glass half full person, I'm not a black hat. I know that boards that I am on or other groups that I'm involved in, I need a bit of Blackhat thinking every now and again, so that you can collectively make the best decision possible. So thinking about those sorts of sides as well. So I'm interested back in, you're in the company where go, go, go, go go, oops, the wheels just fell off for 12 hours, what happens now? What did happen there in as much detail as you willing to share? In terms of the board reflecting afterwards, the executive team reflecting afterwards? What happened? What did they then do? That hopefully means that this sort of stuff won't be a surprise next time?

Julia Bearzatto 13:15

I think there was a big post mortem, in terms of analysing what had actually happened. And there was a big flip in terms of the investment profile of the company. So a lot of investment shifted from, oh, goodness, me. It's not all about grow, grow, grow, we're not just investing in our growth, we actually have to have a more balanced investment portfolio, which is more based on Hang on, we actually need to also keep the customers that we've got, like, that's what our growth is, is based upon, and how do we ensure that we're actually servicing the needs of those existing customers today? So there was a real gift? And it was a very, very quick one over a matter of weeks in terms of Oh, far out. Okay. Do we have to stop certain things over here? What are the things that can continue on? And what are the things that actually need a really solid foundation that we need to go off and invest in? So realignment overnight was pretty much what happened?

Helga Svendsen 14:17

And again, in as much detail as you willing to share, like, the leadership of that organisation, the CEO, and the board. Are they all still with the organisation? Because it seems to me to be a pretty big mistake. Just wondering if there's been some personnel Change Overs in there.

Julia Bearzatto 14:33

Yes, they have.

Helga Svendsen 14:35

Okay, again, I'm interested in what level like was it? And often it's not this black and white. Right. But was that everybody pointing at the CEO going, you should have got this right. Was it everybody pointing at the board? Or was it a bit across the board?

Julia Bearzatto 14:47

It was across the board.

Helga Svendsen 14:48

Right? Okay. Yeah, because the other thing I find interesting in there is my punt. I'm no technology expert. I am far from a technology expert. So forgive me, both you and people who are listening if I described the wrong, I'm assuming people within that organisation, there would have been some people who were working on the tech that thought, oh my god, the wheels could fall off tomorrow, like there would have been people are working on it. Who knew that who knew that this was a risk. So it's partly I think about the board risk appetite statement and asking all of those good questions, but also a culture of psychological safety within the organisation. So those people could speak up as well. And what I'm hearing is perhaps that wasn't there. Because people must have known that this was a risk if the board didn't know others would have known. And they either did speak up and weren't listened to, or they didn't speak up, because they thought they might get their head chopped off for doing so.

Julia Bearzatto 15:39

Yeah, I think that it's absolutely psychological safety. But I think it goes a little bit deeper than that. And this is actually quite common across a lot of organisations is how do you embed a culture of risk and ownership and accountability all the way through an organisation? I think that that's one of the key aspects that was missing in this particular organisation. And so the more that you can actually have that end to end and actually split into various things, and it's embedded in the day to day, that's when you get through buying. A meaty one...

Helga Svendsen 16:19

Oh yes, I'm so dying to ask who it was. But of course, I won't.

Julia Bearzatto 16:25

It's not the only organisation that I've been in where this has happened to be honest, as well. It's very common.

Helga Svendsen 16:30

Yeah, as I say, it's interesting that maintaining or keeping your current customer base, because I imagine when that happened, current customers 12 hours, like, depending on how, you know, if it's a payment system or something, and it's down for 12 hours, that is completely disastrous, in fact, well, most technology these days, when it's down, it's pretty challenging.

Julia Bearzatto 16:50

It's critical, like technology is at the core of a lot of businesses. And so it also then that one of the calls to action, even if you're not in a, in a technology service provider company is to be thinking about what happens when things go wrong. And how could other parts of our, you know, connected ecosystem, impact your business?

Helga Svendsen 17:11

Absolutely. And I think as I say, knowing the risk, sorry, not knowing the risk, although obviously, that's part of it. But knowing your appetite for risk, you know, I had a hypothetical conversation with some people the other day, we will compare talking about risk appetite, and why it's important and talking about an organisation like Extinction Rebellion, who I would have loved to have been involved in some of the conversations of whoever it is that comes together and makes up Extinction Rebellion, about their risk appetite for stepping, because it's obviously a pretty high one, like they don't care. They have a high appetite for personal safety, for reputational risk for running in with the law, all that sort of stuff, because that's the way they operate. I don't think any of that is a it's their operating model, they have a high, you know, that are mind gluing people to the road. That's the way it works, holding up traffic, all of that sort of stuff that is their operating model. So they've got a very high appetite for risk. And they know that, therefore, their risk framework and risk management system will be built around that I'd love to see their risk management system, it'd be fascinating. Anyway, leaving that aside.

So this sort of stuff obviously connects to strategy. What is the big picture for an organisation? You know, you'd said that in terms of risk as well, like, first up, ask, what's the big picture for the organisation? Where is it going? So talk me through your views of how risk connects to strategy? Or indeed, what companies should do in thinking about this. You've taken loads of you've worked with loads of organisations that have gone from 0 to 100. Pretty quickly. There's some interesting stuff in there. Talk me through it.

Julia Bearzatto 18:43

Yeah, absolutely. So I think that one of the key things is that you should be starting with risk before overlaying growth aspirations. And some people say, well, that's actually quite limiting in the way that you think. However, for a lot of organisations, when you sit there, and you talk to the existing business and the base that it's building off, it's actually critical to actually retain and continue to grow that portion of the business anyway.

So starting with risk first, you know, there's different ways to be able to then strategically grow from there by asking questions like, once again, you can also come at this from a risk perspective, who are our emerging competitors, right? How is technology helping us to win against new and old competitors? Now as we move forward, customer experience is much easier to disintermediate. So as we start to look forward in our business, and what customers expect from digital experiences, and what will it take to delight them? Now that's not an unreasonable question for a board to actually ask. Now, some might sit there and say, oh, gosh, that that actually is but I don't think that I don't think that it's I think that's enough. Very good question for the board to actually understand.

Boards are setting the scene with strategic agendas. And it gives management teams and by having that communicated clearly into into management teams, and actually start to more thinking about what are some of those core assets as well in a business. So we're evolving to a place where not everything has to be done in house, right. So teams can really start to focus on those assets and creating defensible positions. But in order to be able to actually go off and do that need inputs from the board in terms of what are some of those more strategic aspects that the company is actually going after from a strategic perspective. And it can also just drive that focus around coming back to that capabilities piece, ensuring we've got the right capabilities in place right now into the future, you know, capabilities is really a core part of the strategy.

When you start to overlay the kind of risk, you can then start to use a risk lens to start to inform your, your strategy. One of the other key aspects that I get asked a lot in the sort of work that I do is were frustrated by a lack of outcomes. And particularly when people are talking to me, they're saying with their product management and their technology teams. And once again, this comes back to teams are trying to constantly make trade offs. So if they're not clear on the bigger picture, if the current state, or if the vision for the company is not being clearly communicated. At the same time and accurate view is actually also not being shared with the board in terms of where things are actually at today, you get into this thing where people are trying to do everything, they can't necessarily be focused, it means wasted investment, unhappy people, and typically a lack of the lack of results and outcomes that the the organisation wants. So the clearer that the board can be on their risk, the risk appetite statement, the strategic vision for the company, and then starting with there that can then inform people, you can actually have a higher degree of a better outcomes coming from the team in terms of what is actually delivered and hopefully less frustration with the management teams on the ground because less prioritization calls and needing to be made within those teams.

Helga Svendsen 22:31

Yeah, right. Giving that clear direction from the board level means that the people who are more on the ground leadership teams and scientists get on and do the work that they know is most important. That's right. But it all fades together. It all fades. Yeah. And everybody gets frustrated if there's misalignment in there. So those boards strategy days, and setting an even if it's I often think things like the vision for an organisation, or often they are quite long term. What is the long term vision? What is the purpose, those sorts of things that don't change year to year, they don't even change strategy to strategy, which are often whether it's one to two years, three to five years, five to 10 years, whatever it may be. Often they don't change. But I do think that boards sitting down and confirming, oh, that's our vision. Is that still our vision? Yep. Right. Okay. We are consciously turning our mind to it. Yes, it is still our vision. Great. Yes. That's the purpose. Yes. That's our values, we are confirming them they are the same as they were 10 years ago. That's all fine, long term. Now, what are the chunks of work we need to do to achieve that gives the clarity for the organisation?

Julia Bearzatto 23:38

It does, it does just it streamlines prioritization and trade off decisions that need to be made, then within the teams running the day to day.

Helga Svendsen 23:46

Yes, because as you say, strategy, my view strategy is not just about what you're going to do, but what you're not going to do. Is probably more important than what you are going to do a great, what are the key things you want people to take away from the conversation that we've had today?

Julia Bearzatto 24:05

So number one boards need to build that confidence about asking questions that the tech don't have to be the smartest person in the room, looking and thinking through things from a from a risk appetite statement perspective is the key input that boards can have into management teams on a day to day basis, and setting the team up. Like if the if management teams understand the rules of the game, that it's that they're playing in, they've got a much greater chance of success. So being clear, not wasting the opportunities and not just sitting there and saying, having a an off the cuff statement about where the company is going actually putting some time into that and ensuring that that's clear then into the into those management teams to enable that clear prioritization on the ground to actually execute.

Helga Svendsen 25:00

Amazing. Okay, and is there a resource you would like to share with the Take on Board community?

Julia Bearzatto 25:05

Yeah, there is I think boards have a real opportunity to... boards that absolutely are in the in the day to day, but a lot of it then comes back to the environment. And that you can, that you can actually set up. One of the books that I really, really love is a book called "Turn the Ship Around!: A True Story of Turning Followers into Leaders" David Marquet. And it's all it's a story about flicking the dial. So rather than people seeking instructions, some of the tips and tricks around how you can turn it into more of a sounding board. And so it's a really good read, I recommend people just just get into it. And it's all about flipping that mindset, and enabling boards to take on a different type of role within their organisations.

Helga Svendsen 25:58

I love it. Yes, not just here's what you should do, or even what do you think we should approve? Asking the right questions are sometimes described boards as they're almost like the collective coach for an organisation asking the right questions, pushing in the right spots, and so on. It's, yeah, that it's part of the support network.

Julia Bearzatto 26:17

It is it is in the framework to be able to flip right that doing that initial flip, it's not an easy thing to make. But once you're, once you're there, read the book, read the book is a really, really, really, really good book.

Helga Svendsen 26:28

Excellent. Okay, I'm gonna have a look at that. Thank you. Julia. Thank you. Thank you so much for taking the time to share some of your wisdom around risk and strategy with the Take on Board community. And please get back in touch when you're ready to join the board or or I might even put it on my radar. Folks in the community. Julia has said, Oh, sometime in the next year or so it's now February 2024. So let's keep an eye out on her later in the year about or maybe early next year, about where she lands in the boardroom. Because the sorts of questions you're asking and posing and the lessons like clearly you're going to make an awesome contribution. So let us know when you might need some help there and we'll keep an eye out for you as well. Thanks for being on the Take on Board podcast today.

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