

Take on Board

Transcript – Pauline Vamos



Helga Svendsen 0:00

Today on the Take on Board podcast, I'm speaking with Pauline Vamos about the 2022 board diversity index, recently released by the governance Institute of Australia and watermark. First, let me tell you about Pauline. Pauline is deeply experienced in Broad Financial Services in the listed commercial and not for profit space as a non executive director and chair. She is currently the chair of interaction Disability Services Limited, the governance Institute of Australia and money tech group limited, as well as a non Executive Director of the banking and finance oath, Chief Executive Women and Mercer superannuation Australia limited. Pauline is a recognised and proven leader, communicator and stakeholder manager with both local and overseas experience. And she has expertise in insurance, superannuation, funds management, distribution, technology, non financial risk strategy, governance, regulation, public policy and safe harbor. You can see why I've got her here today. And indeed, why I might have her back again at some stage in the future to talk about her own experience, rather than the board diversity index. But today, I'm speaking to her in her role as chair of the governance Institute of Australia, who as I mentioned earlier, co authored this report, the 2022 board diversity index. So welcome to the take on board podcast, Pauline.

Pauline Vamos 1:24

Thank you. Helga, lovely to be here.

Helga Svendsen 1:26

Oh, it is so fantastic to have you and to have an opportunity to talk about this report. However, as take on board listeners know, we can't get into the topic without first digging just a little bit deeper about you. So let's dig into your ancestry, if we may. Where were your mum and dad born? And what do you know about where your ancestors are from?

Pauline Vamos 1:46

So my mother was born in Malta. My father was born in England. He's from Manchester, which is very important for any English listeners. And my ancestry goes back through Scotland. And my dad's side through French, and who a bit of Irish in there as well. My mother's side for anybody who knows about Malta is a teeny teeny island in the Mediterranean been lived in and lived on by many, many different communities and countries. But I suspect my mother's line goes right back to the Phoenicians. So it's very much a Phoenician background.

Helga Svendsen 2:34

Before we hit record, we were having a brief conversation about some of my ancestry in the name. So it's always fantastic to hear about these things. And my brother in law is or his family's from Malta as well. So it's on my list. My sister and he have been there, but I haven't been there yet. Because he's got a gun. It's definitely on the list. So what about you there? Where were you born? And where did you grow up? And are there any siblings?

Pauline Vamos 3:00

So I was born in Scotland. My father was in the British Army. So I spent most of my early childhood living in Malta, in Bahrain, and in Germany. So we traveled around a lot. We came to Australia in 69. And that was myself, my eldest sister of 11 months, and my twin brothers five years my younger so we came in 69, and a 10 pound pom. And we have been ever since most of us, I think I was showing citizens now. I was the first one I became an Australian citizen during high school. The first one in my family. Oh, have fabulous, very important to me.

Helga Svendsen 3:48

So then I just heard in there I think your your sister who's 11 months old, or 11 months younger, and there's twin brothers. How much younger are the twins?

Pauline Vamos 3:56

They're five years younger.

Helga Svendsen 3:58

Oh, I was just gonna say variable a little bit closer in age. I thought, oh my gosh, your mother had a number of very young children or quite close together. But no, there's a bit of a gap until the boys

Pauline Vamos 4:06

she had my brothers. Then she was pregnant in Burleigh and we're living in an army camp. The sultan's wife was giving birth. So she booked out the whole of the Bahrain Hospital. My mother then had to go over to Aden to have my brothers and while she was there, war broke out. My father with a mate had to sneak across the border and basically steal her from the hospital and bring her back. She lost all her milk. She doesn't know how she survived. So my brothers were bought up on carnation milk.

Helga Svendsen 4:43

Oh, my goodness, what an incredible start to the world for them. So where were you? We will get into the topic soon. But I'm fascinated by this story. Where were you and your sister?

Pauline Vamos 4:53

We were back at the army camp while my dad went AWOL. There were no nannies in those days. So I don't know who look after us. Basically, nobody has admitted anything.

Helga Svendsen 5:04

Oh my goodness. Okay. Right. Wow, what a story.

Pauline Vamos 5:10

Yes, sorry my life, always traveling, always moving.

Helga Svendsen 5:15

Wow away. Okay. Well then, then I'm wondering because the next question is about languages. How many languages do you speak I

Pauline Vamos 5:22

Speak non besides English, my parents both spoke Maltese, but they wouldn't teach us Maltese because they wanted to have their private language. So unfortunately, no languages at all, which I'm very sad about.

Helga Svendsen 5:37

Love that they wanted to keep it as their own private language. I was going to ask you, because one of the questions I asked is the names of the traditional owners or the first peoples of where you grew up. But that is kind of an Australian question. Or indeed, maybe it's just a colonized country question.

Pauline Vamos 5:53

So I did a lot of a lot of my growing up within the in the Newcastle and Port Stephens area. So of course, the traditional owners The Awabakal and Worimi peoples, there's some fabulous stories about them, the women used to make, because there's a lot of coast used to make amazing jewelry, and heads, head pieces out of the shells around the area. And the men used to, you know, you've got the wall on by very tall tree. So they would run up the trees with sharp knives, and cut their way up, get the fruit and run back down. Quite incredible fit people. I went to a small country school when we were up there. And you know, we had a lot of indigenous people. And it was beautiful, because at that time, we had a very progressive schoolmaster. And basically, we all learned together so the integration of indigenous and non Indigenous and a lot of us were immigrants. So we were all you know, none of us quite fit. And then I remember my last year of high school, I was at Weyermann, chair was high. And so this is six, this is 78. And they had separated indigenous and non Indigenous. So either line of indigenous people at that school, but they weren't allowed to learn they were herded into one classroom that was in 78

Helga Svendsen 7:29

Not so long ago, really is that it's quite extraordinary. Yeah.

Pauline Vamos 7:33

So they go where my family is at lemon tree passage and port Stephen with a backup Paul Stevens, large tracts of oyster leases, which are all run by indigenous family. So on, we've always, you know, so it's very integrated community up there. And it's a good example of a of good healthy integration and respectful communities.

Helga Svendsen 7:57

And so then finally, in our introductory section, I'm wondering, because you've lived in a number of places. So where do you feel your place or your home is,

Pauline Vamos 8:05

you know, whenever I get off a plane sounds terrible whenever I get off a plane in the northern hemisphere, I feel very much at home, particularly if I go back to the UK. But in 2000, I took my mother, my sister, my daughter's back to Malta. I got off the plane, man don't speak a word and Maltese. Hi, the car got in the car. And Maltese drive like many, many parts of you have one hand on the steering wheel, one hand on the horn and one hand on the gear stick. So arms are going everywhere. And you're screaming at each other the whole time. I got into that car. And I drove like a typical Maltese all the way across the island. So I think Malta.

Helga Svendsen 8:51

Interesting you, you're there, and you just fit right in

Pauline Vamos 8:54

That right. Yep. Fit right in.

Helga Svendsen 8:58

Oh, how fabulous. Thank you. Thanks for giving us some of the background take on board community knows that I love stories and hearing some of them while board diversity is something very dear to my heart. I love hearing the stories of the guests that I have. So thank you so much for sharing. So then let's now turn to the board diversity index. It was released very recently in the last month or so I think. And it put five types of diversity under the microscope, gender, cultural background skills, age and tenure and independence. And as I understand it looked at about 300 organizations and about 2000 board seats. So we know that diversity in the boardroom is not only important so that boards reflect the broader society in which they work. But it's also better for business again, we were having a brief chat about that before we hit record as well. So I'm wondering from this report, what are some of the key findings?

Pauline Vamos 9:54

I think there were a number of lessons from the report. The first one is Putting the actual stats aside, which I'll come to in a moment, I think the biggest lesson we learn, and I've had a lot of feedback since it's been issued, and that is our recruitment processes need to be radically changed. Put A skills matrix together, we go through recruitment agent, and we go through the normal process of trying to find a fit. But when you look at the gaps, not only in gender and cultural background, which has gone nowhere, the fact that in this day and age, they're still so few board members, male or female, with no digital experience, male or female, with no human experience, as in people, is just mind blowing. You know, when you think of ESG, you think of the S, you think of the fact that technology is completely changing the world we operate and the businesses we operate, people are our most expensive and valuable asset and the war for talent is extreme. A big part of what the board does is actually manage the CEO and have a relationship with management, you have very few people on the board know anything about how to deal with people. Um, I just think that's bizarre. So I think we have to really think those skills matrix and what we actually need on a board. And I also think one of the reasons why we've seen so little change, particularly with some of the skills and the and the cultural, a bit of the age as well, we've got a lot of oldies on there who have been there a long time is that we're not adjusting our governance or governance for the requirements of the company.

In the older world, you upgraded your company the same way for quite some time, the world didn't quite move as quickly as it does now. Today, it moves like crazy, it moves up down around, and your business can change within weeks and months, nevermind years. So what that means is we have to have a much more active and active approach to governance, our boards must be fit for purpose, today and tomorrow. So I think we're just not seeing enough renewal and enough change of our board members with data, the way data can be retrieved. Now, having 20 years of corporate knowledge is no longer that relevant anymore. You know, people think it is, but it ain't. And I think the big conversation we have to have is, are we approaching the recruitment and the changeover of our boards the right way. And I would say no, and their results in this report, which basically say, we're still under done, we still got some ASX 300 boards with no women, we've got many with just one, we've got the vast majority of roles still filled by men. Last time we did the survey, we had a greater proportion of women taken out board seats that women hold, we've now got more board seats held by women but less number of women. So that's over boarding. So we've got the same women on different boards, who are obviously I think, would be quite stretched as well, which is no reflection on them at all. We've got still a very high proportion of directors who are not independent between we still have a lot of founders we we've got a line of move with private equity. So again, the value of having independence on board is absolutely vital. A lot of women are over 14 years on a board, which is way too long, is way too long. You know, and I know we've come back to nine years and 12 years, but I would argue that in this day and age, you've got to look at lower numbers because we have changed so much. I think age diversity is getting better with so we know we're getting some very young people on so under 30, but not many. And we've got you know, a female who's 90 on a board. Now I'm not ageist in any way. And I think with some companies having particularly in some of the services you provide, having that link into the community is fairly important. And I think again, what the results are showing me is that, you know, you've got to have different lenses in your ward, but you will also need to have that will link into the community. And that's why I worry about the skills and experience and I'll give you an example. I chaired Disability Services Board. As you know, one of the results and recommendations of the Royal Commission was that disability Boards have somebody with disabilities on their board, we focus with we have intellectual disability. And you've got to be careful because you have major responsibilities and liabilities a board member, and you want somebody who is able to contribute and feels they can contribute, it must be a positive experience. You know, because disability, particularly intellectual disability, it comes in all forms. And so, you know, we think we can find somebody with special needs, but could easily because of the nature of the special needs, could easily comprehend and contribute to the board because you need somebody with that mindset. So, again, that's why we just got to have different conversations, get with some of the chairs, when you look at some of the tenure of the chairs, they've been around too long. And I have a chair with three boards. And I, I purposely look at that each time, but also, again, the results show me and I think show others as well. And those of us on boards know this, if you've got an underperforming chair, so an underperforming director, is really hard to get rid of them, if their tenure has not come up. And that's a hard conversation to have. And again, that is the people. If you had somebody on the board who was used to dealing with real, it's real people issues related to performance issues, maybe with sea water change.

Helga Svendsen 16:34

Oh my gosh, there is so much in there that I want to pick apart, I barely know where to start. I feel like you've just popped me in a lolly shop, and I'm overwhelmed by all the lollies that I want to talk about. Well, let's pick up that last part. First, the one about turnover. Sometimes underperforming board members, sometimes they're not sometimes they are performing well, but they've just been on the board for too long. And therefore, their independence is no longer really independence. Or they may not just turnover is good. You don't want it every year. You don't want it every day. But you certainly want a regular cycle of turnover. And you definitely want turnover with underperforming boards. And I agree wholeheartedly that people skills, more and more required in the boardroom. But as a chair, you're the chair of three boards. I always think that underperforming board members, it's really a key role for the chairs to be able to manage that and have those conversations. So tell me about it from the from your chair perspective. What should chairs of boards be doing to encourage, encourage having inverted commas, turnover of underperforming directors, or even just that normal, healthy positive cycle of turnover of board directors who are performing but it's it's time?

Pauline Vamos 17:48

There's a couple of things. One is the board review. Okay. And, again, for many, many of your listeners that have been on board, the naban has been part of board reviews, some board reviews are really constructive. And I think can really provide boards and companies with the way forward. And some are just useless. I find a lot of the self assessments I've done over the years, you know, I I'm happy to admit it myself. And five, I think I'm going on how we find those assessments. How we do them is is very important. I'm running one at the moment. And it's a board that sort of is it's because of new members and all members. And I've stood back and said so one is they want Why don't we try and do with the board review. Because I think we always fall into this where we've got to review the performance of the board. And I would question that, from a chair perspective, you know, what's working and what's not working, if you've got an under, if you've got a board member who are just not engaging, you've got to have that conversation. They're either too busy, or they're too busy or they're too busy, or they just aren't interested. But I find that the biggest or they've got a personal issue going on. And I've had that before and never board member has a personal issue, then of course I give them a leave of absence. But you know, I'm looking at the process at the moment, I'm saying Well, the biggest issue we have is that there's a difference in expectations between management and the board. Board is not performing in management's eyes and management and not performing in the boards eyes. So how do we resolve that? And we've resolved that fill in anonymously 60 with you, because we've got to put our expectations on the table. Again, are you doing a board review because the world for your organization has changed and you need to change a board for the future is that companies performing badly because the the board are no longer fit for purpose? Then there's a very different review as well. So I think that's the thing First thing you do. And as chair, you've got to drive that conversation. And then the second thing you've got to do as chair is, as you're thinking about the strategy of the business, the short, long term strategy, just like was always thinking about CEO managing succession. That's why it's around succession of board level is not done well, in my view, and I'm not the best at it. I'm happy to

admit that. But I'm always looking at so so what do we need? Or why do we needed a board? And then the other very hard question, and I've looking at one at the moment is the size of the board. Bigger is not always better, smaller was not always better. Sometimes you need small to grow, sometimes you need to get rid of a couple of not because they're not contributing. But because the nature of the board, you need more agility. And the sizes are really vexed issue as well. And this all needs to be driven by the chair. And and they are hard conversations. That's why you speak to a lot of chairs, they say it's understandable that we were that'll Pauline. But, you know, I'm just not paid enough to do that. And there's that real discrepancy between what a board member gets someone to chair. But then I said to them, Well, do you have KPIs as a chair, is all that clearly articulated as a check what you're supposed to do? That PD of your life is not very different to other directors. So that accountability, and that process around directors and chairs, as you would any say, senior executive, I think is missing sometimes

Helga Svendsen 21:47

That is such an interesting point. I don't think I've ever quite put together that, you know, the CEO reports to the board, and through the chair, the board reports, for want of a better word to the chair, but the chair well, is never accountable. That's right. I've never actually quite put that together, that the chair doesn't have their own sounding board in that, that they don't have anyone that I mean, of course, accountable to the shareholders, but it's sometimes quite an indirect accountability.

Pauline Vamos 22:19

It is, although it can be very direct in some boards, can I say? Yeah, that's true. With the offense, then they want and as long as you have the assets, corporate governance principles, the share of your people and culture committee and this, we're different from the chair of the board. So from my perspective, so I get assessed by the board, but that is driven by the chair, the people and culture committee.

Helga Svendsen 22:44

That is an excellent point. Okay, shout out to boards that are listening, and particularly those people and culture chairs, you might want to have a conversation with the chair of the board about how accountability works, actually, and it leads to another reflection here about opening conversation about all the things that might need to change. There's quite a few of them. Some changes happening. Sometimes it's a bit too slowly, we're making, as you say, making changes around gender, for example, in the boardroom, although I would say too slowly, and indeed, resulting in over boarding for some women. In terms of cultural diversity. It's absolutely too slowly. So I'm wondering, what's your advice? You're the chair of the governance Institute? What's your advice to that, for example, the governance Institute members, or what's your advice, even to the take on

board community members? What should we be doing so that we can speed this up and move it along?

Pauline Vamos 23:36

So often, our approach to recruiting is we advertise and we wait for the applicants to come in, we make a shortlist and we go from there. When you're recruiting an executive, when you speak to a recruiter, they spend a lot of time trawling through their contacts, to find people. Again, I'm not disparaging recruiters at all, because recruiting to be frank is a noble profession. If you find somebody the job of their dreams, and the company attracts somebody that is going to take them to the next level, then that is one of the most noble things you can do. It is so important to get it right. But I do think that there was not enough conversation with the boards with the CEOs in particular, and there's this big thing of CEO should never be involved with appointment of board members, because there's a you know, but I think again, let's we think that because what is best for the company, and the board is not necessarily the only ones that should have a view on that. The CEO should have a view on that shareholders should have a view community should have the view and then what is the characteristics of that candidate? And then really go out look and if you don't get enough pay People with a certain experience enough gender enough culture, then you've got to go looking, you've got to go looking, you've got to knock on their doors. And I don't think this has done enough, I do get a call every so often they say, you know, when will you have space? Because I'm full up at the moment. So I think, well, when am I, when will I have space. And so again, the better recruiters had that list of people coming up, so they do a lot more mixing and matching, which takes some strategy and it takes some resources, I just think we need to just rethink that whole identification of the prospective applicant, and then be a lot more forthright and purposeful in how we hunt them down. And the great thing is one of the great things about the pandemic is that we're not limited by geography anymore, we're just not you can, you can really hold a construction board meeting, you know, virtually and limit two to three maximum a year that you will come face to face, we're all used to it. Now, it works just time to change and rethink it.

Helga Svendsen 26:07

It's another level of diversity as well in a way in terms of that geography, and it opens it up for people from regional areas from rural areas, from all over the place, which is also a perspective that's needed in the boardroom,

Pauline Vamos 26:19

You think where younger people are going to build their family, you think we're older people are going to move away from full time work, I never used the word. There are gems all over Australia, here and overseas. And it's New Zealand, it's got some great people there as well. And again, it's about not being scared. And I can imagine with smaller organizations, bringing a board together in

the one location can cost a lot of money. But now with technology, it doesn't have to be such a cost inhibitor.

Helga Svendsen 26:52

Absolutely, and a time inhibitor for those that are participating as well. Our polling, we have barely scratched the surface of this report. And I will make sure I put a link to it in the show notes because there is some just great little gems in there. And then I'm a bit of a data nerd when it comes down to it. And I love the statistics around it, because helps to build the case for why not why diversity is needed. Hopefully we all know that by now, although not everybody knows it clearly. But what needs to happen to make sure that diversity happens. And so some of the statistics in there are just incredibly useful. So I thank you.

Pauline Vamos 27:27

Yeah, they are disappointing. Yeah. Yeah, yeah. Yeah.

Helga Svendsen 27:31

Those disappointing stats are really useful to have, I think it's like once you see it in black and white, it is a little hard to kind of ignore, I guess. So I really think the governance Institute for taking the time to do this on an annual basis for when did it start? How many years ago?

Pauline Vamos 27:47

Third year that we've been doing this, it puts puts a mirror up to our listed companies, which most of us are shareholders in through our superannuation. So there is that importance of getting it right.

Helga Svendsen 28:04

Absolutely. Yes, yeah, it's a interesting way of being able to have your save from your greatest investment, generally around superannuation, yeah. opaline. Like I say, I feel like we've barely scratched the surface. But I will make sure we put a link to this report in the show notes. And I really strongly encourage those in the take on board community to have a read, there is some really interesting stats in there. In fact, you know what, it's interesting, we have a, we have a take on board book club, where we come together every couple of months, and we have a book on the reading list. And we'll just come together and talk about the book. I'm thinking we might have the board diversity index as a book, shall we say? And we can come together and have a chat about that? We might do that as well.

Pauline Vamos 28:46

Again, it will be interesting to hear people's theories as to why we still get the results we had when with so many boards, including government boards, they have a quota. But why are we missing out on school? So I could be wrong, but I think it's down down down to Equipment.

Helga Svendsen 29:06

It's a good hypothesis, a strong hypothesis, I think so Pauline, what are the key things you want people to take away from the conversation that we've had today?

Pauline Vamos 29:13

First one is do not treat recruitment for your board as a process. Time two, we think it having the white board is absolutely vital. Holding your chair to account to ensure you get that right diversity is very important. And really rethink whether your board is fit for purpose today and in the future. Because longevity does not necessarily mean doesn't mean they're not a good board member, but maybe they're not good for the organization and what it needs now and in the future.

Helga Svendsen 29:53

And other than the board diversity index itself, because I will definitely link to that in the show notes. But other than that, is there a resource here? I'd like to share with the take on board community.

Pauline Vamos 30:02

Look, I'd love people to go on to the governance Institute website. One is I'm fairly new to the governance Institute, I hate to admit this, but can I say, some of the guidance is fantastic. So governance Institute is all about practical governance and whole of organizational governance. There are some incredible best practice papers, we have a newsletter, sometimes you just need a little bit of help, we're all facing different governance issues, we will face them in a different way with the pandemic, we're now in a different world. And that's going to mean a lot of different pressures on boards. You know, I consider myself a governance expert. I am continually surprised about what I don't know, it is moving nine down. You just got to be alert to that. And practices of yesterday, do not necessarily mean it's good practice today.

Helga Svendsen 31:01

And isn't it I gotta say, it's one of the things I actually love about practicing in the governance space is that things are always changing and moving. There's always new things to learn.

Pauline Vamos 31:09

Things are changing, but also, the role of shareholders is changing, because she clearly significant shareholders that come in, and private investors or institutional investors that come in, but the role of shareholders generally and the influence on on boards. I don't think we think about that enough.

Helga Svendsen 31:30

Like I said, at the start, Pauline, and I suspect we'll be getting you back on the podcast. I think there's any number of topics we could work through. But thank you so much for joining me today to have a chat about the board diversity index, as I say, as soon as I saw it released, and I contacted the governance Institute and said, Great, can we talk to somebody because it's certainly an important thing to me. I know, it's an important thing to take on board communities. So thank you for joining us. And thank you also to the governance Institute and to watermark for doing the research for what we now know is three years in a row and presumably continuing into the future. So we continue to have these benchmarks about and the data about what is happening, which can help guide us in what we should be doing. So thank you so much for coming and sharing your reflections with us today.

Pauline Vamos 32:14

Helga, thank you