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PERSPECTIVES

Bringing ideas, people and data together to change the world

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INDEPENDENCE DAY: 2017 Survival Guide – Part II

(or, Five blockbuster traits of truly independent advisors)



“Come with me if you want to live” – eight seminal words, delivered in a thick Austro-American accent, etched into movie history, forever.

What makes those words so memorable? Why do they have such impact? Is it the ironic terror of following a killing machine to safety? Is it the oddly sedate, monotone delivery? Is it simply the excitement of the moment? It’s hard to pin down the precise magic. But what is clear – both in this one sentence, and across the rich landscape of blockbuster action films – are the twin themes of survival against the odds, and choosing your companions wisely.

Companies and governments face the same, constant challenge of survival. In the brave new world of innovative disruption, disruptive innovation and an onslaught of other jargonized change and uncertainty, knowing what is lurking around the bend or over the rise is harder than ever.

To fight their battles, companies and governments often arm themselves with external experts and advisors to help them navigate complex problems and carry out challenging or risky assignments. These people are the companions of the business advisory world.

But as a leader, how do you know who to trust? Behind the shiny nameplates and industry accolades is a morass of conflicted perspectives and relationships. The professional foot-soldiers may be paid by the hour, but the platoon commanders are often highly incentivized to deliver short term results, and to look after their most regular, highly paying customer first.

So who do you pick to guide you? Who will make the right team for any particular assignment or challenge? Are the red dots you see in the gloom the next generation fighting machine who will guard your back expertly at every turn, and take you safely home? Or are they your nemesis? What makes a *true* independent advisor?



Speed (1994) – Trust triumphs over terror

In the dramatic final scene of Jan de Bont’s thrilling chaser film, *Speed*, a group of unwilling passengers find themselves hurtling around LA on a bus-sized

bomb. The two lead characters escape to safety in a death-defying stunt. The build up to the moment in which Keanu Reeves and Sandra Bullock fly out from underneath the speeding bus onto the tarmac of LAX airport is a story about putting your trust in people,

even those you do not know.

This makes great cinema, but is it the right approach in business?

Boards and CEOs often evaluate advisors rapidly, in a meeting or two, or a single, formal pitch. Evaluations are rapid, and advisors have little time to persuade the audience of their competence and trustworthiness. So, all too often, choices are made to stick with the people that you know, even if that hasn’t worked too well in the past.

Understandably, advisors hail trust as the bedrock of the relationship with their clients. It’s the nuclear weapon that can be deployed tactically to undermine newcomers or those that offer an opposing view.

Trust must be earned, not simply wined and dined. But let’s face it – everyone wants a free lunch. “There’s no such thing!”, people say, as they set off hungrily to meet their trusted advisor to munch on Michelin stars. It’s a curious tension, but a good lesson



in knowing what matters more between competence and trust. Many people wrongly assume that competence is the more valuable attribute. That simply isn't so. Warmth is often more important than wit.



Jurassic Park (1993)
– You've gotta have precision, not just power
 When I was in year nine, I completed a music assignment for which I composed the incidental music to the spine-

tingling scene in Jurassic Park where the T-rex appears for the first time. Puddles of water shake under the great monster's feet, bringing to life the beast's scale and ferocity to create an image of destruction that burns into the hearts and minds of viewers.

So it's hard to comprehend that there could be a more effective predator.

Velociraptors have the greater killing power. They are smart, agile, team-based hunters that command respect through their results, not through scale alone. They move together almost noiselessly, with dexterity, precision and speed, running rings around much larger competitors in the food chain.

In today's fast moving and highly complex world, your advisors need similar qualities. Choose the thundering footsteps at your peril – the earth may shake when they move, but you may find they are set on a certain

direction and unwilling or unable to change to accommodate yours. Favour those who are nimble, team-oriented and hungry to help you to win.

But do ensure their bite is at least as powerful as their bark. While they need not

Every leader needs one of these. Someone who doesn't just have the technical skills to get the job done, but who can also see the problem from the right angle. When the stakes are high and transaction values eye-watering, there is almost certainly a big

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be colossal (and often comprise firms with less than a dozen warm bodies), independent advisors still need teeth.



Star Wars (1977) – The brave co-pilot and navigator

Luke Skywalker's panache in an X-wing is generally put down to the Force being strong with him.

The unsung hero of Skywalker's success as a pilot, however, is the understated quality and bravery of his trusted co-pilot. R2D2 navigates and guides. He stays the course, and has solutions at the ready when things go awry. He's the technical specialist. The numbers guy.

name brand in the pilot's seat, lightsaber at the ready. And while this may lend comfort, unless an appropriate level of support is gathered around the pilot, such advice remains incomplete. Very often, viewpoints are narrowed by the hardwired challenges of success-based fees, and so traditional advisors find themselves encouraged to look only in one direction.

R2D2's head spins a full 360 degrees – while he's flying through space. He catches it all. He spots the gaps and can mobilize the data to make the best decisions. He understands the risks, not just in the short term, but in the context and environment in which the bigger battle is playing out. And he's happy to sit quietly and listen, but is always prepared to speak up when circumstances so demand.



The Shawshank Redemption (1994) – Playing the long game

In the early days following his incarceration, Andy Dufresne (Tim Robbins) asks his soon-to-be best friend Red (Morgan

Freeman) for a rock knife, so that he can make chess pieces. True to his word, he makes the chess pieces – but he also uses the knife over the course of 17 years to tunnel slowly but surely through his jail cell wall to freedom.

17 years! Few companies or governments have the stomach to put in place transformative, game-changing plans that span 17 months, let alone 17 years. Robbins' character is an archetype of long-term thinking. He personifies the power of resilience.

But he is also supported, all along the way, by an enduring friendship. Indeed, Red provides much of the fuel for Andy's fire. Red provides the physical and intangible tool kit of guidance, mentorship and a knife to effect Andy's escape plans.

To cut through distractions of short-termism, leaders in business and government need people around them who are prepared to think long term, and who are unafraid to warn against the siren call of a short-term win on social media. Such relationship-driven independent advisors are more akin to a partner than an advisor. They physically and

metaphorically sit at the board table with their clients, for the long haul. These people can be hard to find, as so many incentives and vested interests are focused first and foremost on the short term.

Strategy advisors who suggest solutions which can never be implemented in the

cult following of T2 since its release. It is a blockbuster film of truly blockbuster proportions.

And loyalty is a theme that pervades the film. The loyalty of family, in the first instance, but more powerfully, the unwavering, purposeful loyalty of a programmed machine.

“But the logical extreme of un-conflicted loyalty is untenable – no advisor could ever restrict themselves to working for only one client in each sector and survive”.

real world are hardly thinking strategically. When the competition comes banging on your client's door with a game-changing proposition, in order to add real value, an advisor needs to think like an innovator, not just suggest that their client needs to innovate. The best advisors, therefore, have always got something in the back pocket, even if it's just a poster of Rita Hayworth.



Terminator 2: Judgement Day (1992) – Machine-like loyalty

The Terminator franchise made Arnold Schwarzenegger's acting career. And possibly his political career too.

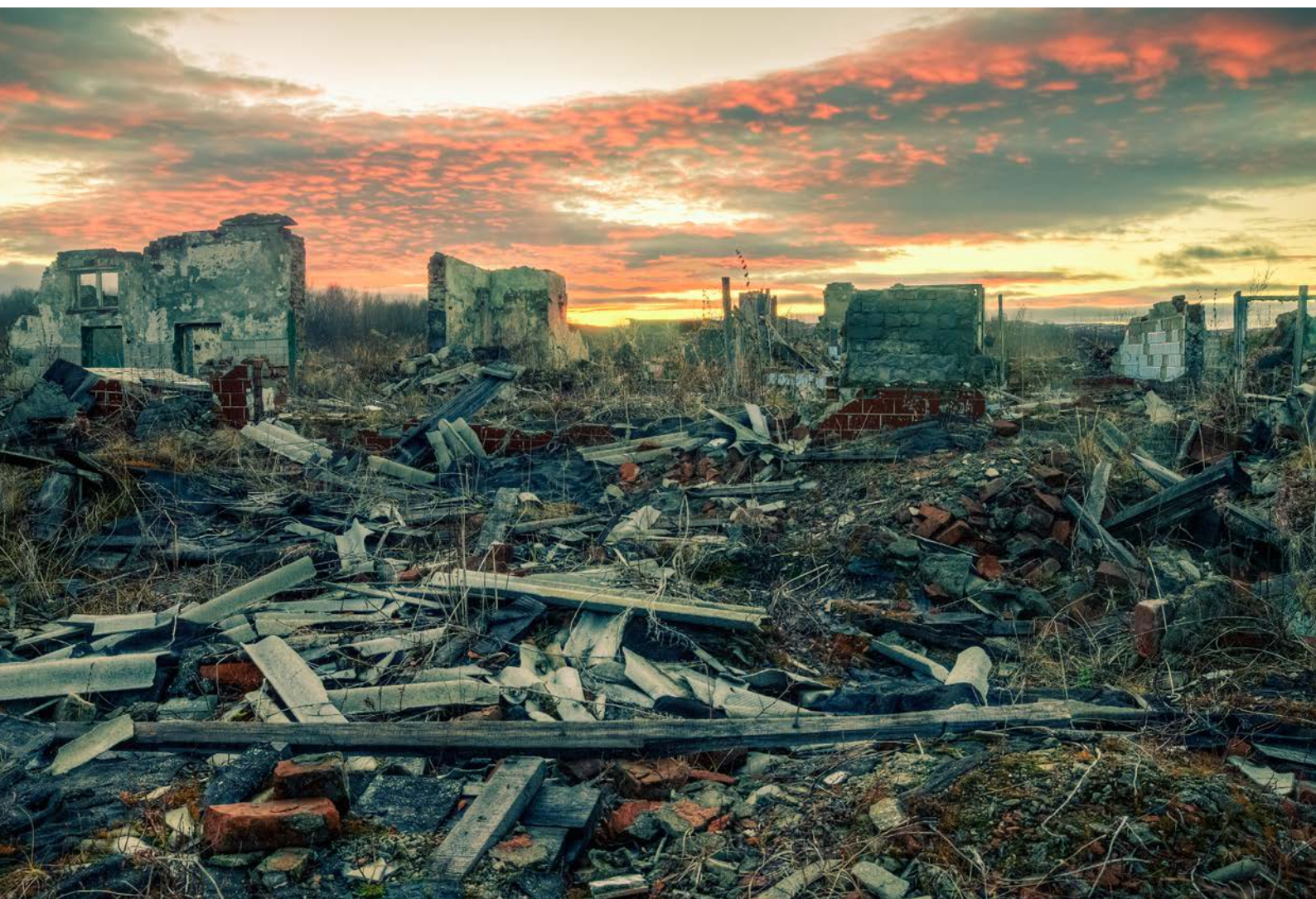
Perhaps the only thing as loyal as the Cyberdyne Systems T-800 model is the

Since its early 90s release, the presentation of “machine-like” loyalty has taken various twists and turns. The idea that technology's rigid loyalty will always produce a desirable outcome is highly contestable. But in 1992, it was just very black and white. Arnie was on John Connor's side, and nothing was going to change that.

Oh, to live in a world of no conflicts!

To some advisors, that sounds like mecca. Unlimited opportunity to serve clients, but at what cost?

Real independent advisors meaningfully align themselves with the best interests of one party. But the logical extreme of un-conflicted loyalty is untenable – no advisor could ever restrict themselves to working for only one client in each sector and survive. Sadly we have swung to a different extreme, in that the scale and reach of dominant



advisors has meant that real, materially compromising conflicts are simply accepted, as a matter of course.

Step-up the independent advisor, who can reality check, fact check, and destination check any step in the process, keeping the entire advisor train on track, and aligned, solely with your business interests. The advisor who, with uncompromising loyalty of the early 90s machine, is programmed to put its client's interests first, always.

“The independent advisor you are looking for is a machine-gun wielding velociraptor wearing stolen sunglasses that sees more, hears more, and is waiting patiently to bravely break down walls”.

So there you have it – the independent advisor you are looking for is a machine-gun wielding velociraptor wearing stolen sunglasses that sees more, hears more, and is waiting patiently to bravely break down walls in order to secure you and your organisation a better future. Don't worry, Keanu Reeves and Sandra Bullock are

somewhere there too, for the romantic sub-plot.

But there's one word that should matter more than any other – independence. Independence of thought and vision, so that they can understand the likely twists in the plot and motives of other characters. Freedom from conflicts of interest and other factors that might cloud judgement and influence behavior. Independence of mind so that your advisors have the courage to

tell you to sell when others are stampeding to buy and to buy when others are falling over each other to sell. Independence to be the “No!” men and women, who will advise you against a course of action that may be attractive in the short term, but disastrous over the longer term.

And in case you've been distracted by this

seat-gripping adventure, let's not forget that these stories that have captured and held our attention across decades are about survival. To be successful, you need to choose an ending that will work in real life, not just a Hollywood spectacular. Epic explosions may be entertaining as part of an action movie, but they are rarely the stuff of corporate dreams.

Part of the beauty and uniqueness of trust as a quality of advisors is that it goes both ways. When trust is established and binds clients and advisors' interests together, it makes it all the easier to put difficult issues on the table, and find a way to overcome them. In the fast-paced, changing business world, you will need the strongest team possible around you to survive in 2017. Pottinger would be delighted to help you write and produce your screenplay. **P**

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With Apologies to Norton Juster

“There once was a boy named Milo who didn’t know what to do with himself – not just sometimes, but always. When he was in school he longed to be out, and when he was out he longed to be in.”

In case you missed it, the world’s political system is broken. From the USA to Australia, via Canada, Britain, France, Germany and Austria (to name just a few), political figures are bringing new colours to the political spectrum. Election battles are no longer being fought on traditional lines of left or right. Would-be leaders are no longer defined by their devotion to improving workers’ rights or to extending competitive markets. In short, mainstream political parties no longer represent what a substantial proportion of ‘we the people’ appear to care about.

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About Pottinger

Pottinger is a multiple award-winning strategic and financial advisory firm.

We de-risk M&A transactions and strategic transformations by integrating strategic insight, transaction expertise and data analytics, enabling leaders to make decisions that stand the test of time.

We work with clients who are ready to think differently and act differently. Our assignments typically relate to one or more of:

- Strategy and public policy
- Mergers and acquisitions
- Partnerships and joint ventures
- Restructuring and capital advice
- Risk, sustainability and related decision-making

Together our team has advised on over 200 M&A and financing transactions, as well as many significant strategic advisory assignments. Our experience covers most of the world’s larger economies, and we enjoy the complexity of assignments that extend across borders and cultures.

We are regarded as an industry leader in productivity and as a role model for investment in our people. We have been recognised by the Australian Government’s Workforce and Productivity Agency as a benchmark for effective skills development and for seven consecutive years we have been awarded “Recommended Employer” by the Australian Business Awards.



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