



> **Mike Pratt SF Fin** is Joint President of Finsia and Group Executive Business and Consumer Banking, Westpac Banking Corporation. The following is an abridged version of a speech he gave to Finsia's Annual Education Conference in September 2005.

TOWN & GOWN: the growing synergies from developing and exchanging ideas and talent

I believe business and academia currently face a strong coincidence of interests and with the ongoing transition to a knowledge economy, the potential gains from a more effective working relationship between business and educators are palpable.

There is no doubt that education is becoming more highly valued, both within business and society as a whole. And, there are compelling reasons for strong cooperation between the 'town' (as a major consumer of education) and the 'gown' (as its primary supplier).

Innovation, ideas generation and leadership development are rapidly becoming the key drivers of value and sustainable growth for business. In each of these areas, education institutions have an important role to play and strong synergies can be derived from an effective partnership between business and academia.

These views are supported by the recently announced appointments of several high-profile business leaders as University Chancellors, such as Michael Chaney (at the University of Western Australia) and David Gonski (at the University of New South Wales).

Similarly, the recent merger of the SIA and the AIBF largely reflects both institutes' assessment of the significant gains to be made from harnessing the respective membership and higher education strengths of both organisations.

It is not only the shift to an increasingly knowledge-based economy that is driving this increased focus on education. Other key factors include:

- the globalisation of industry and the labour market;
- rapid technological change;
- demographic change; and
- the ongoing need for greater innovation and leaders who have the skills to foster it.

Certainly, this increased focus on education has not necessarily been reflected in the levels of public funding for tertiary education. But, given the current socio-economic trends that I have mentioned, this also reinforces the likelihood of mutual benefits from successful collaboration between the town and gown.

Businesses, and financial institutions in particular, face a growing array of management challenges. We operate in an increasingly complex, fast-paced and information-intense world in which access to the best and brightest minds can be a key source of competitive advantage.

At the same time, with governments pulling back on the funding of tertiary education institutions, there are significant financial incentives and opportunities for them to engage with business as providers of:

- graduates with high-level analytical skills;
- future business leaders;



- breakthrough or strategically important research; and
- customised training and executive education programs.

While there will probably always be some tensions between business and academia, we don't need to have identical mission statements for us to extract strong synergies from alliances in areas where our interests coalesce.

Increasingly, universities are being recognised as both generators of ideas and a key source of leadership and managerial talent, in a market in which both are in short supply. In enlightened businesses facing the ongoing need to deliver top-line growth through innovation, executive education is also starting to be viewed as a strategic investment and not an expense.

The latest Financial Times Executive Education survey noted three clear trends:

- the market for executive education is growing after several shaky years;
- businesses are developing stronger and deeper relationships with business schools; and
- increasing numbers of customised programs are being commissioned at board levels to help businesses manage strategic issues. This includes consultancy style teaching as a driver of corporate change.

In the 1990s management development started to become a major challenge for business and one of its key priorities.

Since then, a number of new approaches to management learning have developed including action learning and facilitated support to groups or individuals in the form of mentoring and coaching.

While businesses are still looking to develop strong generic capabilities as well as theoretical knowledge on business strategy, they have increasingly sought skills-based learning and have shifted towards tailored and in-house programs focusing on practical skills and high-volume delivery. These changes are providing significant opportunities for responsive business schools and other education providers, and should continue to do so for the foreseeable future.

The potent mix of innovation, globalisation and demographic change

As part of a service industry operating within global markets, financial institutions have become extremely aware of the need to develop new ideas to achieve sustainable growth.

Probably more than in most other industries, there has been a dramatic change in the face of banking as it has made 'the leap from a transaction-based business into a sales-and-marketing culture where a bank [is]... defined by its ability to add value to the customer relationship.'¹

The financial services sector has been highly successful in leveraging its people, ideas and technology to harness growth opportunities by developing a culture of innovation and entrepreneurship.

Employing over 350,000 people in Australia, financial services firms recognise that one of the keys to competitive advantage and sustained business success is attracting and retaining talented people. And, for financial institutions such as Westpac, executive development, particularly leadership development, is now an important element of corporate strategy.

There has already been growing cooperation between education institutions and financial institutions to develop leaders capable of driving innovation and generating new value for businesses in this highly competitive field.

At the same time, business and education communities and governments around the world are devoting increasing resources to innovation. And, this focus on innovation will become increasingly important over the next few decades as the ageing of the population places constraints not only on the growth in the workforce but also on the overall level of economic growth.

The research and strategic consulting opportunities for education institutions

With these aims in mind, Finsia has become a key sponsor of the recently opened Melbourne Centre for Financial Studies, which is an exciting new initiative involving a partnership between the public and private sectors, and industry and academia.

I commend those involved in setting up this project for their vision and I wish them much success.

There are numerous other areas within the financial markets in which some well-targeted research and consulting by business and finance academics could add significant value by helping business managers make the right business decisions and assess the returns from these decisions. Some of these are: e-business infrastructure management; inter-enterprise integration; and the development of electronic data interchange.

In addition, there are many strategically important areas in which researchers and those most aware of the latest management theories and trends could provide important advice to business', and some of this consulting advice may not be sufficiently large or lucrative enough for the major consultancies. This market is, however, potentially very deep, particularly in areas that require some empirical work and a bit of academic objectivity.

The 'war for talent' in financial markets

A recent McKinsey study indicates that the war for talent is likely to intensify. It suggests that:

- the demand for the best talent has not yet peaked;
- the price of obtaining that talent will go up; and
- the best talent will be under constant pressure to defect.

Demographic change means that even in the event of a downturn in economic or financial market activity, there will still be a shrinking pool of talent and strong demand pressures in labour markets.

Also, the latest projections of employment growth by the Australian Department of Employment and Workplace Relations indicate strong growth in employment in the services sector generally in the five years to 2009-10. The accounting, finance and management category is expected to enjoy the largest share – comprising almost 20 per cent of the total growth in employment over this period.²

Like other sectors of the economy, there is a shortage of exceptional talent within the financial markets and we face an ongoing challenge in finding the right people who are capable of performing at an outstanding level.

Our corporate education needs in the financial services sector have escalated in recent years due to ongoing industry restructuring, the growing complexity and shorter life of products, the rapid uptake of new technology and increased regulation and statutory training requirements.

The introduction of the Financial Services Reform Act (FSRA) has substantially increased the volume of training undertaken by all customer-facing roles within the industry.

Whereas traditionally, bank employees developed lending skills through experience as they progressed through a variety of increasingly difficult roles, managers now tend to move more readily between institutions. This means that professional and skills development often needs to be enhanced by in-house credit and lending education.

For employees within the industry, career survival now depends on the continuous updating of their skills, knowledge and qualifications. This is one area in which Finsia has much to offer the industry. The Financial Services Reform-related education wave in Australia has meant that the Institute has reinvested in e-learning technologies to serve the new generation of continuing education, compliance and professional development, and it is also successfully leveraging this capability into corporate training.

Business education and the provision of customised training solutions clearly provide important growth opportunities for education institutions. The President of the Duke University Corporate Education program recently provided some indication of the growth potential in these areas. He suggests that the size of the global market for customised education/training programs was in the order of \$US34 billion, of which today's players have captured only around \$US1 billion.

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Executive education and leadership development

On the corporate side we are very pleased to see that, more and more, academics and corporate staff are working together, both to spearhead business strategies and to deliver a more practical, hands-on approach to executive education and development.

Education providers such as business schools are providing a growing range of corporate-customised and corporate-sponsored degree/graduate programs. Many are also becoming involved in the development of leadership and other internal corporate education/training programs to assist business transformation and the implementation of key corporate strategies, such as e-business.

Certainly, as businesses come under increasing pressure to deliver productivity gains and improved bottom-line results, they are developing internal education/learning frameworks and infrastructures to provide ongoing learning opportunities to employees and promote leadership and entrepreneurial skills.

Leadership is a key determinate of people's level of motivation and commitment to an organisation and ultimately their intention to stay with it. This goes to the heart of our philosophy at Westpac – committed people mean satisfied customers mean happy shareholders. Our people's level of engagement with Westpac and how they perform is determined largely by how they are led and what is valued.

Our focus in building leadership and entrepreneurial skills is on offering development opportunities by structuring work activities that provide the opportunity for innovation. Our internal leadership programs are designed to use business problems, opportunities and issues and develop workable solutions. Internal 'Strat Labs' and 'Innovation labs' are the most recent examples of these, with further work occurring at the enterprise leadership level.

It is good to see that many business schools now offer an ongoing learning environment, with a curriculum that includes targeted and practical short courses that are constantly being updated to reflect current challenges in the business environment such as risk and crisis management, corporate governance, strategic marketing and corporate finance.

In Australia and New Zealand, there are also a number of cooperative programs, including work placements, being set up by universities and sponsored by employers to give students exposure to the corporate environment while they study and give employers access to high performing graduates on completion of their studies. Another way we could work more closely is through vacation employment and scholarships for students.

The benefits from greater town and gown cooperation

I know, and understand, that there is some resistance from academics to the growing corporatisation of universities. However, what may be less well known is that, in many ways, corporations are being forced to be more like universities as knowledge management and talent management become increasingly important.

In some ways, corporations can also be seen as the implementation environment for university outputs. I think it is more meaningful to shift the discussion away from the role of corporates in universities towards how universities can drive and influence corporates – creating mutual benefits. ■

1 Lord Darlington (1998), President and CEO, Technology and Solutions, Bank of Montreal.

2 Department of Employment and Workplace Relations (2005), 'Australia's Workforce 2005: Jobs for the Future'.



Hugh D. T. Williamson Scholarship 2006

Purpose of scholarship

To acknowledge financial services excellence by rewarding a candidate who has made a significant contribution to the profession and is involved in the wider community. The winner will be an outstanding ambassador for the financial services industry capable of promoting leadership and inspiring fellow Finsia members and other participants in the profession. Suitable candidates will be those who aspire to senior executive roles in the future.

The Scholarship

The 2006 Hugh D.T. Williamson Scholar will be granted a place at the prestigious 59th International Banking Summer School (IBSS) 2006 in Melbourne – 27 August – 6 September 2006.

The value of the 2006 Williamson Scholarship is AUD\$15,000.

Scholarship Key Selection Criteria

The scholarship will be awarded according to the following criteria:

- Evidence of a significant achievement as a participant in the financial services profession and involvement in the wider community
- An understanding of current issues within financial services industry
- Outstanding communication skills and the ability to promote leadership and excellence within the profession
- The benefit you expect to receive from attendance at the 59th IBSS

Terms and Conditions include

- Applicants must be a financial member of Finsia at the time of application
- Applicants must have at least five years of experience in the financial services profession
- Applicants must be nominated by a member of Finsia who must also provide a supporting reference
- Applications must be counter-signed by a senior executive manager of the applicant's company
- Applicants must have a university or Finsia qualification or be suitably close to completion. Further Terms and Conditions appear on Finsia website www.finsia.edu.au

The Closing Date

Applications must be submitted to Frieda McLoughlin F Fin, Marketing Manager, Finsia, Level 12, 330 Collins Street, Melbourne 3000 by 4pm AEST, on Friday, 26th May 2006.

For more details on this prestigious scholarship and an application form please refer to Finsia website www.finsia.edu.au or e-mail f.mcloughlin@finsia.edu.au