

# CFO

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DISCIPLINE**

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make good  
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FINANCIAL REVIEW

## THE REPORTING

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# Military manoeuvres

**Successful individuals have proven that the forces can be a good training ground for C-suite executives, ANN-MAREE MOODIE reports.**

**P**OINTLESS MEETINGS are the bane of any workplace. They take forever and no decisions are made. But if the meeting is organised by Eric Wang, chief operating officer for wealth management at Perpetual Trustees, an outcome will always be reached.

It's a habit from his former career as a captain in the US Army, and it is both admired and envied by his colleagues. "There have been a number of different situations when we've been talking through the potential of doing something and within two or three days Eric will have done it," says John Nesbitt, Perpetual's chief financial officer.

"Eric's approach is disciplined, focused and outcome-driven, and he has a tremendous ability to close issues. He turns strategy into action in minutes and there's never a question that something will be done when he says it will.

"But for me the most notable attribute is his decision-making ability. While others may have 10 data points to support their argument, Eric will have two or three pieces of evidence.

"He won't be successful all the time, but he will

always get more done than anyone else because he gets on and makes a decision."

Eric Wang is one of a growing number of former military officers who are employed in senior executive and C-suite positions in major corporations, forging a new career after the army life. Other notable names include the CFO of Westfield Holdings, Peter Allen, who served in the Royal Australian Air Force. The CEOs of Coca-Cola, Colgate-Palmolive, FedEx Corporation and PepsiCo in the US all served in the US Air Force, Army or the Marines.

Locally, many began their military career immediately after secondary school, joining the Australian Defence Force Academy in Canberra, or in the case of Wang, at the US Military Academy at West Point, New York. Their education combines field training with studying for an undergraduate degree, such as a Bachelor of Arts or Science.

There are common misconceptions about military personnel: severe haircuts, communicating by barking orders and an inability to operate outside hierarchical environments. Yet the leadership skills most often listed in management surveys – the ability to communicate, flexibility, adaptability, decision making, making the most of limited resources – are exactly those that military training provides.

Ex-military executives also have an edge on their civilian colleagues partly due to the emphasis placed by the defence forces on developing attributes such as accountability, responsibility, integrity and ethics.

While it's argued that military personnel lack commercial experience, ex-defence force officers interviewed by *CFO* maintain that the military provides the necessary experience for managing large budgets. In addition, skills in delegation and ensuring that teams include people with the right skills needed to complete given tasks mean that ex-

military officers are comfortable relying on technical experts while they give strategic oversight.

"When the US consulting firms are on their recruitment drives for final year MBA students, it's known they think highly of ex-military officers," says Wang, who completed an MBA at Dartmouth College in New Hampshire, US, after leaving the US Army.

"The reason is that you can always teach skills, but you can't teach responsibility and accountability, or integrity and ethics. Investment banks also believe ex-military personnel have strong skills in strategy and execution."

When Wang was recruited by global management consulting firm Bain & Company, his first assignment was at the company's Sydney office

where he worked for 3 ½ years before moving to Perpetual Trustees. His job involves operations, risk, technology and strategy, and the leadership of 300 staff – all activities typical of a commanding officer's average day.

"The army teaches you the discipline of strong project management, how to formulate a vision, and how to describe it," he says. "I might not have the best knowledge of technology of all the people in my team, but I can delegate and lead the people who do, in order to complete a project.

"You also have to be practical because you never have everything you need. The army taught me to be accountable no matter what. Doing nothing causes confusion, lowers morale and reduces efficiency. Many people wait for someone

else to make a decision. I insist on an outcome at every meeting."

The leadership skills highlighted by the Korn/Ferry survey (see *Courage Under Fire* panel, right), such as articulating a vision and motivating others to achieve it, are also part of a regular day in the military. "The CEOs interviewed emphasise that the military offers an early opportunity to acquire hands-on leadership experience that cannot be found in the corporate world, or at a similarly early stage in people's careers," the survey noted.

Wang, who served in the US, Germany and Bosnia, concurs. "In the army, you are often responsible for several hundred young people who might not have had much experience, and who are away from their families. You are taught to look



**Eric Wang, COO, wealth management at Perpetual Trustees: Doing nothing causes confusion.**

## COURAGE UNDER FIRE

A survey by Korn/Ferry International and the Economist Intelligence Unit found executives with military experience are valued most for the depth and breadth of their leadership skills.

The six leadership traits highlighted by the survey were: ability to work as part of a team; organisational skills, such as planning and effective use of resources; good communication skills; defining a goal and motivating others to follow it; a highly developed sense of ethics, and the ability to remain calm under pressure.

"While serving in the military, young officers enjoy the opportunity to manage large teams and multimillion-dollar budgets at an age when the majority of their peers are taking the first steps on their career paths," the survey *Military Experience and CEOs: Is there a link?* found. "This early experience as a leader serves a chief executive well in later years."

The experience also serves the company and its shareholders. Over the one, three, five and 10-year periods ending in September 2005, companies led by ex-military CEOs exceeded the S&P 500 Index by between 3 and 20 percentage points per year. And former soldiers tend to stay for longer. At a time when the average tenure of a CEO is 4.5 years, an ex-military boss will be in the job for an average of 7.2 years, the survey found.

TAMARA VONINSKI AND PETER BRAIG



## READER ROI



- \* There are a number of C-suite executives both here and in the United States that have a military background.
- \* Consultancy firms and investment banks are known to rate highly the integrity, ethics, strategy and execution skills of ex-military personnel.
- \* It can be hard to make the shift from the military into the commercial sphere, and it's recommended that the move is made at a younger stage in life.



at the whole person, to give people opportunities and never to expect them to do well in their work if they're not happy at home."

### TIMING MATTERS

It is an unspoken maxim that if you resign your commission to pursue a career outside the army, you should do so by the age of 40. This is an age when it's important to have a settled life so your children can have continuity of education, rather than change schools for every new posting.

The other consideration, and one less likely to be discussed openly, is that after age 40 a soldier is reaching an age when the transition to corporate life will be difficult.

"As you go on in the military you become less useful to industry," says Einar Vikingur, group executive of shared business services at Santos, who served in the Australian Army for 20 years.

"There's no question that an individual who went into the military at the age of 18 and now wants to go into industry at the age of 45 is beginning to lose currency. There are also fewer available jobs, and the individual tends to become fossilised and lacks the confidence to strike out."

Vikingur, who reached the rank of colonel before resigning at 39 to work for Western Mining and

later Santos, says those who leave the transition too late end up missing out on the C-suite.

"There's a good reason why the great majority of people – well in excess of 90 per cent of the hundreds of individuals in my network – who leave the services after a long term always seem to end up in the same sorts of jobs," he says.

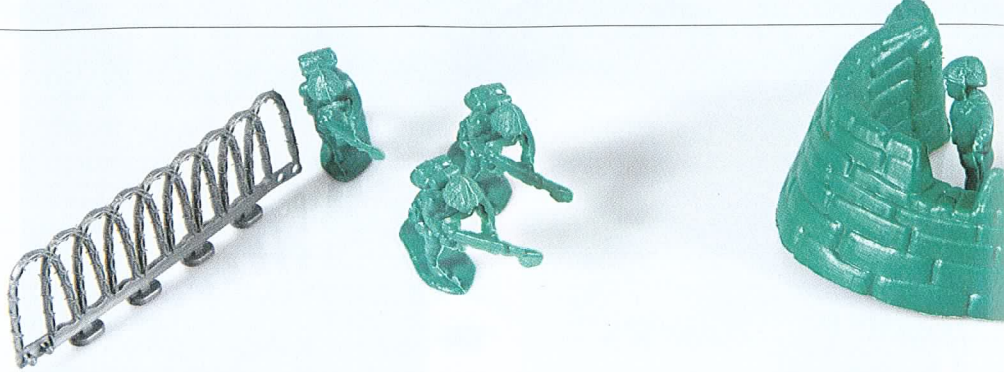
"They manage a golf course, work as the executive officer of the National Trust, work for a fire authority, go into the public service in a defence related area, work for a defence industry company, or contract for the defence force."

Vikingur graduated from Royal Military College, Duntroon in 1977. He served for 20 years, including two postings in Europe. He left because "my wife wanted to own our home, and I was sick of being paid like a janitor. I wanted control over my career and I didn't want to be in my mid-40s and have opportunities in industry closed to me."

His first job on resigning was as a commercial manager for a Western Mining nickel refinery, and he was later promoted to the position of CIO before moving to Santos. "I wanted to have a second career and during my time in industry I've worked in five different roles over 13 years."

Versatility and adaptability are skills that soldiers can bring to a C-suite role. "The military is a very people-focused area," Vikingur says. "Everything is about leadership, setting a good example, doing the right thing, treating people decently and being able to judge people on their competence and performance. You're doing this every day so you develop certain instincts based on experience."

"There's also a good mix of being task-focused as well as understanding the bigger picture. The one thing that the military did for me was that they took everything good in me and amplified it, and [took] everything bad in me and fixed it." \*



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