

QLDdirector

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Crisis management – a key component of good corporate governance

As recent events have highlighted effective crisis management plans are a key component of good corporate governance, since a mishandled crisis can inflict major damage on the organisation's reputation or financial results.

Corporate crises also threaten brands - the reputation of the company and that of the board. Directors need to ensure that their organisation has an effective strategy for managing a crisis.

A crisis management plan should address essential actions before, during and after a crisis. It should cover specific areas including: prevention, preparation, response, and recovery. Areas like finance, security, human resources, OH&S, risk management, and public and legal affairs should be represented on a crisis management team.

These in turn should be tied to plans for early business recovery. All aspects of the strategy should be reflected in a crisis communications plan, and that plan must anticipate the need to communicate not just externally (stakeholders, media, community), but with your own employees.

Most crisis management plans pay insufficient attention to every organisation's

most valuable asset: its employees. Do not underestimate the potential need for professional, psychological and other humanitarian assistance as an essential part of any crisis preparation and response plan.

A major objective of a sound crisis strategy should be to get operations back up as quickly as possible. So planning for business recovery should be an integral part of the overall strategy.

Each board will want to consider how best it can discharge its obligations for overseeing a company's crisis management plans. In some cases, the audit committee can take on this responsibility. How it is done is less important than ensuring the board meets its responsibilities to the stakeholders and employees by mandating that a plan be in place and exercised.

Each particular crisis will require modifications and adjustments to even the best crisis strategy. But experience shows that a company that has a sound and comprehensive plan that is well integrated and sufficiently flexible can survive a crisis and even rebound to new heights.

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Message from the State Manager



Richard Moore GAICD

Queensland has again had another difficult month with Cyclone Yasi devastating towns in regional Queensland. However, as many noted after the floods, we are a resilient state, and all our directors are working hard to return to 'business as usual'.

At the Australian Institute of Company Directors, we are

now into the third month of our organisation's 21st anniversary year.

As you may know, our organisation was founded in 1990, following the merger of the Institute of Directors in Australia and The Company Directors Association of Australia.

While at 21 we are still relatively young in historical terms, both at a National level and locally in Queensland, reaching this milestone is cause for us to reflect and celebrate.

Over more than two decades, we have continued to grow our membership and invested in expanding our offering of products and services to cater for your needs. We have also broadened our reach in policy development, as we strive to be a collective voice

for directors and provide leadership on director issues.

Those who have been a part of our organisation since 1990 – and even the last decade – will recall many highlights, including hearing outstanding keynote speakers at our events, and forming new and mutually beneficial business relationships with other directors.

For many others, completing the Company Directors Course, or building a portfolio of non-executive directorships, may also rank high on the list of career achievements during the time.

Since I started as State Manager, Queensland in July 2006, we have seen our profile lifted significantly, our regional programs go from strength to strength, our Leaders' Edge lunch series develop a reputation as one of Brisbane's

leading business forums, the Outback Forum become a must-attend event, and our courses and events attract ever-increasing numbers.

Throughout my tenure, and indeed in the years before, many Queensland members have given generously of their time on an honorary basis, serving on our Division Council and other regional committees. I would like to take this opportunity to thank you all for your contribution, which has helped us realise our successes to date.

I look forward to celebrating our 21st with many of our members during 2011 and I hope many of you will still be actively involved participants when we reach our next anniversary milestone. All the best for the remainder of 2011 from the Queensland team.

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After a crisis – getting back to business

If the past months have taught the business community anything, it is that the financial and operational impact of natural disasters, like the Queensland floods, cannot be underestimated.

Much has been written about planning for crises, but the question remains – what should a company do immediately after the event?

This article is designed to help answer this question, bringing to light three key areas for Directors and managers to consider – where to start, managing insurance claims and financial reporting.

Where to start

In the aftermath of a crisis, knowing where to start can be a daunting and overwhelming task.

To ensure shareholder value and the reputation of a company are upheld as much as possible, consider the following:

- Keep everyone informed and do not lose sight of disclosure obligations
- Liaise with suppliers and renegotiate terms if necessary. Remember they need you as much as you need them.
- Engage with bankers, financiers and investors to avoid surprises that could damage your reputation.
- Talk to customers and understand their circumstances, but be sure to agree terms that suit all parties.
- Make sure you know the particulars of loans, including covenants, and negotiate early if you think you will not meet covenants as a result of the crisis
- If you will require additional funding for working capital or to re-build, revise your forecasts and business plans.
- Maintain clear lines of communication with employees and Trade Unions (where relevant) to avoid confusion or misinformation – both internally and externally
- Establish a clear path for your cash flow under varying scenarios to ensure business objectives can be met.

Managing insurance claims

While many companies will initiate disaster recovery plans that can allow essential aspects of their business to continue, the reality of loss of stock and physical damage to buildings, plant and equipment could force some businesses to temporarily cease operations.

Physical assets are difficult to replace immediately, particularly in a situation like the recent Queensland flood crisis where thousands of business operators were impacted. On top of this, business owners and management could face serious loss of profits and extreme cash flow pressures. It is important companies quickly instigate steps to ensure they can continue and prosper into the future.

Stakeholders will want to know what the business' insurance situation is, so the first step is to obtain a clear understanding of your insurance policies, both for physical assets and any loss of profits or business interruption. Contact your insurance broker or insurer as early as possible to put them on notice of a possible claim and collate as much information as possible to support it, including photographic or video evidence.

Financial reporting

If a crisis impacts your ability to meet financial reporting lodgement timeframes (eg records are lost or damaged), take steps to liaise with the Australian Securities and Investments Commission to discuss your particular circumstances and determine what options may be available.

For businesses listed on the Australian Securities Exchange we recommended you contact your Liaison Officer as soon as possible to discuss your specific circumstances.

For information on BDO's services, please contact your local BDO adviser:

Bernard Curran
Partner
Private & Entrepreneurial Clients
bernard.curran@bdo.com.au

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Read more at www.bdo.com.au



Regional events

Gold Coast Business Leaders Briefing
What's hot - update report: The burning issues facing directors today

Guest Presenters: John Witheriff, Partner, Minter Ellison Lawyers; John Moncrieff GAICD, Chief Executive, WHK (South QLD); Gavin Nicholson FAICD, Queensland University of Technology



This evening is designed to update and educate directors and executive management on the regulatory issues, responsibilities and duties in the current environment as well as look at the future governance challenges for businesses on the Gold Coast.

Event details

Date: Thursday 31 March 2011
Time: 5.15pm (for 5.30pm) - 8.00pm (including presentation, networking, drinks and canapés)
Venue: Gold Coast Convention Centre, Broadbeach
Cost: Members \$45.00
 Non-members \$55.00
 (Events are GST exempt)

Sponsored by:



QLD Gold Corporate Partner:

Townsville Business Leaders Breakfast
Beyond cyclones and floods: QR National focussed on the future

Guest Speaker: Lance Hockridge MAICD, Managing Director & CEO, QR National



The Australian Institute of Company Directors invites you to attend the first Townsville Business Breakfast of 2011. Join us as QR National Managing Director & CEO, Lance Hockridge discusses;

- Life as a listed company
- QR National's role in the Queensland and national economy
- QR National's growth prospects
- Major investment including the Goonyella to Abbot Point expansion project

Event details

Date: Thursday 7 April 2011
Time: 7.00am (for 7.20am) - 9.00am
Venue: Jupiters Hotel and Casino
Cost: Members \$40.00
 Non-members \$50.00
 (Events are GST exempt)

QLD Gold Corporate Partner:

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To enquire or register for any of these events please contact Kate Condon t: 07 3222 5500 e: kcondon@companydirectors.com.au or visit us at: companydirectors.com.au/Events/QLD

Strategy ready

Faced with the aftermath of Queensland's extreme weather, organisations are now looking to develop effective strategies to ensure such crises are managed well in the future.

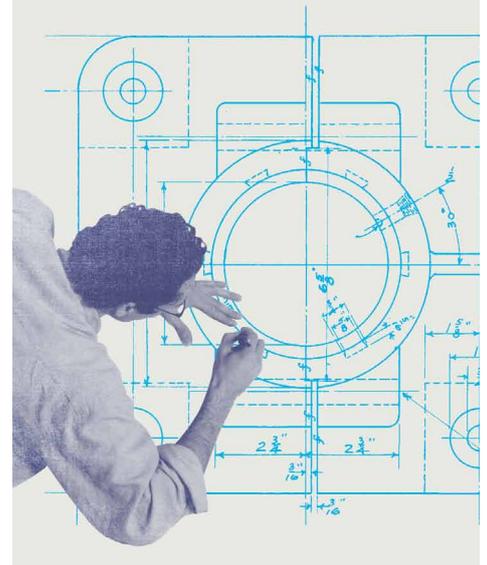
Boards are expected to be aware of their role in developing and implementing strategy while understanding how their decision-making impacts on the organisations they have chosen to lead.

The director has the right to be briefed by management using the necessary tools such as audit and analysis templates, strategy statements, review checklists, and progress reports.

Can the board now measure the strength of their current strategy against recent crises? Did it stand up? What areas need improvement to drive the organisation forward to overcome existing and new challenges?

Our course; The Strategic Board examines the different ways boards and senior executives address and develop strategy. Through the use of case studies within interactive group sessions, you will learn how to apply a range of practical tools and flexible frameworks when establishing and delivering strategy within your organisation.

The Strategic Board is presented in association with Effective Governance Pty Ltd in a full-day format in Brisbane on 1 April 2011.



Brisbane event

Business Breakfast

Technology, education and tomorrow's leaders

Guest speaker: Pip Marlow, Managing Director, Microsoft Australia



How is technology changing education and what impact will this have on today's students and your future employees? What skills and attitudes will these "internet natives" bring to the workforce and how will they add to and integrate with existing corporate cultures?

Pip Marlow will speak on the importance of aligning education and information technologies as well as the impact of Gen Ys entering her business. She will outline how Microsoft Australia is embracing Gen Y development to help them become the leaders of tomorrow and speculate on the new world of work Gen Z will encounter when they enter professional life.

As managing director, Pip Marlow is responsible for Microsoft's overall business in Australia. Pip is deeply committed to ensuring Microsoft meets the needs of its customers, whether they are consumers, small-and-medium businesses, large enterprises or government agencies.

Event details

Date: Wednesday 23 March 2011

Time: 7.00am (for 7.20am) - 8.50am

Venue: Hilton Brisbane Hotel

Cost:	Members	\$60.00
	Non-members	\$70.00
	Table of 10	\$600.00
	(Events are GST exempt)	

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Risky business

We live in turbulent times. Globalisation, financial crises, the impact of environmental changes and the onset of consumer demands for social responsibility have all been instrumental in increasing the number and scope of risks presented for board consideration. The recent extreme weather events are expected to put further pressure on boards to ensure that the full gamut of environmental risks are considered in future and that risks that may once have been viewed as unlikely are now re-evaluated.

Risk falls under the board's role and it is the duty of each individual director to ensure any reasonably foreseeable risks are mitigated and that a rigorous risk management plan is in place. Principle 7 of the ASX Corporate Governance Principles and Recommendations recommends that boards should:

- Establish sound policies for risk oversight, management and internal

control for management to implement

- Address risks that could have a material impact on business
- Regularly review and approve risk oversight policies
- Satisfy themselves that management has developed and implemented a sound system of risk management and internal control
- Ensure risk management policies; reflect the company profile, take into account the company's legal obligations and consider the reasonable expectations of stakeholders.

Risk and strategy are almost always inter-related and it is important to always consider these two roles collectively. Many boards will no doubt be reviewing their risk management strategies after recent events. However, it is equally important to ensure that the board's process of identifying risk, especially as the impact of these extreme weather events comes to

light, is airtight enough to ensure the company fulfils, at the very least, obligations and that directors are setting and maintaining the right risk culture.

In reviewing your risk and strategy be sure to identify any dysfunctionality in the process and consider any material risks emerging from the current business environment.

If your board is looking for more development in this area, our In-Boardroom service offers professional development delivered with a focus on your board and organisation. Whether you are a new board seeking direction on good practice or an established board looking to update knowledge and reinvigorate performance, our In-Boardroom service can be tailored to meet your exact requirements. Contact Sharelle Mann on (07) 3222 5500.

New members



John Anderson Yeppoon	Brad Gradwell Spring Hill	John Neilson Brisbane
Mark Avery South Brisbane	Ross Grantham St Lucia	Scott Nicholls Hope Island
Nick Badyk Milton	Tony Hackett Archerfield	John Nixon Clinton
Parul Banga Charleville	Lawrie Hannah Brisbane	David Nothdurft Ashgrove
Laurence Baum Southport	Garry Hannigan New Farm	Ian O'connor Gold Coast
Rob Beckman Spring Hill	Amanda Harman Clifton	Brendan Ostwald Dalby
Simon Bliss Albion	Geoff Harrington Canungra	Renae Pearlman Brisbane
Ryan Bright Brisbane	Glenn Haworth Fortitude Valley	Scott Reading Mcdowall
Ashley Brown Brisbane	Suellen Holmes Gold Coast	Andrew Ross Brisbane
Jennifer Buchholz Milton	John Homewood Acacia Ridge	Peter Scanlan Norman Park
Sharon Burton The Gap	Wayne Hsueh Wakerley	Michael Schaumburg Coorparoo
Gregg Buskey Brisbane	Kevin Jih Broadbeach	Sharon Seymour Paddington
Wayne Carlson Downsfield	Ross Keane Forest Lake	Andrew Skeat Townsville
Frankie Carroll Wilston	Paul Kelly Mackay	Gary Soutar Gold Coast
Eleanor Chew Indooroopilly	Peter Kerr Sunshine Coast	Richard Swann Highgate Hill
Michele Clark Ashgrove	Ray King Chapel Hill	David Swanwick Ashgrove
Dianne Clift West End	Heather Kingston St Lucia	Ivor Timmins Banyo
Bryce Coventon Buderim	Siegfried Konig Murarrie	Daniel Timms Brisbane
Tim Dobson Cashmere	Andrew Lawry Samford	Paul Tracey Brisbane
Lynne Doneley Fortitude Valley	Teresa Lynne Bardon	Paul Turner Springwood
Mike Drew Brisbane	Matthew Martyn-Jones Spring Hill	Allan Wallis Cairns
Shelley Evans-Wild Edge Hill	Danny Mccarthy Mackay	Andrew Wallis Bundaberg
Paul Fitzpatrick Cairns	Gary Mcdonald New Farm	Keith Webster St Lucia
Steve Forrest Wilsonton	Debbie Mckenzie Brisbane	Gordon Wellham Port Douglas
Bob Fuller Spring Hill	Guy Miller Mount Gravatt	Christine Williams Brisbane
David Gardner Shailer Park	Steven Morgan Mackay	Irena Yashin-Shaw Mount Gravatt
Mark Gilbert Ashgrove	Peter Murray Rocklea	

Diary dates 2011

7 March:	Sunshine Coast Business Leaders Breakfast
Guest speaker:	James Strong AO FAICD, Chairman, Woolworths Limited
Time:	7.00am - 9.00am
Venue:	Novotel Twin Waters
Enquiries:	Nikki Bower or Kate Condon t: 07 3222 5500
8 March:	Leaders' Edge Lunch with David Stewart MAICD, CEO, Leighton Holdings Limited
Time:	12.00noon for 12.30pm - 2.00pm
Venue:	Hilton Brisbane Hotel
Enquiries:	Sally Taylor or Kate Condon t: 07 3222 5500
10 March:	The Chairman Course
Facilitator:	Henry Bosch AO FAICD
Time:	8.30am - 1.30pm followed by a light lunch
Venue:	The Brisbane Club
Enquiries:	Christina Fenton or Rachael Lister t: 07 3222 5500
23 March:	Business Breakfast with Pip Marlow, Managing Director, Microsoft Australia
Time:	7.00am for 7.20am - 8.50am
Venue:	Hilton Brisbane Hotel
Enquiries:	Sally Taylor or Kate Condon t: 07 3222 5500
31 March:	Gold Coast Business Leaders Briefing
Guest Presenters:	John Witheriff GA, Minter Ellison, Gavin Nicholson FAICD, QUT and John Moncrieff GAICD
Time:	What's Hot - Update Report; The burning issues facing directors today 5.00pm for 5.15pm - 8.00pm (including networking, drinks and canapés)
Venue:	Gold Coast Convention Centre, Broadbeach
Enquiries:	Nicole Oswell or Kate Condon t: 07 3222 5500
31 March:	Governance for New Directors Course
Facilitator:	Dianne Ball GAICD
Time:	8.30am - 4.30pm
Venue:	The Brisbane Polo Club
Enquiries:	Christina Fenton or Rachael Lister t: 07 3222 5500
1 April:	The Strategic Board Course
Facilitator:	Geoff Kiel FAICD
Time:	9.00am - 4.30pm
Venue:	The Brisbane Club
Enquiries:	Christina Fenton or Rachael Lister t: 07 3222 5500
5 April:	Brisbane Directors Briefing - Successful family enterprises
Guest speaker:	David Harland FAICD, Managing Director, FINH & Glenn Cooper AM FAICD, Executive Chairman, Coopers Brewery
Time:	5.30pm for 5.45pm - 8.00pm
Venue:	Hilton Brisbane Hotel
Enquiries:	Sally Taylor or Kate Condon t: 07 3222 5500
7 April:	Townsville Business Leaders Breakfast
Guest speaker:	Lance Hockridge MAICD, Managing Director & CEO, QR National
Time:	7.00am - 9.00am
Venue:	Jupiters Hotel and Casino
Enquiries:	Nikki Bower or Kate Condon t: 07 3222 5500