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Innovation Culture

Investment banker, philanthropist, and yachtsman Simon McKeon AO discusses what Australia can learn from Israel's innovation culture, how boards can be disrupted by embracing diversity, and the benefits of altruistic involvements.

Images by Joseph Feil

Simon McKeon AO has his fingers in many pies. The 2011 Australian of the Year recipient has held numerous positions across a vast portfolio of fields over his extensive career. He is the chairman of AMP Limited, the recently retired chairman of CSIRO, and the former executive chairman of Macquarie Group. He is a fellow of the Australian Institute of Company Directors, an Australia Day Ambassador for the Victorian Government, and a business ambassador for the Northern Territory. In addition to his corporate life, he is also involved in a variety of charitable organisations, and was the founding patron of the Australian Olympic Sailing Team which won three gold and one silver at the 2012 London Olympics.

Furthermore, Simon has had an association with the Australia-Israel Chamber of Commerce (AICC) for some time now. A couple of years ago, it was suggested to him that he should think about getting involved in an upcoming AICC Innovation Trade Mission to Israel, or even go one step further and put his hand up to lead one. After pondering over the idea for a while and getting his diary in order, he decided that the time was now right to take up the opportunity. Subsequently, in May this year he led a group of Australian executives around Israel for one week to learn more about the country's technology, innovation, and entrepreneurial ecosystem. The key purpose of the visit was to explore business and investment opportunities, as well as understand Israel's geopolitics and culture.

Simon says innovation is a vital part of Israeli culture and that it is instilled in children from a young age. They are encouraged to question things, push the boundaries, and challenge ideas before working as a team to reach the best possible outcomes. When Australia is held up to the light in comparison, it lags behind.

"We don't have any shortage of the resources or the education in Australia," he explains. "We have all the tools of trade we need, but just as Australia is wonderfully focused and culturally alert in areas such as sport, the reality is that you only have to spend a little while in Israel to know that the area of innovation, which is such a broad-ranging topic, is so important. Without being elitist, >





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the fact is that many people who honestly have very little possibility of ever being a critical part in an innovation system still know how important it is.

“To some extent, out of that place of challenge, pressure, and uncertainty comes a cultural understanding of the importance of innovation—literally injecting human talent into an area of need and coming out with something valuable. It is quite extraordinary seeing it in a place like Israel because it is not a Silicon Valley, which is largely safe and without uncertainty. It is quite the opposite, yet it is in that environment that this extraordinary impact hits you.

“I think governments should celebrate innovation, make us feel good about it, and encourage us. I think Israel does that job of exciting the nation in the areas that they’re good at a bit better than we do. It’s this cultural acceptance whereby a taxi driver can say, ‘I am part of this community that does this. I may not be the chief innovation officer of Microsoft Israel, but I still feel a sense of pride.’”

During Simon’s five-year tenure with the CSIRO, he played an important role as the custodian of scientific innovation within Australia. He says that these types of communities are crucial to the progression of any country and its business environments.

“There are certain things that we need that the rest of the world, quite simply, is going to struggle to produce without risk in the scientific or innovation space. We are a special continent. We have special needs and we do import, but I think the first point to make is that it is simply impractical to import everything. Some of the things we need we are going to have to grow ourselves. If we do that very well, then obviously there is an enormous opportunity to export those things.

“Firstly, there are homegrown reasons as to why it is so important to have a scientific community. On top of that, it is not as if we are



uncompetitive in the world of innovation. When we really allow ourselves to ‘dream large’, to quote the University of Melbourne slogan, we can take on the world and be as competitive as we want to be. It is no surprise that we are actually responsible for a long list of extraordinary world-relevant innovation. Australia’s scientific community is incredibly important. What impact does it have on Australian business? I would simply say that unfortunately it does not have enough. We haven’t got that connecting drawbridge between the scientific community and business. They don’t know each other well enough, and that is where we have still got a lot of work to do.”

In order to fix that disconnect, Simon believes, people need to have a better understanding of how Australia’s best business brains and its deep pockets of scientific excellence can work together effectively for the betterment of the country. “For example, when we look at the boards of the top Australian companies and count up all the

board members, how many actually have PhDs?” he asks. “Then do a comparable calculation to their counterparts in the US, and the reality is that we end up with a smaller number. Why is that?”

“That is one statistic out of many, but it demonstrates why Australian businesses, relative to their counterparts overseas, find it so challenging to understand what I am calling the ‘innovation business case study’. We all know how to spend money on a new building here in Australia or what a new piece of equipment might cost, but the case study for a truly innovative program is something that I believe is just a little less understood. From the old to the young, people in so many of our companies are just overlooking the possibility to be more innovative. That is why I conclude that all of this starts under the umbrella of ‘cultural’. It is not that business is run badly; actually, I think decisions are made quite well. It’s just that we are missing out on another very legitimate lens through which to see business grow.”



Simon admits there is a cultural problem in Australia when it comes to innovation, and suggests that the fix comes down to two things: having the right people on boards and in teams who really understand the positive and negative effects of innovation, as well as communicating the message about innovation in the most effective and genuine way. He adds that every CEO should have some ‘Kodak stories’ on hand to share with staff about big and celebrated organisations that should have kept going forever but actually hit a brick wall because they didn’t take certain things seriously enough. This, he says, is the start to reversing the problem with innovation.

In addition to innovation, Simon also speaks openly about the benefits of disrupting boards with diversity, something which he was surrounded by from a young age. “I was really lucky in that I went to a state public school in one of the poorer parts of Melbourne, and as it was the first drop-off point for many new immigrants, we had 50 different ethnicities. I didn’t know,

as a seven year old, that life was any different from that.

“As a very young person, I saw the power of different experiences. As long as you worked out for yourself what was good and what was bad, having that diversity of experience was going to be better than just having one set of experiences shared by similar people. Translate that now to a board and I still think the same. Firstly, I define diversity obviously as a whole lot bigger than gender. Obviously, the gender issue is a very big issue, but I hope that we can progress and think of all the other things that make diversity potentially so competitive.

“At the end of the day, whether it’s our technical background, race, where we have grown up, personal experiences, age, whatever it is, so long as all of us can come together as a team, then that’s what matters. If the diversity leads to dysfunction, then you have got to go back to the starting block and try again; but if the diversity actually can lead to a team, then all I would say is that that’s going to

beat the team that’s comprised of a whole bunch of similar people, particularly when times are tough.

“That’s when chances are that someone with a different background will have something constructive to say. If the problem has occurred and it’s been dealt with by a board of very similar people, chances are that they will all know about the problem and have an answer, or chances are none of them will, and that’s very dangerous from a board perspective. Accordingly, it’s pretty obvious that nowadays with the issue of competitive disruption, you are mad if a board doesn’t have an active focus on ensuring that people are familiar and well versed in rapid business disruption, 2015 style.”

On top of Simon’s heavy involvement in the corporate world, he is also actively involved in many philanthropic pursuits. These include Multiple Sclerosis Research Australia, Red Dust Role Models, National Disability Services (Victoria), Global Poverty Australia, and World Vision >



Australia. Simon says that while he believes there is a connection between altruism and achieving success in other areas of life, it shouldn't be taken as a guarantee.

"I may as well start with the bad news. We live in a world where wonderful people, through no fault of their own, have suffered the most horrible consequences. So it's not a guarantee. I don't want to be stupid and over-generalise, but at the end of the day I do believe that the more you treat people positively, the more it reflects well upon yourself.

"My judgement over many years is that chances are that the people who get to the very top of the tree are those that have had a very decent relationship with all of those around them, as opposed to those who simply display an animalistic type of tendency to win. I think my own conclusion is that when you are decent to those around you, you receive a lot back, and that actually adds to your competitive position."

Simon believes that the corporate community should play a part in philanthropic cases, even if it is for selfish reasons. "I don't talk about this terribly much, but during 2011 when I was Australian of the Year and was asked to talk about the charitable world a lot, I used to say continually that I encourage everyone to be engaged in some sort of philanthropic activity, but most importantly to make sure that it's something that works for you," he explains. "You don't need to be frogmarched into something that might be good for someone else but doesn't actually work for you."

His advice to other business people is to look for something that has meaning and is relevant to your own interests and needs. "That can be a bit selfish, but I believe that in the longer term, so long as you don't let your ego get in the way, that's actually the best way to maintain involvement. I have been privileged to be involved in lots of different causes very wide and varied, and some of them have simply been because I have been so impressed by the



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CEO who has given up their time to be in that role full time, and I am just happy to play a little role in the background trying to help. At other times I'm downright selfish.

"I was diagnosed with multiple sclerosis about 15 years ago. I don't have it badly; I don't really need to talk about it because I am right up there on the easy end of the spectrum. When it first hit me, it was pretty confronting. I went blind and I was paralysed from the hip down for a couple of weeks. As it turns out, about five years before those episodes I had actually been invited to go on the board of Multiple Sclerosis Victoria and I politely declined. But I can tell you that as soon as I was formally diagnosed with MS, I rang up those people and I asked to accept their previous invitation to go on the board. I knew that while sitting around a board table I would be mixing with not only people like me who have an interest in MS, but some of the most renowned Australian experts in the field.

Here it was, this magic solution, because I would actually be spending regular time with people that had committed their lives to this wretched condition.

"I guess it's an odd example in a way because it's selfish with a sort of capital 'S', but I don't mind talking about it. The important thing in any event is not so much my selfishness but the question of whether it makes me do a half-reasonable job with the cause. That's what it's all about. And I have to say that when there is a little bit of selfishness in the cause, it does bring out a bit more activity and commitment on my part. That's what works for me."

Throughout his extensive career, Simon has made a valuable contribution to Australia's business and philanthropic environment. While promoting innovation and diversity, he will undoubtedly continue to play a role in shaping the corporate landscape for future generations to come as his career progresses. •

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