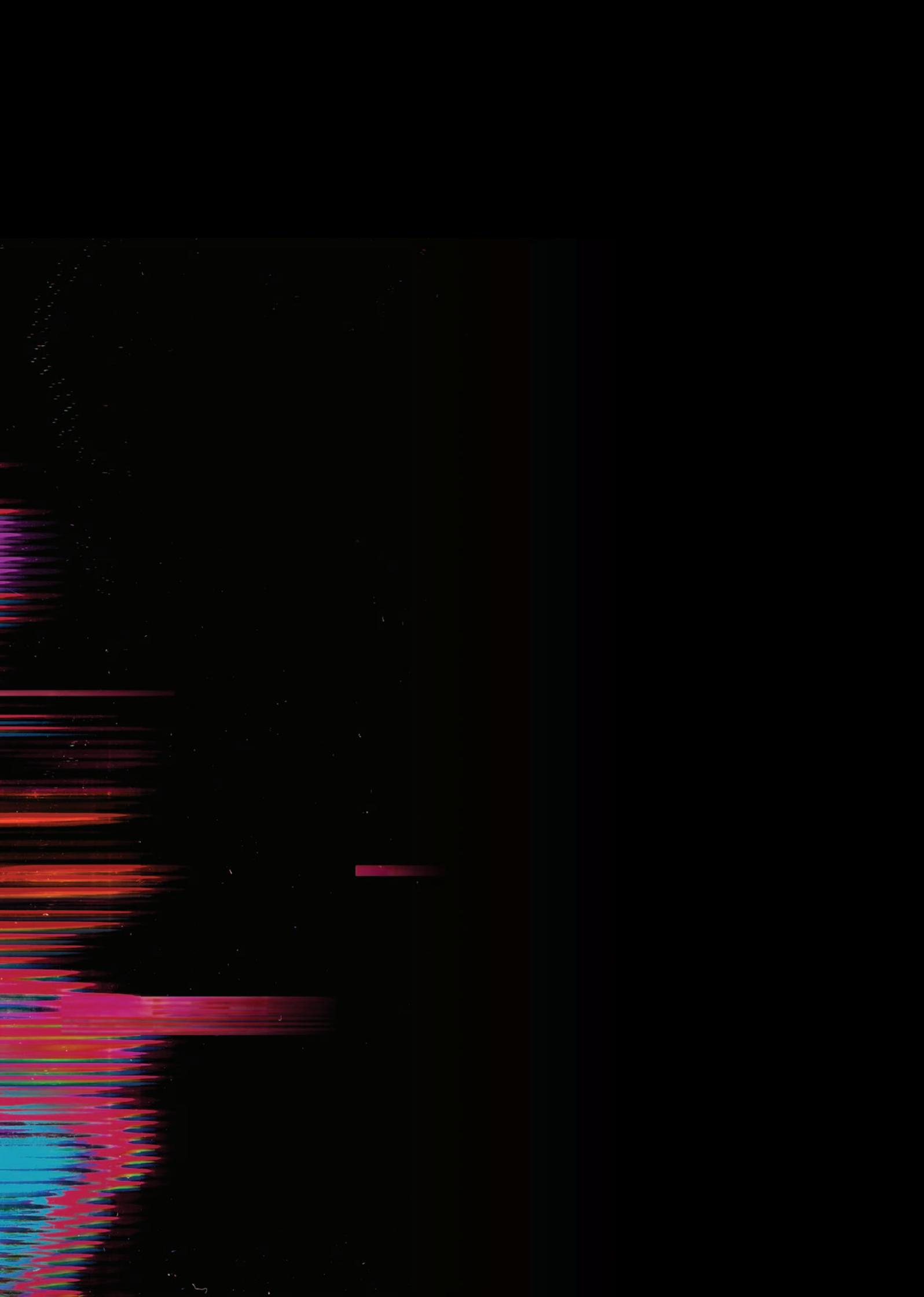




#NEXT/GEN
A BMW GROUP PLATFORM

Next Generation Leadership Report
April 2021



WELCOME

What is Next Generation Leadership?

In a world where change is the only constant, Next Generation Leadership is the relentless desire to ask: "What's next?"

Because at the end of the day, a Next Generation Leader is not defined by profits or share prices – they need to inspire, connect, and act in a manner that drives benefit for all.

The global Covid-19 pandemic has changed the way we work. Consumers are now more empowered than ever thanks to digitalisation.

Leaders today need to juggle authenticity with brand image, community outreach with organisational culture, and sustainability with the bottom line; against this backdrop, Next Generation Leadership is a quest to find the values and mindsets that are key to challenging the status quo – for ourselves, for our communities, and for the environment.

To seek these elusive answers, BMW New Zealand has worked with a collection of the most innovative, progressive and respected business leaders in Aotearoa to develop this report.

The company also commissioned a survey that analyses the responses of 500 business leaders in New Zealand – gathering their thoughts on the most pertinent issues facing leaders today, and the opportunities that lie ahead for future leadership to complement the report.

I hope that the insights and opinions in here either reaffirm your beliefs, give you pause to think, or open your mind to new considerations. Because Next Generation Leadership is not just about operating for today, it is about changing for tomorrow.

I am glad to report, however, that based on the thoughts and opinions offered up by New Zealand business leaders featured in this paper, tomorrow will be an exciting day indeed.



KAROL ABRASOWICZ-MADEJ
Managing Director
BMW Group New Zealand

EXECUTIVE SUMMARY

04

Next Generation Leadership



Good business leaders possess an almost instinctive understanding of their company and the ecosystem in which they operate – from the right decisions that trigger development of a new product or service, to the 'sweet-spot' price point that drives customers to their most profitable product.

But there's a secret ingredient that transforms an ordinary business into a powerhouse – and that's leadership.

After in-depth discussions with a group of New Zealand's most outstanding business leaders, and a wider piece of proprietary research analysing the thoughts and opinions of 500¹ more, we have determined five crucial components New Zealand business leaders can embrace today, in order to succeed tomorrow.

¹ Pure Profile Survey, 500 Business Leaders, February 2021

01

CHARACTERISTICS

A strong character remains a highly coveted leadership trait – but not in the traditional sense. Strong-arming in meetings, boardroom power moves and over assertion are now passé; instead, Next Generation Leaders need to display traits like integrity, empathy, accountability and a knack for authentic communication.

02

COMMUNITY & INCLUSIVITY

No business operates in a vacuum in this digitalised world; even in its most immediate operating vicinity, a business is supported by its community. Next generation leaders must forge connections and support the community that it is interdependent on; they must also keenly address topics at the forefront of conversations today around diversity and inclusion.

03

WORKPLACE WELLBEING

If the global Covid-19 pandemic and widespread switch to remote work has shown us anything, it is that there is a much greater public consciousness for workplace wellbeing and mental health. Next Generation Leaders need to walk the talk and recognise that purpose and empowerment, not wages, is the main motivator for an engaged and productive workforce.

04

SUSTAINABILITY

It might sound like a buzzword that businesses cannot do without in 2021 but be wary – the empowered consumer sees right through tick-box initiatives. Next Generation Leadership is not merely about creating a good-looking campaign and leaving the balloon afloat; it is increasingly believing that sustainability should have equal – if not more – footing with profit.

05

INNOVATION

Resources are finite, but growth must carry on; the way businesses innovate is very much the factor that will define their survivability in the future. Innovation has long been a barometer of success, but Next Generation Leaders in New Zealand believe innovation is the bridge that will link together seemingly impossible concepts for growth and sustainability in the future.

OUR BUSINESS LEADERS



KAROL ABRASOWICZ-MADEJ
Managing Director
BMW New Zealand

BMW New Zealand is a leading provider of luxury automobiles and is continuing to drive growth in New Zealand thanks to its 'Power of Choice' product strategy and digital customer centricity models being applied across BMW and MINI. Karol Abrasowicz-Madej has been Managing Director at BMW New Zealand since 2018, and has been most recently responsible for spearheading the roll-out of multiple electrified vehicles, with more to come in the near future.



CHRIS LITCHFIELD
Managing Director
Coca-Cola Amatil Pacific

Chris Litchfield is the first Kiwi appointed as Managing Director of Coca-Cola Amatil Pacific, a role he has held since 2014. With a proven track record of strong business leadership, new business acquisition, commercial planning and dedication to the wellbeing of people within Amatil, Chris has led a highly engaged workforce, achieving Kincentric Best Employer for five consecutive years since 2016. During his leadership, the Amatil NZ business significantly increased its use of recycled plastic, achieved major progress on sugar reduction and managed to return the Government's \$7.2M wage subsidy in full while keeping all its people employed in 2020.



RANJNA PATEL
Founder and Director, Tamaki Health & Founder, Gandhi Nivas

Tamaki Health is New Zealand's largest independent primary healthcare group, delivering care through more than 40 practises from Whangarei to Christchurch, to an estimated 4,000 patients per day. Ranjna has been awarded a NZ Order of Merit and a Queen's Service Medal, has been inducted into the NZ Hall of Fame for Women Entrepreneurs, and won Deloitte's Visionary Leader, EY Entrepreneur – Master Category, Westpac Women of Influence Community Hero, the Trade Me New Zealand Innovator of the Year Award – Te Pou Whakairo o te Tau, and was a finalist in Kiwibank New Zealander of the Year.



CRAIG HUDSON
Managing Director
Xero New Zealand and Pacific Islands

Founded in 2006 in New Zealand, Xero is one of the fastest growing software services companies globally with more than 3,000 employees worldwide. It was awarded as the World's Most Innovative Growth Company in 2014 and 2015 by Forbes. Craig is a key member of the global leadership team at Xero and has been Managing Director of New Zealand and Pacific Islands since 2017, where he has spearheaded an authentic focus on workplace wellbeing for staff and customers alike.





DOUG PAULIN
CEO
Sealord

Established in 1961, Sealord is one of the largest seafood companies in the southern hemisphere in terms of catch, and one of the country's Top 60 companies in terms of revenue. Owned by Moana New Zealand and Japanese fishing company Nissui, Sealord has a footprint spanning five continents, delivering around \$500 million worth of seafood to 40 countries each year. Doug has been CEO since 2020 and has taken significant strides to improve communication and collaboration between Sealord's hundreds of employees.



SHAMA SUKUL LEE
Founder and CEO
Sunfed

Sunfed, a novel hard tech company, is one of the fastest growing and innovative businesses in New Zealand – creating plant-based meat alternatives from yellow pea protein that tastes like animal meat but is healthier for consumers and the planet. The company has secured tens of millions in investment to fund international expansion, with Shama Sukul Lee delivering a conscious leadership style that moves beyond individual ambition, to focus on benefiting all life.



GEOFF ROSS
Director
Lake Hawea Station

Geoff is one of New Zealand's most recognisable and innovative entrepreneurs – he founded 42 Below vodka, was a director and chairman of The Trilogy Group, and has held trustee roles with Melanoma NZ, Endangered Species Foundation and Pure Advantage New Zealand. He is currently the owner of Lake Hawea Station, driving a new approach to farming that puts the ecosystem and the environment first.



BROOKE ROBERTS
Co-founder and 3EO
Sharesies

Sharesies is an online investment platform that provides Kiwis with an easy and low-cost way to get invested in the stock exchange. Sharesies gives people the control to invest by giving them access to thousands of companies and funds to choose from, with no minimum investment amount, so that everyone has an equal opportunity to grow their wealth. Brooke is one of our leading female entrepreneurs, and has focused on creating a sustainable, democratic business model for staff and customers alike.



LYN LIM
Director, Restaurant Brands Limited
& Director, General Capital Limited

Lyn Lim (Huei Min Lim) originates from Malaysia and has had decades of involvement in commercial and community activities relating to Asian migrants in New Zealand. She is a Member of the New Zealand Order of Merit for services to New Zealand-Asia relations. Lyn is a Director of Restaurant Brands Limited and General Capital Limited. She is also a board member of Asia New Zealand Foundation and Auckland Regional Amenities Funding Board. She has long-championed inclusivity and diversity for social cohesion. She has held various high-profile roles including Chair of Foundation North and a board member of AUT, Public Trust, the New Zealand China Trade Association, Hong Kong New Zealand Business Association and ANZ Private Bank External Advisory Board.



CHARACTERISTICS

A strong character remains a highly coveted leadership trait – but not in the traditional sense. Strong-arming in meetings, boardroom power moves and over assertion are now passé; instead, Next Generation Leaders need to display traits like integrity, empathy, accountability and a knack for authentic communication.

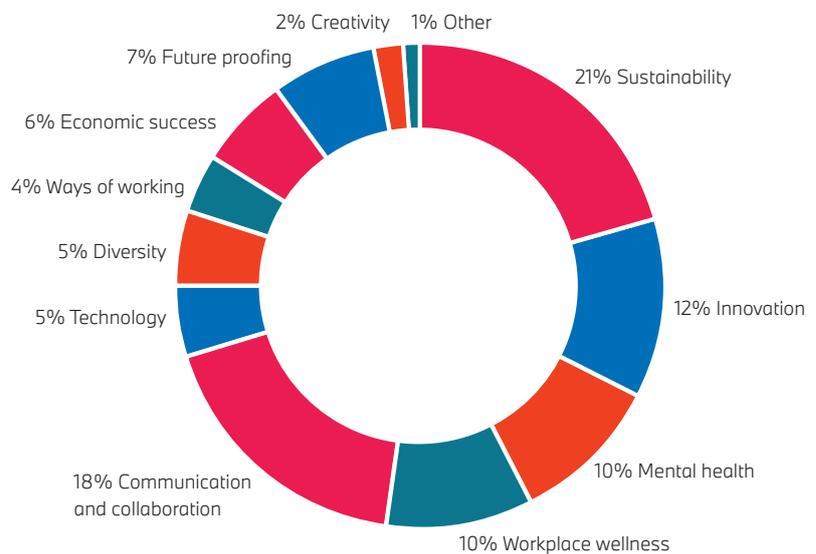
In proprietary research compiled for this report, almost **one in five respondents believe collaboration and communication will be the highest priority for next generation leaders** – stating it is a more important priority than workplace wellness, diversity, innovation and economic success.

This insight is heavily reflected in the traits we look for in our business leaders – the three most important characteristics identified in the survey were integrity (66%), communication (64%) and accountability (44%).

This contrasts to characteristics previously associated with good leaders, with assertiveness (9.7%) and energy (8.7%) seen as far less desirable traits in professional environments.

As digitalisation enables new, direct forms of communication, clear, authentic and accountable communication is going to be an even more desirable characteristic for the next generation of leaders.

Highest priority areas of focus for next generation leaders



RANJNA PATEL
 Founder and Director, Tamaki Health
 & Founder, Gandhi Nivas

CRAIG HUDSON
 Managing Director
 Xero New Zealand and Pacific Islands

DOUG PAULIN
 CEO
 Sealord

"Next Generation Leadership is about listening to young people, inspiring them, digesting what they say and then implementing a plan. As you progress in your career it's important you take time to sit back and listen, and digest other people's point of view – it is too easy to get siloed in your thinking, so **having an open mind is very important.**"

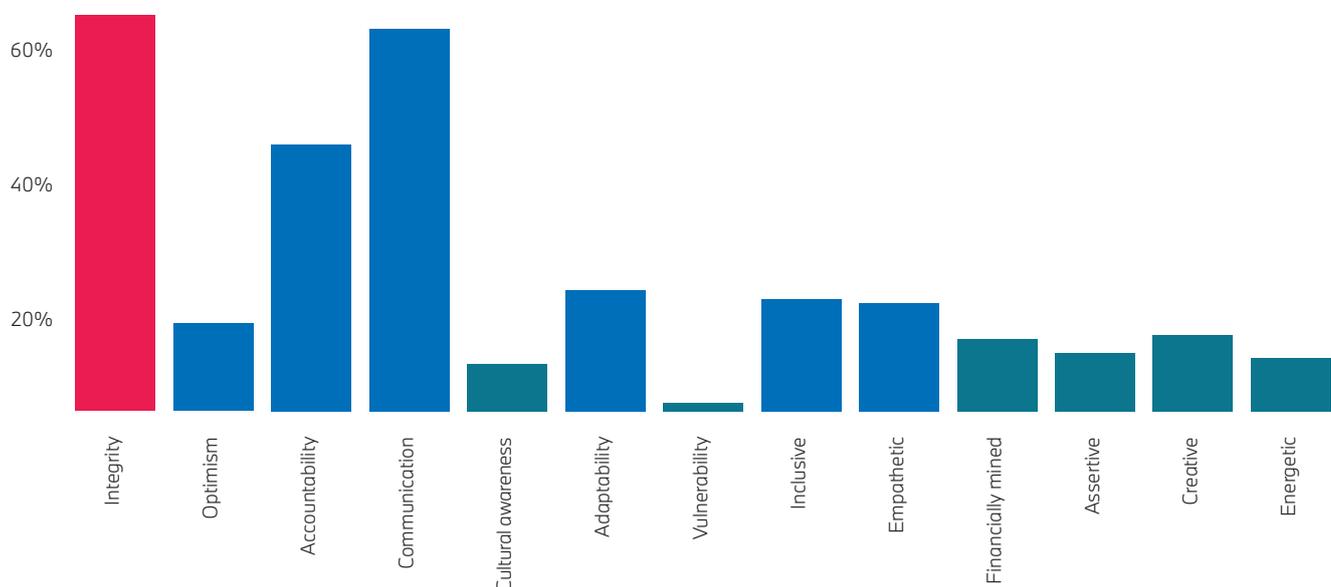
"Next Generation Leadership is when you are able to **connect, understand and guide people through an uncertain future.** For me to be that leader, I need to take a step back and empower people to be themselves. That's why I think the most important characteristic of next generation leadership is empathy. To be empathetic means to be understanding. It means being able to walk with your people through everything they're going through – not just in business, but in life."

"Two-way communication is critical for success. Because that's the only way leaders can really discover what is going on in their organisation, how their people are feeling, how engaged employees are.

Sealord is putting an online world into practice over the next twelve months where people can engage with leadership on a two-way basis. We'll be analysing what people have told us and engaging them in future decisions. **We want to ask them what our next steps should be, to help make tomorrow an even better day to come to work.**

It is critically important that leaders are versatile – we're leading different generations of people, different cultures and different genders. As a leader you can't be one thing anymore – you have to think about the audience you're in front of and how you're trying to engage a particular individual or a particular team."

Traits associated with good leadership



COMMUNITY & INCLUSION

The increasing focus on diversity and inclusion within wider society – and indeed the boardroom – is clearly on the radar of Aotearoa’s business leaders. But are we doing enough?

According to proprietary research for this report, just over half (57%) of business leaders think we currently put enough focus on diversity and inclusion – and many are nervous about addressing the challenge head-on.

Only 16% of respondents think it will be easy to reach gender and ethnic diversity in senior leadership positions, so future leaders must drum up the courage to take on this challenge.

Aotearoa’s community is a broad-church, and we have selected three elements for further investigation below.

GENDER EQUALITY

The gender pay gap using median pay for the entire workforce in 2020 was 9.5% in favour of men². It is heartening to see that 61% of business leaders in New Zealand believe that the pay gap is too large, but on the flip side, 13% believe it is acceptable. The global Covid-19 pandemic has only made this disparity worse as women juggle duties at home with remote work. Unsurprisingly, there is significant variation between male and female respondents. One in five male leaders (20%) don’t believe the gender pay gap is an issue, compared to just 5% of females.

LGBT INCLUSION

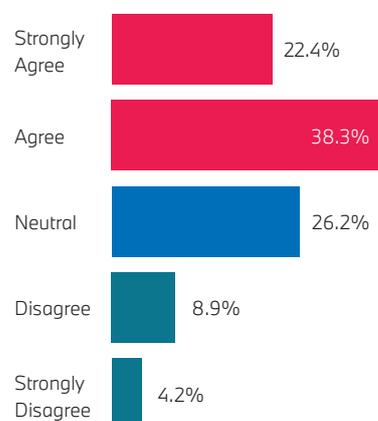
71% of business leaders believe the LGBT community has enough exposure in senior leadership positions – despite none of New Zealand’s Top 100 companies having an openly LGBT CEO. However, this opinion varies hugely based on age – 42% of leaders under the age of 30 believe there is not enough LGBT representation, whereas only 17% of leaders over the age of 60 feel the same.

CHINESE COMMUNITY

Aotearoa has a vibrant and growing community of Chinese, with close to 250,000 recorded in the 2018 census – or 5.3% of total population³. When you look at the Auckland region alone, the Chinese segment jumps to 11% of its total population. Despite the growing numbers of Chinese New Zealanders, 84% of business leaders believe there is enough senior representation in business. Like the issue of LGBT inclusion, there is a discrepancy between younger leaders who think we can improve in this space – and mature leaders who think representation is strong enough.

Today’s business leaders are cognisant of the diversity and inclusion issue – however there is room for improvement and awareness to have the conversation for further inclusion, especially from business leaders under the age of 40. If anything, this is hopeful indication that our boardrooms will become more multicultural and diverse in the future.

Gender pay gaps are still too large in New Zealand



² www.publicservice.govt.nz/our-work/workforce-data/gender-pay-gap-comparison/#:~:text=The%20gender%20pay%20gap%20using,%2C%209.3%25%20in%202019.
³ www.stats.govt.nz/news/new-zealands-population-reflects-growing-diversity



RANJNA PATEL

Founder and Director, Tamaki Health
& Founder, Gandhi Nivas

"We started our business in 1977 in Otago, it was a very high needs community at the troubling times of the Machete murders and the Dawn Raids. This community was crying out for decent health care, so we became a part of it. We listened to what the community needed, employed people from the community and employed whānau from our existing staff. This empowered our workforce, because suddenly family members and friends were coming to work for their organisation. The next generation of leadership isn't just about business.

Business is something that's needed, but when you empower your community you've unlocked the secret ingredient."

BROOKE ROBERTS

Co-founder and CEO
Sharesies

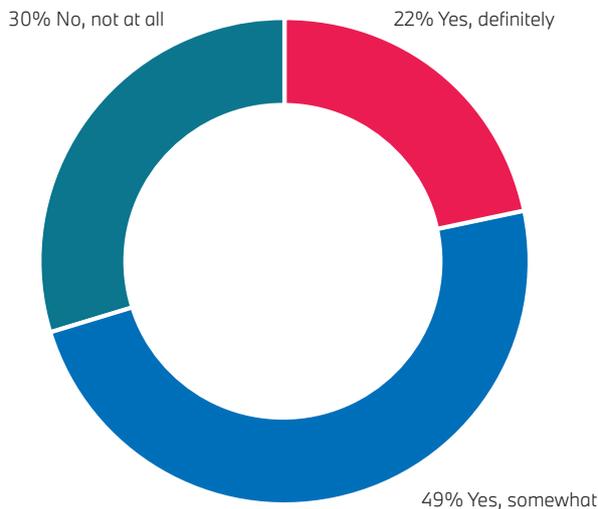
"At the heart of next generation leadership is being driven by the purpose your leading. Your potential for positive impact for all. Never lose sight of that, stay connected and be approachable to be able to get stories and insights that will make you a better leader. **I've seen so many business's out perform others when they work towards the same Kaupapa."**

LYN LIM

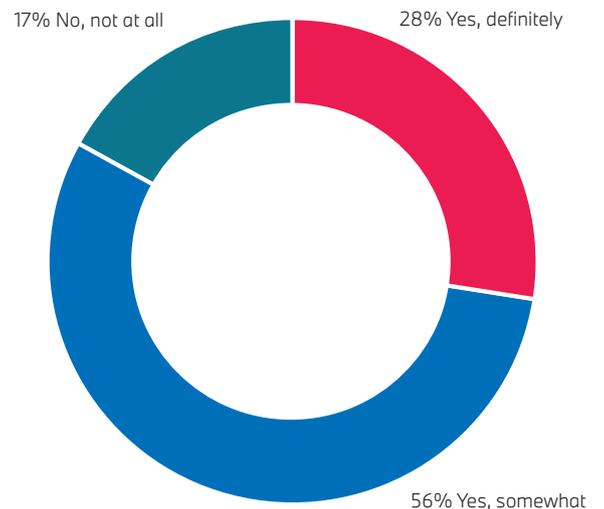
Director, Restaurant Brands Limited
& Director, General Capital Limited

"Diversity will ultimately create social cohesion. To begin this change, create the first step by taking a long term view over short term profit especially in terms of people and environment. We want to support people who are encouraging and inspiring, people we want to emulate."

Does the LGBT community have enough representation in senior business circles?



Does the Chinese community have enough representation in senior business circles?





WORKPLACE WELLBEING

If the global Covid-19 pandemic and widespread switch to remote work has shown us anything, it is that there is a much greater public consciousness for workplace wellbeing and mental health. Next Generation Leaders need to walk the talk and recognise that purpose and empowerment, not wages, is the main motivator for an engaged and productive workforce.

One third of business leaders (31.8%) surveyed do not believe we have enough focus on mental health and wellbeing in the workplace. One in five business leaders believe workplace wellness or mental health should be the highest priority for the next generation of business leaders.

The challenge is how we can bring this into New Zealand's businesses, and for the purpose of this report, we have investigated two common initiatives quoted in the media to improve workplace wellness and mental health:

EMPLOYEE ASSISTANCE PROGRAMMES

Outsourced mental health assistance programmes have become commonplace in many businesses across Aotearoa – yet our business leaders are unsure if they go far enough. According to our survey, almost two thirds of leaders (64.5%) in New Zealand believe employees need a bespoke mental health programme that stretches beyond the one-size-fits-all outsourced mental health programme.

FOUR-DAY WORKING WEEK
Flexible working practices have surged in popularity during COVID-19 – with one in five employees (21.8%) spending more than 50% of their time working at home.

Surprisingly, business leaders in New Zealand are strong advocates for making a four-day working week permanent – with 59% of respondents saying this is a good idea.

This was typically championed by younger leaders, or female leaders. 70% of female respondents are supportive of the concept compared to just half (51%) of men, and two thirds (67%) of leaders under the age of 40 strongly support the concept compared to just a quarter (24%) of those over the age of 50.

Re-evaluating mental health programmes for employees and demonstrating an understanding of their overall wellbeing will be a crucial component of next generation leadership.

CHRIS LITCHFIELD
 Managing Director
 Coca-Cola Amatil Pacific

CRAIG HUDSON
 Managing Director
 Xero New Zealand and Pacific Islands

Leaders are placing enough focus on mental health in the workplace

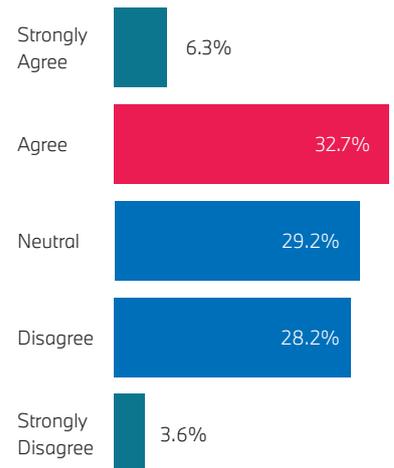
"Work culture is one of the biggest drivers of a business, because it ultimately ends up reflected in your commercial performance. We're very fortunate to have received Best Employer accreditation for five consecutive years that recognises our strength in this area – but for us that's not the desired outcome, it is reinforcement that we're heading in the right direction.

At Coca-Cola Amatil we want our future leaders to understand the fundamentals of leadership. **Leadership is about building belief amongst our people, clearly articulating where our business is going and ensuring we're doing the right thing by our community.**

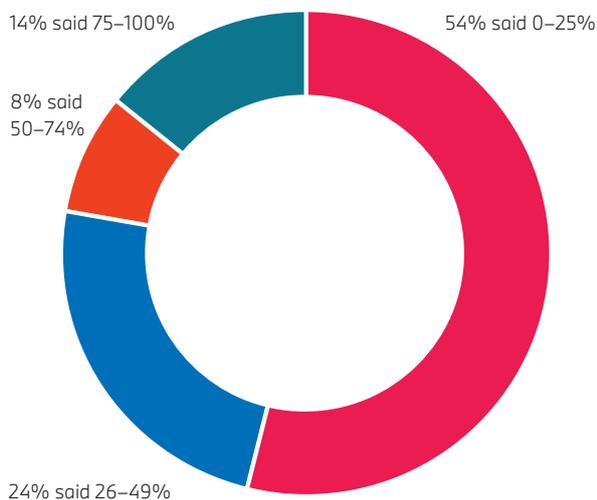
Our people live and work in our community, so it's important that they believe in our authentic commitment to give back outside of the office."

"Wellbeing and mental health are vitally important. It's something that I am personally passionate about, but it is not just about me, it's about the inside-out philosophy at Xero. We start with the staff – how can we look after Xero staff better than they've ever been looked after before? So that when they turn up in the morning, they leave in a better place than when they arrived?"

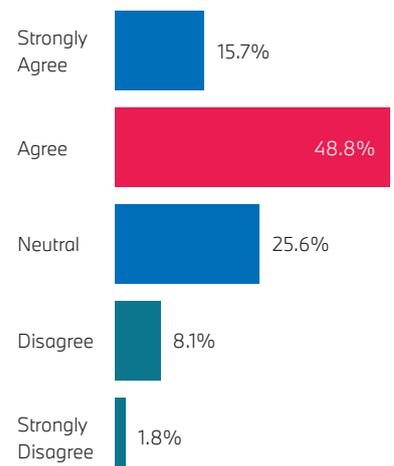
But we go one step further – we can help our customers, who are small business and accounting partners – access to mental health and wellbeing support that they've never been able to access before. We're offering that free of charge to everyone."



What percentage of your workforce now work from home for more than 50% of their working week?



Businesses should be providing employees with mental health support beyond a free EAP service



SUSTAINABILITY

It might sound like a buzzword that businesses cannot do without in 2021, but be wary – the empowered consumer sees right through tick-box initiatives. Next Generation Leadership is not merely about creating a good-looking campaign and leaving the balloon afloat; it is increasingly believing that sustainability should have equal – if not more – footing with profit.

When 500 business leaders were asked whether business should put sustainability ahead of profit in the compilation of this report, just over half (51%) said they should.

This insight is indicative of a new dawn of sustainability-driven mindsets for businesses; and is driven heavily by a younger generation of business leaders who are far more environmentally conscious.

Only 15% of business leaders under the age of 40 believe profit is the primary indicator of business success, whereas 40% of business leaders over the age of 50 believe the same.

This generation gap is also evident in business confidence on how to address sustainable issues. Three quarters (76%) of business leaders believe it will be a major challenge to implement sustainable practises across their entire business – but that is driven by 70% of leaders over the age of 50 who think it is a difficult task, and only 31% of leaders under the age of 40 seeing it as a challenge.

Regardless of which way you analyse the responses – it is clear sustainability is a major challenge and passion-point for tomorrow's leaders. "Sustainability" was selected as the highest priority for Next Generation Leaders, with one in five business leaders believing this should be the number one area of focus for companies moving forward.



SHAMA SUKUL LEE
 Founder & CEO
 Sunfed

GEOFF ROSS
 Director
 Lake Hawea Station

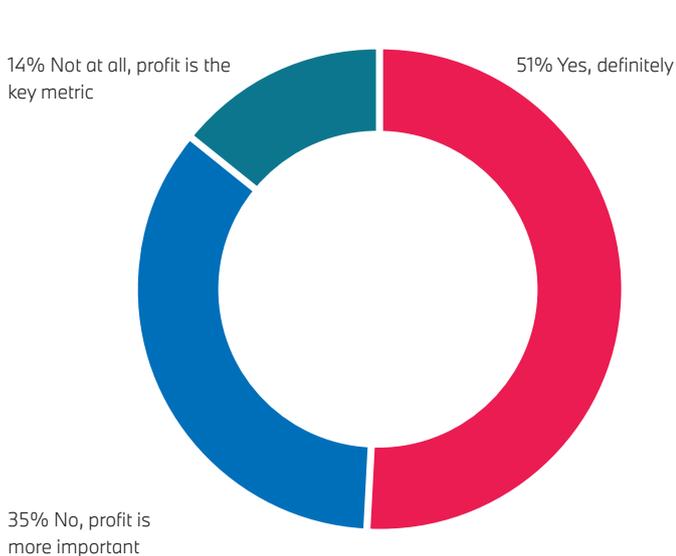
"Leadership is about having a higher level of consciousness to ensure that what you're building is not an individualistic ambition but is driven by a larger comprehensive vision to benefit all life on this planet.

Conscious leadership is urgently needed in the world today, particularly as humans become more and more empowered by technology. It is important to recognise that technology is just a tool, and what matters most is the hand that holds the tool: a steady hand.

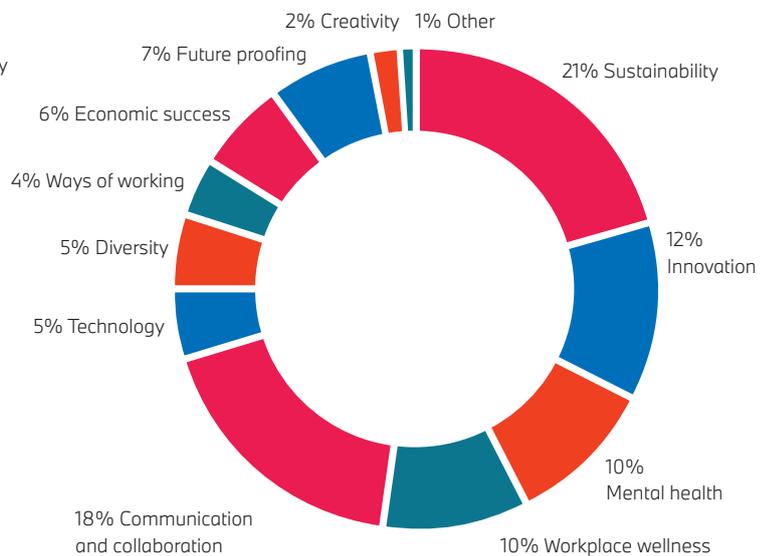
As leaders, it is important we need to focus on becoming conscious human beings so we have the competence to make balanced decisions that can better impact the world."

"We all need to find ways for business and environmental outcomes to work together. **One way is to learn to listen to your children.** Millennials are incredibly engaged in politics, business and of course the environment, as leaders we need to listen to them, they're shaping tomorrow, they're a force for the future."

Should businesses put sustainability ahead of profit?



Which area of focus should be the highest priority for next generation leaders?





INNOVATION

Resources are finite, but growth must carry on; the way businesses innovate is very much the factor that will define their survivability in the future. Innovation has long been a barometer of success, but Next Generation Leaders in New Zealand believe innovation is the bridge that will link together seemingly impossible concepts for growth and sustainability in the future.

One in ten business leaders believe that innovation should be the highest priority for our next generation of leaders (12%) – but current sentiments show there is much more to be done.

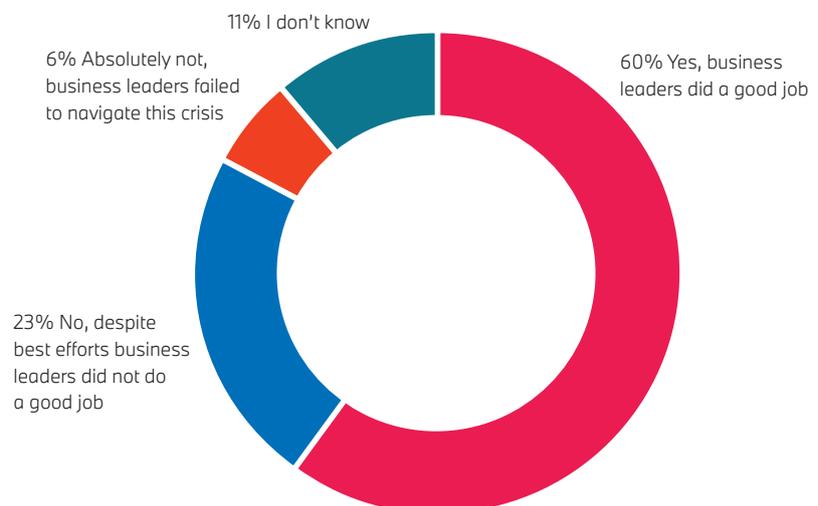
Two thirds of respondents (69%) don't think we are doing enough as a country to invest in the next generation of leadership, and more than three quarters (77%) believe we need to invest more in science, technology and innovation to maintain our competitive advantage.

This lack of investment in innovation has led to New Zealand's economic productivity lagging behind its peers. According to the Ministry for Business Innovation and Employment, "low R&D investment and innovation rates appears to be important factors behind New Zealand's low economic productivity. Strong business R&D investment coupled with a developing start-up ecosystem suggests system-change in this area."⁴

One moment of pride for the New Zealand community has been our collective response to COVID, with 60% of respondents believing we have adapted well to the challenges of last year – and there is a clear sense of optimism with two thirds (64%) believing we will recover from the economic impacts of COVID-19 by 2025.

⁴ <https://www.mbie.govt.nz/dmsdocument/1499-research-science-and-innovation-system-performance-report-2018>

Looking back at 2020, did NZ business leaders do a good job at navigating the challenges?



KAROL ABRASOWICZ-MADEJ
Managing Director
BMW New Zealand

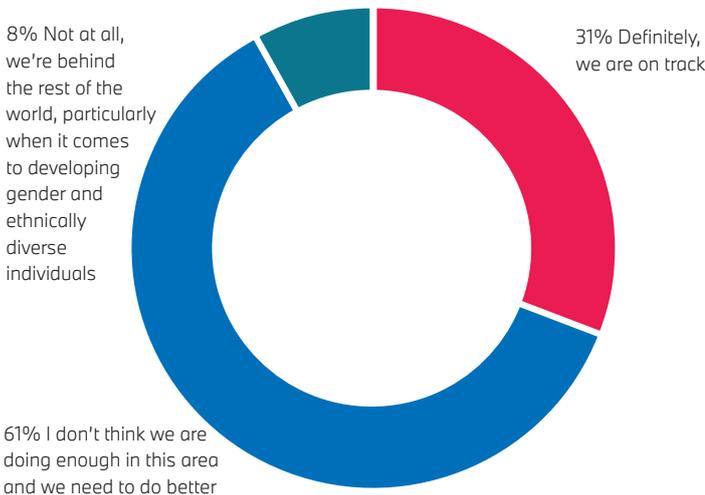
SHAMA SUKUL LEE
Founder & CEO
Sunfed

"Within the next five years, we will work hard as a team to make bold steps and introduce a broad range of hybrid or electric vehicles to New Zealand. This means that for every size, segment, and class of our existing products – there will be a hybrid or electrified alternative, priced competitively, capable of delivering an emissions-free capability for at least the average daily work commute.

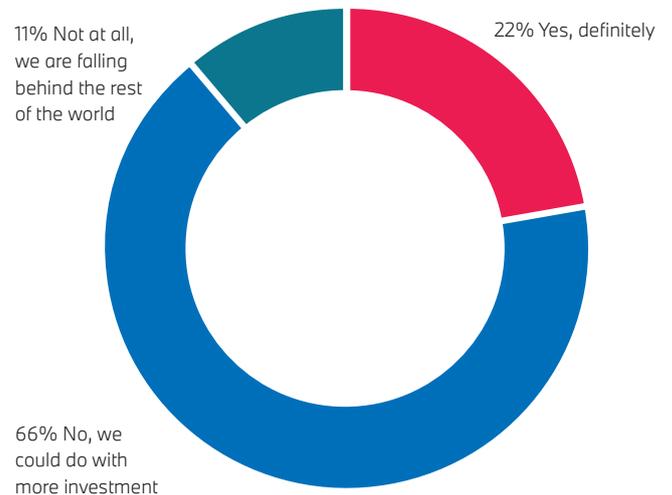
And what of courage? BMW were the first to build an 'electric highway' across New Zealand with ChargeNet, and we will continue to take courageous steps to expand electric charging infrastructure in the years to come. **Change is on the horizon, and you'll see the most obvious changes with BMWs on the road – quite literally driving sustainability forward here in New Zealand.**"

"At Sunfed empowering all life is built into our DNA, **so our people are empowered to do things they did not imagine was possible.** Sunfed is a daring adventure, it challenges us to rise to the occasion, look within ourselves, unlock our true potential, and strive to be our very best selves. Don't be afraid to tackle the hard problems – they are more challenging, and there is a higher probability of failure, but that's what makes it worth the pursuit. Invest in the long play, have a daring adventure."

Are NZ businesses doing enough to develop next generation leaders?



Does the NZ business community invest enough collectively in science, technology and innovation to maintain a competitive edge?



CONCLUSION

It's clear that Next Generation Leadership will play a key part in the future success of businesses. The changes leaders make today will inform and mould future business focus areas, decisions and shape perceptions for future generations.

The insights and knowledge shared by this group of business leaders has shed a light on the key priorities all businesses should be focused on which include a greater focus on sustainability, community and inclusivity as well as workplace

wellbeing as key priorities.

The general view is that while businesses have made progress in these areas, there is still a way to go for these priorities to be common place in all businesses.

What is also clear, is that as a nation, we are doing better than we think. Our business leaders can take pride in the steps they have taken to tackle some of our greatest challenges and the positive actions they have put in place to overcome them.







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