

# FINAL REPORT (DEVELOPMENT AWARD)

## AWARD CODE and TITLE

2008/322.10. FRDC People Development Program: Emerging Leader /Governance

**AWARD RECIPIENT:** Mr Paul Watson Executive Officer SA Sardine Industry Association Inc.

**ADDRESS:** PO Box 2090 Port Lincoln SA 5606

**DATE:** Date report submitted to the FRDC 22-January 2013

## ACTIVITY UNDERTAKEN

To attend the Australian Institute of Company Directors Course held in Port Lincoln during August 2012.

## OUTCOMES ACHIEVED TO DATE

Attending the AICD course gave me exposure and better understanding of director's roles, the roles of boards and corporate leadership. Importantly, the course highlighted the risk analysis and responsibilities associated with board membership.

## Acknowledgments

I would like to firstly thank the Fisheries Research and Development Corporation for their approval of my scholarship application and to the South Australian Sardine Industry Association for their support enabling me to participate in the course during what has been an extremely busy period.

## Background

As stated in the original application my background is firmly based in the South Australian Fishing Industry as an owner operator in the Spencer Gulf Prawn Fishery for over 20 years. During this time as a member of the SPWCPFA Management Committee, I was fortunate enough to be identified as an Industry leader and was sponsored by the Assoc. to attend the SA Based "Leading Industries" and the National "Lead On" programs (Now called the ASILP)

## Need

Having sold my interest the Spencer Gulf Prawn Industry in 2009 and following a stint in the SA Western Zone Abalone Industry, I was appointed by the South Australian Sardine Industry Association Inc. as Executive Officer. This has been a major shift from my previous work life and whilst I have a solid background in fisheries leadership roles from my time as a stakeholder in Spencer Gulf, It became clear to me that my skill set was deficient in the higher level "Corporate" environment. The fishing industry is undergoing some of the most critical changes in it's history with increased pressure coming from environmental NGO's, public perception, social media, increased operational costs,

occupational health and safety, Marine Parks, climate change and a range of other issues.

As Australia's largest single species fishery by volume the South Australian Sardine industry anticipates increased interest from many of the abovementioned groups.

It is only with a sound understanding of roles and responsibilities of these issues and how they are managed, will Fisheries continue to flourish in the tough environment in which we must now survive.

## **Objectives**

The FRDC Emerging Leaders and Governance scholarship presented an ideal opportunity to further my knowledge base in how larger organizations are structured, how pressing issues are dealt with, how to identify who is responsible for what, and more importantly, how to identify the level of exposure that exists for those representing others in the corporate environment.. The main objectives were to gain a better grasp of the true role of a board, responsibilities of directors and most importantly to improve my financial literacy at board/director level.

## **Methods**

The AICD Company director's course involved an intense pre-reading schedule (Approx. 30 Hours) which set the scene for the case study. This was continually referred to throughout the 5 day course. This hypothetical case study (VECTOR International) was based around a family owned transport company which had expanded into high level logistics, air freight, people movement and the mining sector. A series of events saw this company slip into steady decline with questionable and risky strategies being implemented under the guidance of what appeared to be a dysfunctional board membership. There were several "Signals" in the case study that triggered reactive management decisions which appeared to degrade their position further. The accompanying financial statements were also designed to signal where these shortfalls were being "screened" from the board membership base. The case study also demonstrated that complacency persuaded the board's lateral thinking and the opinions of junior board members appeared to be largely discounted.

## **Results/Discussion**

The Vector International case study was demonstrative of how easily a seemingly sound company can lose control of its affairs through misinformation and an apathetic board. There were many take home messages that can easily be applied to companies and Industry Associations are no exception.

## **Benefits and Adoption**

In this case the South Australian Sardine Industry will benefit from the AICD award. The Industry as Australia's largest single species fishery by volume is possibly one of the most politically exposed fisheries in the nation. This has been clearly highlighted by the exposure given to the "Super-trawler" issue and during the review period of the commonwealth small pelagic fishery being undertaken over the next two years there is little doubt that the SA Sardine Fishery will be required to protect itself from similar

negative exposure. The AICD course has positively influenced my capacity to better analyse the opportunities and threats that will surface over the next two years. Part of the challenge is to “market’ the appropriate strategies to the association membership and ensure that they see the bigger picture issues that may arise before declaring an Industry strategy or position. Much of the discussion during the AICD course revolved around analysing all elements of business strategies and identify future weaknesses.

### **Further Development**

For me personally the financial element was the most challenging and in hindsight I would recommend that a short course in financial interpretation as a course lead up.

Also for consideration having sat on many committees and associations I have learned that it is difficult to lead if your constituents do not understand the role of their committee membership. It is also difficult to lead if there is no will to follow.

I wonder whether there is scope for an AICD led Industry based or committee based one or two day course for association committees.

This may be a be a better way to broadcast the importance of boards/committees to a wider audience.

Paul Watson

Executive Officer

SA Sardine Industry Association Inc.

