

Take Me To Your Leaders!

Launch of the “Mannkal – W.A. School of Mines Leadership Essay Contest”

@ Curtin University,

Perth, Western Australia

March 11, 2014

Intro comments by Ron Manners,

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This is not a ‘balanced’ presentation for two reasons:

1. A balanced consensus approach over the past 30 years has brought us to this ‘leadership crisis’ where leaders are afraid to speak up, to be direct and honest in their thinking, their talking and their actions.

They have even signed ‘Enterprise Agreements’ that prevent them from actually managing the companies or industries that employ them.

Our nation is paying dearly for this by seeing our industries wound-up or exported.

The missing ingredient is ‘leadership’.

2. The second reason is that I wish to explain clearly what the Donor Intent is in respect to this ‘Leadership’ Essay Contest’ so that applicants wishing to have a reference point and a comprehensive resource of links and articles, can enhance their depth of knowledge on this topic.

It’s best that there be no misunderstandings of what they should be looking for as they conduct their search for examples of leadership.

It’s just like traditional prospecting. If you go looking you are bound to find some nuggets, often in surprising places, where you least expect to make a discovery.

Why this ‘search for leaders’ essay competition?

For many years I have been greatly concerned at the lack (almost invisibility) of leadership in our mining industry.

I’m not talking about management skills; I’m talking about leadership skills.

The word “leadership” became a buzz word back in 1995 when even our Federal Government was concerned at the lack of leadership and management skills throughout Australia’s industries.

They formed the Karpin Task Force who published a book, ‘Enterprising Nation – Leadership and Management Skills’.

Seizing one of the long-awaited copies of this book I was disappointed to find that it was essentially focused on management and apart from the word leadership on the front cover, leadership largely remained a missing ingredient.

Okay, if in defence of the industry, you have just started counting our leaders on your fingers, how many of you have got to the second hand?

The reason for me elevating the urgency of this project, is because I may be one of the few remaining industry participants who can actually remember the days when we could 'speak our mind' without being 'clubbed to death' by the politically correct brigade.

More recently, mining executives, appear to have their pronouncements written for them by junior P.R. personnel whose brief appears to be, insert as many 'weasel words' such as sustainability, corporate social responsibility, etc. into anything that is published.

The word is 'sustainability', often now used in the most bizarre fashion although I actually like the word 'sustainability'.

I think that the company I'm running, started by my grandfather in 1895, is 'sustainable' because it has a clear focus and because it has been going for six years longer than Australia has had a flag or a Constitution.

In that time it's done many interesting things, floated three public mining companies and the Mannkal Economic Education Foundation, and of course, it's trained hundreds of people to go on to create their own enterprises and it continues to do so.

This may not be everyone's idea of 'sustainability' but simply my own interpretation.

During my recent address to the Young Liberals Federal Convention (25th Jan., '14) I referred metaphorically to two 'diseases', affecting Australia that currently prevent us from achieving anything like our true potential.

One disease is the 'entitlement mentality', the other being 'appeasement' which I described with the following words – "Appeasement, currently expressed as weak management avoiding any confrontation with labour unions, environmental groups and the many tentacles of the politically-correct Gestapo."

I mention weasel words deliberately as these have been around for many years. Words like 'Social Justice'. No precise meanings but these words are used by pretentious people at times that suit them, for their own benefit.

Another catchy phrase that runs the risk of falling into that category includes 'Social Licence to Operate'.

The phrase 'social licence to operate' originally invented in Canada during the early 1990s, was further developed during meetings between the big four international mining companies. They called it the 'Global Mining Initiative' and it has often been suggested that by creating the impression that they had issued a 'Social License to Operate' to themselves, it would prevent competition from up and coming mid-range companies who were not pretentious enough to claim to have such a 'Social License to Operate'.

This strategy may have been dreamed up by the P.R. departments from each of those major companies, mainly to keep themselves busy and this has generated many millions of dollars in advertising in various media, advertising each company's green and fuzzy credentials, but a cynical

public questions this apologetic stance from an industry who should be walking tall and speaking with pride of their productive achievements.

This they could do by adopting the Language of Leadership.

This is not just me forming an opinion. Public cynicism in this area has been the subject of a University of Melbourne study focusing on the nebulous process of these companies issuing themselves with a 'Social License to Operate'.

Melbourne University's Centre for Public Policy questions Australian miners and suggests they were employing a 'debatable and poorly defined concept to justify their presence in local communities'.

"Mining companies are increasingly claiming to have a social licence to operate in certain areas because of perceived benefits to the local community.

But claims to this licence are misleading because the term isn't formally defined anywhere in law.

Sara Bice's report from the University of Melbourne: "What Gives You a Social Licence?" examines how miners including BHP Billiton, Rio Tinto, Xstrata and MGM Group conceptualise and define their own social licence, voicing concerns about how these licences are applied.

"A traditional licence involves one party empowering another based upon certain conditions and responsibilities," Bice said.

"But there are no established criteria for how mining companies and communities might broker a so-called social licence."

"Equally, there are no clear rules for how one might be revoked."

Bice observed that early sustainability reports defined sustainable developments in terms of environmental issues and employment matters but around 2005-06; most companies began to shift their definitions of sustainable development to incorporate social and economic concerns.

But although companies did expand their conceptualisations of sustainable development over the reporting period studied, the focus of sustainability reports remained largely in environmental and employment issues.

Bice's research noted that while companies typically front-ended their positions about the importance of earning and maintaining a social licence none actually defined the licensing criteria.

"The language of licensing leads to confusion," Bice said.

"It suggests a formality and even regulation, which does not exist. In reality, a social licence is purely metaphorical."

This lack of clarity was flagged as negatively affecting both the companies and the communities.

"For corporations better clarity on what their social licence really entails can help quell the vocal minority who may engineer a backlash against operations," she said.

“At the same time, clear criteria would protect local communities from big corporations who may claim to hold a licence for which minimum standards have not been set.”

These larger companies may have outsmarted themselves as they may bring down upon the entire industry, a whole new duplicating regulatory regime.

Every jurisdiction in the world where our industry operates already has comprehensive Mining Acts and regulations clearly defining our responsibilities. Why would we call for another set of regulatory complexities to be superimposed on top of the existing rules?

Now, I don't wish to over simplify the problems or disparage the need for constructive mechanisms to facilitate operations. To expand a little further I make these comments:-

- It should be enough for a company to demonstrate that it's following all applicable laws and have legally secured all relevant rights, but it's not so simple in various parts of the world where property and mineral rights are less than clearly defined and where corrupt governments might not have adequate legal protections for people who would be affected by the mine and whether revenues from the mine might be diverted to corrupt governmental or crony entities rather than to the people who live on and around the mining location.
- Is it legitimate for businesses to pay protection money? If it is not illegal and if it is essential to a company's first priority – its shareholders, then arguably it is the appropriate thing to do, even if ethically questionable. That still only touches the surface of a very complicated question.
- Some groups will press for their 'extended' property rights which may have never existed, for a cut of the pie. Confusion over who holds what 'extended' property rights can be a source of conflict.
- A new reality has materialized over recent years in which activist groups have become empowered enough to seriously hinder a company's ability to get plain old-fashioned governmental permits to operate. That's as true in energy production as in mineral production. Companies can choose to ignore that reality, but most seem to have accepted that it's a real threat to operations and profitability and have instituted CSR programs and gone to greater efforts to obtain and preserve their 'Social Licence to Operate'.
- Companies need to be very judicious on how they engage in these programs. It's one thing, for example, to contribute to research programs at universities that might someday produce technologies that have profit potential, or to build infrastructure that will have value beyond the life of a particular project. It's another thing to donate to the very NGOs who would like to shut you down or to bribe corrupt politicians.

All this is testing the skills of both leaders and managers, in their efforts to deal with these issues.

In many places, with corrupt government, local populations do not benefit from mining. The money is stolen. So, in some cases, mining companies feel a responsibility to provide what the government should be providing and in effect pay 'taxes' twice. Once to the corrupt government and once to the local community under a social contract in the form of schools, clinics, etc.

This can be justified from a business sense and from an ethical sense in a number of ways; however, on digging deeper some of these programs can be misleading and self-serving.

I'd be happy to share my personal experiences with international relations in such places as Mexico and Turkey.

Leaders also need to be ready at all times to defend themselves and their companies from surprise attack.

A couple of local examples:-

1. David Flanagan's response to aggressive questioning by Senator Doug Cameron concerning the Federal Government's Anti-Mining Tax (ref. page 174 - 175 in *The Miners*).
2. I can recall a similar 'tax attack' launched by our local Member of Parliament, The Hon. Ian Taylor, back in 1988.

Apparently his Political Advisors felt that there was some political mileage in accusing our company of not 'contributing sufficiently to the local community in Kalgoorlie.'

So, we took out a half page advertisement in the *Kalgoorlie Miner* in which we showed graphically exactly where the money, recently raised from the public, was being spent locally - http://www.mannkal.org/downloads/links/Advertisement_Kal_Miner.pdf

We also pointed out that his advisors were totally confused between gross profit and net profit.

Fortunately, the local community appreciated our frank, honest and open explanation and the tax went away, and I'm delighted to say that the Hon. Ian Taylor and I are still very good friends and he remains a great supporter of our industry.

Some Questions & Comments on Leadership

Why Steve Jobs (of Apple) rates so much higher on the scale of leadership than Bill Gates (of Microsoft)?

Steve Jobs was questioned why he never donated. His answer was that his competitive advantage was not in the field of philanthropy, and that he could serve humanity more effectively by bringing better products to market and leaving Philanthropy to people who were better at it.

The public appreciated his frank and open answer.

Never under-estimate the public.

As I mentioned, earlier, you won't always find leadership where you expect it.

In Politics

Mark Tredinnick, Teacher in Leadership at the Department of Government at the University Sydney, explains:

“Leadership does not have to come from the people we put in positions in power, of course, although we do tend to look for it there”.

“Leadership is not politics and it is not management. Those are arts of the possible. They entail compromise; they produce outcomes from limited resources and a contest of interests. Leadership is about allowing the enterprise, or the nation to understand itself, and to make itself new. It requires patience and imagination”.

In his inaugural address in January 1, 1990, the first President of the Czech Republic, Vaclav Havel, called on his country to move beyond politics and the art of survival. He called on the nation to thrive, by taking possession of its past failings, imagining a new national and ‘improving ourselves and our world’. This he called the art of the impossible, not because it truly is impossible, but to make it clear that leadership is the very opposite of politics.

He obviously didn’t expect too much leadership from politics.

However, I wouldn’t like you to think that I’m saying there are no leaders in politics. In Western Australia we have been fortunate in having several political leaders with a passion for our industry.

Now to Mining

Again, there is much difference between *leadership* and *management*, and I don’t think we are doing enough to separate the two.

I’ve written extensively, over many years, on this topic and a lot of people know of my interest, so they keep sending me examples of leadership comments and quotations from our mining leaders.

Without doubt the most repeated person’s comments that have been sent to me, over the last twelve months, are those of Mark Cutifani, CEO of Anglo American PLC.

Back in 2009 I was asked to deliver the Sir Arvi Parbo Oration which I titled, *The Language of Leadership*.

This was the most effortless speech I’ve ever been able to deliver.

I simply quoted the prolific output of Sir Arvi over so many years as a mining leader and as President of the AusIMM.

Also, in 2009, I had the honour of inducting Charles Copeman into the Australian Mining Hall of Fame.

Again, a simple speech, merely quoting Charles Copeman’s words of wisdom and his achievements in keeping our industry alive.

Back in 2002 I was asked to deliver a speech to commemorate the 50th anniversary of Lang Hancock’s iron ore ‘discovery flight’.

Again, a task made simple just by being able to list Lang’s qualities of relentless curiosity, persistence and his skills in seeking reliable advice at all times.

Fortunately for us, his daughter, Gina, has inherited these same skills.

These are the people who we can learn so much from, historically, and use as yardsticks to compare our up and coming crop of leaders.

Where will you find examples of leadership for your submission to this essay competition?

- Read the Chairman's and CEO's address from their annual reports.
- Study their media releases and media comments.
- Read their speeches to AusIMM / AICD and other industry and public events.
- Read *Where Are Our Leaders?* A 1998 presentation to U.W.A. Management Development Institute – Leadership Excellence Seminar
<http://www.mannkal.org/downloads/submissions/sub19980702.pdf>

You'll have to search for these examples, they won't come to you!

Learn to ask searching questions. An interesting book on leadership (*The Three Laws of Performance* by Steve Zaffron & Dave Logan) asks one such interesting question in its chapter 4 - "With so many books on leadership, why are there so few leaders?"

I've mentioned, several times, *The Language of Leadership*.

This seems to be the missing ingredient right now so watch for it on every occasion.

Let me give you two examples.

1. In 1996 I gave a presentation to the AusIMM in Sydney, - <http://www.mannkal.org/downloads/submissions/sub19950501.pdf> which was reported in the *Mining Journal from London*, and read in Salt Lake City by a metallurgical consultant, Doug Halbe. Doug noted my mention of our mining company's motto being, "growth through persistence" so he sent me one of his client's corporate statements which they had up on their wall at their mining operation in Peru.

It read as follows:-

"It is important to eradicate the widely spread concept that finding a mine is like discovering a treasure. A mine is not a hill where there are minerals. A mine is the effort of individuals who have converted the hill into a fountain of labour and of wealth.

It is a product of sacrifice, of intelligence and technology, of management ability, and of extraordinary tenacity."

To me that exemplified the *Language of Leadership* and that inspired us to upgrade our corporate motto from 'growth through persistence' to 'turning ideas into gold bars'.

1. Another example of the 'language of leadership' was during the current Ukrainian revolution.

In sub-zero temperatures (-40°C) the population of Kiev were maintaining all-night vigils in Independents (Maidan) Square.

The corrupt government was clubbing, shooting and fire-hosing the crowds in an endeavour to break their spirit.

A French philosopher, Bernard-Henri Levy, stood before the crowd on the night of Feb. 9th, 2014, to encourage them to 'stay the distance', with these words:-

"People of Maidan, you have a dream that unites you. Your dream is Europe.

Not the Europe of accountants, but the Europe of values.

Not the Europe of bureaucrats, but that of the spirit.

Not the Europe that is tired of itself, that doubts its mission and its meaning, but an ardent, fervent, heroic Europe.

And it is equally moving for a European coming from a Europe beset by doubt, one that no longer knows what it is or where it is going, to rediscover that flame here.

You are giving us a lesson about Europe

And, yes, your strength is that great civilization of which you are a part, despite that piece of Europe's tragic and criminal history that haunts you, just as it does all the peoples of the continent.

Before Russia existed, Ukraine and Kiev flowered.

There is in every citizen of Maidan more history and culture than in the braggart of Sochi, the would-be Tarzan who is more like a Popeye, a paper tiger and a real enemy of Saint Sophia and her wisdom.

It is for that reason that you will win.

It is for that reason that, sooner or later, you will overcome master Putin and his valet, Yanukovich.

I welcome you to Europe. "

They stayed their ground and the tyrant Yanukovich was toppled and is now hiding in Russia.

The 'language of leadership' is very effective and it is a skill for us to learn.

To Summarise

In my view leadership by definition is disruptive and that's why it's often not welcomed by management.

Leadership is a classic example of 'creative destruction' (the term used by the Austrian Economist Schumpeter). Tearing something down, so it can be replaced by something better.

Leadership is focused and very difficult to delegate, whereas today there is uncertainty when leadership tries to straddle Social Leadership with Industry Leadership.

The crisis of leadership, as you will see, covers every aspect of our lives but for the purposes of this essay contest we will stick to that which is in our control and that is, 'leadership or the lack thereof in our mining industry'.

If you have trouble finding enough examples of leadership in our industry, as I do, say so and explain your concerns.

If you find exemplary examples of leadership, or, examples of the language of leadership, say so and give examples and the context in which you found them.

The leaders to which you refer will be absolutely delighted to hear that they have been recognized in this way.

Yes, there is an overlap between management and leadership and I constantly find myself asking, 'Under which headings do certain qualities belong?'

This is the 'comprehensive version' of this speech. Available on our website here; <http://www.youtube.com/watch?v=hxLbhBMCNqk&list=UU-EI6MCU5uYovdd3mmOXpaA> is the brief YouTube version, and here; <http://mannkal.org/search.php?cx=005764827197452969565%3Aihdl60mfndq&cof=FORID%3A11&q=leadership&sa.x=0&sa.y=0&sa=Search&siteurl=mannkal.org%2Fsubmissions.php&ref=mannkal.org%2F&ss=3319j1417737j10> are hundreds of reference links, as I've written about leadership in the mining industry, prolifically, over the last 30 years.

Here http://www.mannkal.org/downloads/links/Criteria_requied_for_good_leadership_or_good_management.pdf is a list of qualities in which you can, yourself, choose whether they belong to the management or leadership category.

Conclusion

Now, if I haven't convinced you that our industry has a leadership crisis, let me call for a second opinion.

What Would Shakespeare Think of Our Mining Industry?

Why Shakespeare?

Shakespeare was possibly the world's finest dramatist, giving us the ability to look at our own selves without being self-conscious.

This objectivity gives us the ability to learn something new of ourselves.

We are members of an industry who often find it difficult to talk to each other but if Shakespeare was reporting on our activities, our responses would produce a highly entertaining version of the Merchant of Venice.

Most of us have adequate knowledge of our own companies, but little of other companies, and some not even a clear view of the national significance of our own industry.

To form an opinion of leadership in our industry Shakespeare would need to study each company and in particular all those C.E.O.'s running them.

This would give him a clear overview of the quality of leadership, the vision and perception each C.E.O. has toward their own company and the overall industry and its interlinking facets.

He would be fascinated to hear how these CEO's personally feel about this very vital and creative industry. Their lack of passion could have mystified him.

He would be staggered to hear comments such as "exploration is a destroyer of shareholder value".

Or

"We are dropping the word MINING from our company name, as this will bring more investor support."

Or

"We don't really think of ourselves as a mining company."

To these three CEO's Shakespeare would ask what they are afraid of and if they feel that:

"To be direct and honest is not safe."

..... *Othello*

Shakespeare would enjoy putting to words the very precise correlation that graphs so accurately the speed at which decisions are made; quickly in smaller companies and perhaps never in the largest.

Shakespeare's genius and patience would be tested in his desire to transform all this into a literary masterpiece.

In some cases he may have to borrow a phrase from another of my favourite writers, Ayn Rand:

"The verdict you pronounce upon the source of your livelihood is the verdict you pronounce upon your life."

Shakespeare would be impressed by Professor Geoffrey Blainey's overview of the industry as they both have in common the appreciation that the industry's economics and ethics are not at odds, but in harmony.

This would be consistent with Shakespeare's other writings where he invites us to re-think the relationship between our economic and our spiritual life.

Rising above any temptation to create a resentful "poor class", with unjustified feelings of entitlement, Shakespeare would enjoy our mining industry's process of achieving improvements to knowledge, science, and skills but he would warn us that ours is a profession that cannot survive without honesty and integrity.

So those accepting the challenge of competing for this \$5,000 essay prize should embark on this search for leadership nuggets.

Hopefully it will take them on a remarkable journey of discovery in which they will become personally involved in forming their own vision of leadership and the difference it can make in all our lives.

