



AMCHAM Presentation

The Changing Role of the CFO

November 2006

The changing role of the CFO

- Transformed from 'accountants'
- Evolvment of IT
- Globalisation

Data collection changing the role

- More information now available
- CFO in charge of the process
- Time for
 - Analysis
 - Problem solving
 - Strategic policy

The new breed of CFO

- In the 'inner circle' of management
- Sits on or participates on boards
- Vital to success of company

Change is the only constant

- “Capitalism creates and destroys”
(Schumpeter)
- Business is brutal

Market Cap's of Australia's top 20 companies over 30 years

	Jun-1975 (\$m)		Jun-1985 (\$m)		Dec-1995 (\$m)		Nov-2006 (\$m)	
1	BHP	1,427	BHP	6,524	BHP	37,675	News Corp	148,289
2	MIM	606	CRA	2,925	News Corp	22,014	BHP Billiton	92,706
3	Conzinc Rio	605	Rio Tinto	2,660	NAB	17,393	NAB	63,166
4	CSR	419	Westpac	2,038	CRA	12,684	CBA	62,372
5	Hamersley	369	CSR	1,511	Westpac	11,693	ANZ	52,620
6	Westpac	340	ANZ	1,490	Fletcher	10,760	Westpac	44,472
7	Western Min	309	MIM	1,356	CBA	10,510	Rio Tinto	34,261
8	Myer Emporium	276	NAB	1,354	WMC	9,682	Westfield	33,231
9	Bouganville	259	Western Min	1,178	ANZ	9,180	Woolworths	26,113
10	ANZ	226	Placer Devl	1,100	Amcor	6,218	Woodside	24,186
11	NAB	193	Comalco	1,076	Coke/ Amatil	5,361	Telstra	22,608
12	Coles	165	Santos	1,039	Lend Lease	4,760	QBE	20,674
13	AGC	164	Boral	899	Coles Myer	4,671	Macq Bank	18,928
14	Carlton & United	155	Castle Toohey	890	Woodside	4,587	St George Bank	17,698
15	Placer Devl	153	News Corp	857	Fosters	4,453	AMP	17,529
16	Aust Min & Smlt	144	Coles	828	CSR	4,283	Rinker	16,830
17	Tooth & Co	125	North Broke Hill	810	Boral	3,791	Coles Myer	16,054
18	ICI Aust	124	IEL	807	Woolworths	3,483	PBL	13,756
19	E.Z. Indust	120	ACI Inter	771	Pac Dunlop	3,462	Wesfarmers	13,125
20	Phillip Morris	119	Woodside	770	Brambles	3,371	Fosters	12,910
	Leighton \$0.35	2.6	Leighton \$1.32	131	Leighton \$2.48	575	Leighton \$21.55	6,005

Only 39 of the top 100 companies from 1990 survived to 2002

Top 100
in 1990

100

Domestic industry
rationalisation

27

Global industry
rationalisation

13

Corporate
collapses

6

Survived but
slipped from top
100

15

Still in top 100 in
March 2002

39

Aberfoyle
ACM Gold
Advance Bank
Ampol
ANI
Ashton Mining
Australian Consolidated Min'ls
Barrack Mining
BHP Gold Mining
Bridge Oil
Burswood
CC Bottlers
Comalco
Email
FAI
Faulding
Gold Mines of Kalgoorlie
Howard Smith
National Consolidated
North
Pancontinental Mining
Poseidon
QCT
RGC
Tooth & Company
Tubemakers
WH Wills

Arnotts
BAT Australasia
BTR Nylex
Bundaberg
CIG
Elders Resources
Homestake
Metal Manufacturers
Oakbridge
Pioneer
Placer Pacific
TNT
Wormald

Adelaide Steamship
Industrial Equity
Jennings
Pasminco
Petersville Sleigh
Victorian Equity Trust

Adelaide Brighton
Bougainville Copper
BIL
Burns Philp
Caltex Australia
Capral Aluminium
Consolidated Rutile
David Jones
Dominion Mining
ERA
George Weston Foods
Kidston
OPSM
Orbital Engine
Pan Australian Resources

61 newcomers to the top 100 from a variety of sources



And what of the 39 that survived from 1990 to 2002?

- AGL
- Amcor
- AMP Diversified Property Trust
- ANZ
- Argo Investments
- Australian Foundation Investment
- BHP Billiton
- Boral
- Brambles
- Coca-Cola Amatil
- Coal & Allied
- Coles Myer)
- CSR
- Deutsche Diversified Trust
- Foster's
- Goodman Fielder
- GPT
- James Hardie
- Lend Lease
- Mayne
- MIM
- NAB
- Newcrest
- News Corporation
- Normandy
- Orica
- Pacific Dunlop
- Patrick
- QBE
- Rio Tinto
- Santos
- Southcorp
- Stockland Trust
- Wesfarmers
- Westfield Trust
- Westpac
- WH Soul Pattinson
- WMC
- Woodside

Many of the survivors subject to corporate activity

- **AGL (merge/restructure with Alinta)**
- Amcor
- **AMP Diversified Property Trust (acquired by Stockland)**
- ANZ
- Argo Investments
- Australian Foundation Investment
- BHP Billiton
- Boral
- Brambles
- Coca-Cola Amatil
- Coal & Allied
- **Coles Myer (spun out Myer)**
- **CSR (spun out Rinker)**
- **Deutsche Diversified Trust (merged into DB Reef)**
- Foster's
- Goodman Fielder
- GPT
- **James Hardie (domiciled in the Netherlands)**
- Lend Lease
- **Mayne (restructured)**
- **MIM (acquired by Xstrata)**
- NAB
- Newcrest
- **News Corporation (domiciled in the US)**
- **Normandy (acquired by Newmont)**
- Orica
- **Pacific Dunlop (restructured)**
- **Patrick (acquired by Toll Holdings)**
- QBE
- Rio Tinto
- Santos
- **Southcorp (acquired by Foster's)**
- Stockland Trust
- Wesfarmers
- **Westfield Trust (restructured into Westfield Group)**
- Westpac
- WH Soul Pattinson
- **WMC (acquired by BHP Billiton)**
- Woodside

Significant rationalisation of contractors since the 1980's

- **Leighton Group**
 - **Leighton Contractors**
 - **Henry Walker** (acquired by Leighton Contractors)
 - **Eltin** (merged via Henry Walker, then acquired by Leighton Contractors)
 - **John Holland** (acquired by Leighton Holdings)
 - **Transfield** (acquired by John Holland)
 - **Fletcher Construction** (acquired by John Holland)
 - **Thiess** (acquired by Leighton Holdings)
- **Bilfinger Berger**
 - **Boulderstone Hornibrook** (acquired by Bilfinger Berger)
 - **Abi Group** (acquired by Bilfinger Berger in 2004)
- **Lend Lease**
 - **Civil & Civic** (brand absorbed into Lend Lease)
- **MacMahon**
- **United Group**
- **Grocon**

Significant rationalisation of contractors since the 80's (cont)

- Downer EDI
 - **Roche Bros** (acquired in 1997)
 - **Evans Deakin** (acquired in 2001)
- Barclay Mowlem (acquired by Laing O'Rourke in 2006)
 - **Barclay Bros** (acquired by Mowlem PLC in 1999)
- Clough (49% acquired by Murray & Roberts of S.Africa)
- McConnell Dowell (acquired by Aveng Ltd of S.Africa)
- Multiplex (listed in 2003)

- Exited market
- Walter Construction (bankrupt in 2005)
 - **Concrete Construction** (acquired by Walter AG in 1995)
- Dillingham (US), White (Aust), Costain (UK)

Business is brutal

- **Rationalisation**
- **Collapses**
- **Newcomers**

Must keep reinventing

- **Newcomers outperform**
- **Reinvent**
- **Performing CFO's lead prosperous organisations**
- **Growth is key to success**
- **Must maintain discipline**

CFO's are not only accountants

- **Of CFO's in the Fortune 500**
 - **Only 20% accountants**
 - **35% MBA's**
- **Accountants have respect for numbers**
- **MBA's breed creativity**

Attributes of the CFO

- **The CEO and CFO relationship**
- **‘Best friend and worst critic’**
- **CFO must be professional with overall grasp of the business**



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