

Who Stuart Davis, CEO, HSBC Bank Australia
What EOWA Business Achievement Awards – keynote speech
When Wednesday, 21 November at 12.00 pm (on stage at 12.30 pm)
Where Doltone House, Piers 19 - 21 Jones Bay Wharf, Pirrama Road, Pyrmont Point

Good afternoon ladies and gentlemen.

I feel honored to be asked to give today's address. Today I'm in the presence of a group of peer companies who have not just had strong convictions about the importance of this agenda.

They've put their conviction into action with the energy and focus that it deserves.

You'll see this for yourself when the awards are presented today.

Increasingly, as leaders of businesses, we look for ways to create sustainable value for our organisations. Increasingly we find that much of this value is not just on our balance sheets.

The market-to-book value for the S&P 500 has risen from 1 to 6 times in the past 25 years. That means for every \$6 of market value only \$1 occurs on the balance sheet. A large part of the balance – the intangible value – is made up of 'soft assets' such as brand, culture, intellectual property and talent.

Companies with higher intangible value have higher P/E multiples than competitors in the same industry.

This suggests a new bottom line not accounted for by current earnings but based on the confidence of investors, customers, employees, suppliers and other stakeholders on a company's ability to deliver in the future.

Building this intangible value in a company lies in the hands of its leaders. And that's where organisations need to start – with their leaders – to build engaged and INCLUSIVE corporate CULTURES.

I am not suggesting that tactical diversity programs providing child care and parental leave arrangements are less important, but I am saying that real change will only come if we attract, hire, develop and retain leaders who understand the power of people in creating this intangible value.

At an organisational level we all know that the quality of leadership drives culture, but a personal level also the empathy a leader shows in the way they lead others, the personal courage they show in calling inappropriate behaviour, the humility they show in being open to ideas no matter where they come from or how different those ideas may be.

Organisations, after all, are a collection of relationships. It is relationships that make organisations work. The most distinctive products, services, strategy come alive in the hands of engaged people.

But if people don't feel engaged, they don't give the discretionary effort which is the most powerful source of the intangible value I'm speaking about.

As a Bank, HSBC understands difference because DIVERSITY is central to our brand.

HSBC has more than 314,000 employees in 83 countries, serving more than 125 million customers globally.

We believe that the diversity of people in gender, age, culture, experience... that diversity of people with different ideas is an essential ingredient for the long-term success of our business and that our diversity profile at all levels of the business should reflect that of our customers.

We believe it makes good commercial sense to employ people with different points of view on disciplines such as leadership and problem solving, generating and sharing ideas, and building relationships to drive business growth.

At HSBC we recognise real value comes from investing in our leaders' skills to build inclusive teams that also value these differences. Inclusiveness is about gender, as well ethnicity, disability, age. It's also about open mindedness, embracing non-conformity and creating balanced teams.

We also believe that having respect for all people inspires loyalty in both employees and customers.

However even with the best of intentions, we as leaders can often neglect important drivers of engagement.

For me personally, AS A BANKER, moving from a quantitative mindset to address these intangible values was a significant hurdle.

I'm used to discussing cost-to-income ratios, return-on-equity..... complex derivatives.

We're used to talking about performance measured with mathematical exactitude.

Then some time ago we realised that in this case, while numbers can be helpful to illustrate certain aspects of our diversity program, this strategy is about a lot more than clever accounting.

I realised that if we didn't change our corporate mindset, we would be an organisation run by accountants rather than by people.

And despite many commonly held beliefs – banking is a people business.

I want to finish with the most compelling reason of all for change (in my view)... innovation.

Ultimately diversity contributes to an organisation not just by adding different perspectives to a group but also by making it easier for individuals to say what they really think.

Independent opinion is not only critical for wise collective decisions but also for nurturing personal courage to be different. It is also an antidote for the fear of failure, the one thing that stands in the way of learning and experimentation in any organisation.

These are the cultural traits of an innovative organisation and the essence of an inclusive culture – where men, women, or any age, culture, experience, background, thinking style or life choice will thrive, create and innovate to deliver real value for the organisation.

The hope I have for us as leaders, and for the generation of leaders following us, is that we fully realise the link between diversity and innovation, as this holds the key to growth and the sustainability not only for our respective organisations but for Australia as a whole.

Thank you.