

Investment Magazine - Future Leader Series

Directors will need to upskill as super funds become the new finance titans



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As the Australian superannuation system matures over this decade, with mega and some smaller specialist funds, per our oligopolistic economy, we expect executive team capabilities to grow exponentially. Likewise, board capabilities will need to evolve to continue to deliver leading governance in a complex, hyper-competitive environment.

The mega-funds will become global asset managers, huge buyers of life insurance, national infrastructure investors, and corporate lenders while investing in the latest systems and solutions to better serve members ever increasing demands. Some already are.

In this [future leaders series](#) we have met our future executive team, now let's consider our future directors on their journey in building their funds into our future finance titans!

Closing the gap

While APRA recognises that super fund trustees today are running more complex financial services businesses, our future boards will look beyond APRA's mostly fiduciary skills to remain competitive.

Speaking to directors, they recognise the need for more hard skills like retirement advice, commerciality, data and consumer marketing together with stronger soft skills including complex stakeholder influencing skills. Also noted was ensuring the balance of expertise across sub-committees and the board was fit for purpose. All this while increasing today's investment, insurance, digital and IT skills. Who knew board chairs were miracle workers as well as master jugglers?

As funds attract more 'public offer' members, our future boards will need to ensure they remain representative across all members. Adding to the proven member representative model with a selection of global best experts could result in a truly super board. Our future boards will be fiercely tested by the 4Ts of transformation, team, total investing and threats.



Transformation

How best to serve retirees and savers will be up for grabs over the next decade. Recently [David Bell and Geoff Warren](#) of The Conexus Institute* referenced WTW consultant Nick Callil's insights that funds may need to restructure into two divisions to sharpen the focus of their offerings and member experience. Could this extend to separate trustees and funds to avoid conflicts and improve operational design? Time will tell and above my paygrade, for now anyway!

New mutuals could result from the merging of 'for profit' and 'profit for member' entities along with other related services. Consumer marketers tells us that customers want relevance before they engage. Relevance for a retiree will require greater [retirement advice](#) including family aged care guidance and estate planning that most funds have not grasped so far.

While savers crave everyday financial decision making support via education, guidance and some advice. Supporting members this way will build lifelong loyalty. Directors with retirement advice and financial counselling expertise please step up.

Team engagement

Directors will need to be 'here, there and everywhere' like Roy Kent in the TV series *Ted Lasso*. McKinsey's best practice for directors includes engaging more closely with their executive teams and beyond in a strategic manner.

Be it major projects, key talent succession or core operations, they will seek to better understand operational complexity and offer alternate inputs. A better-informed director asks better questions earlier in the decision-making process.

Total investing

Long-term, active ownership of national strategic public and private enterprises will bring obligations as a socially responsible steward. The challenges of owning keystone infrastructure and social assets e.g. hospitals and rental housing will require experienced directors' with strong community engagement skills.

Over this decade, funds will integrate ESG across their entire enterprise beyond investment decisions, encouraged by the superior risk-adjusted returns on offer. Greenwashing will be cleansed away and directors with global net zero and decarbonisation experience will be in demand.

Threats

Superannuation will always be criticised, lauded and thought-bubbled as a tax impost, intergenerational wealth scam, a home deposit plan, an emergency ATM and, I almost forgot, a world-leading retirement saving scheme! Beyond any legislated retirement purpose, directors will be regularly asked to renew their fund's social licence in the never-ending conflict of protecting members' retirement outcomes.

Toby Ralph, the marketing researcher, at the 2023 CMSF Conference noted research that members expect super to better flex its \$3 trillion muscle in Canberra to limit political interference with its purpose. The mega funds will become more effective advocates requiring an increase in directors' Canberra 'door opening' abilities.

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This decades' challenges will require directors with evermore complex skills and experience sets. To paraphrase Bill Clinton 'it's the skills, stupid'! A sunny future beckons for super and retirement funds that are able to build the best teams of directors.



Member values champions with well selected high profile experts should bring the board firepower that attracts the best executives and together delivers even stronger member engagement and results. Future directors will be well-equipped to be our future finance titans.

**The Conexus Institute is an independent research think-tank philanthropically funded by Conexus Financial, publisher of Investment Magazine.*

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