

Newsletter – January 2014



President - Phil Guerin

I'd like to take this opportunity to wish all our IMC New Zealand members and associates a successful and prosperous 2014.

2013 was a busy year for IMC New Zealand Council with a number of projects being progressed

- Phase 2 of the Website upgrade will be made live in early 2014 activating the member-only side of the site along with on-line payment functionality and the ability to submit applications for membership online. We are just finalising the last few aspects of this functionality now.
- Revenue earning opportunities for CMCs are imminent with the launch expected in early 2014 following fine tuning of arrangements with our first strategic partner.

IMCNZ remains committed to supplying a very real value proposition to members by way of:

- Professional Development
- Networking
- Business opportunities
- Opportunity to strengthen the industry
- Events
- Seminars
- Collegiality
- Code of Conduct
- Research Material (BPIR)
- International accreditation

This year the **ICMCI Conference** will be held in Seoul, Korea **22-27 September 2014** and we encourage members to take the opportunity to become involved at an international level and utilise the event as a Professional Development opportunity. IMC New Zealand will be undergoing our three-yearly re-accreditation and will have the responsible Council member in attendance. **If you intend to travel to Seoul we ask that you let us know** (email Suzanne on info@imcnz.org) so that we can keep you all in the loop with any special offers that we may become aware of.

The introductory conference info can be viewed on at <http://www.icmci.org/?page=17666310>
Council member, Iain Matheson has been doing a little research and advises that for those that are considering attending Seoul, Expedia is showing return flights out of Auckland to Seoul with China Southern for only \$1478 including taxes and fees (20-27 Sept) – the same as 2 last minute returns from Auckland to Wellington! Wellington is a actually hundred or two more."

Council Changes

You may note on the last page of this newsletter that we have had some changes to our Council lineup. Hena Rana has recently been awarded the prestigious President's Award, entailing overseas study at Harvard. As a result we are pleased to welcome on board our new Treasurer, **Andrew Marr**.

We are also pleased to welcome **Graham Hay** as a new Council Member. We also welcome back **Malcolm Billington** who has just returned from the UK.

We wish to take this opportunity to thank all our Council members for the time, effort and dedication that they contribute. On top of the hours contributed in working on various projects our Council members also donate 2 weekends per year to get together for brain storming sessions.

In November we held the meeting at Scots College, Wellington and thank Sandra and her team at the College for managing the arrangements for us.



Top Row: Iain Matheson, Andrew Marr
Bottom Row: Jason Price, Phil Guerin, Terry Hoskins, Iain Abrahams (Suzanne taking the photo)



Top Row: Iain Matheson, Andrew Marr
Bottom Row: Suzanne Barley, Phil Guerin, Terry Hoskins, Iain Abrahams (Jason taking the photo)

Recent Events

October (Auckland)



Graham Hay (right) accepts thanks from Terry Hoskins

Information Security for Independent Management Consultants with Graham Hay.

When the proverbial hits the fan the independent consultant is pretty much on his/her own. Part of the risk management is ensuring that good security practices are in place.

This event was very well attended and as a result of requests, Graham will be releasing a full set of notes to follow separately. (Sarah Beaman is thanked for forwarding her transcript of the discussions).

October (Wellington)

The October Wellington meeting in Wellington had the pleasure of having Paul Delahunty as speaker. Paul is EPMO Manager at ACC. Paul gave an entertaining talk covering his experience in establishing and working within a number of EPMO's. The following diagram from Paul's presentation clearly describes what an EPMO is. Paul's talk was followed by a number of questions from members and guests. (Jan Abrahams)



November (Wellington)

'Reducing the Occupational Risk of Consulting' - Ian Thompson of Vero and Phil Clauzel of JLT (Gold Sponsors) are thanked for bringing this presentation to our Wellington branch.

This was an interactive session discussing how insurance dovetails with risk management. The outcome of the Auckland session was highlighted in our October edition but we wish to reiterate some of the important outcomes from the discussions as they are worth considering for your own business practices.

Primary points:

- **Document everything!** It is not unusual for a management consultant to be set up as the scapegoat for a management team who does not actually want a project to be successful. Documenting as much as possible is the greatest form of protection. All verbal discussions should be noted and ideally followed up with an email confirming the content of the conversation.
- A good set of **Terms of Trade** is important as they define the limits of your liability (as well as making debt collection easier). One of the issues which arose was the long tail on liability claims. It is not possible to contract out of common law, but it is possible to **limit the period of liability to a set time frame**. For instance, rather than having an unlimited tail your terms of trade could include a liability clause where it is limited to the period during which the contract is being completed, or perhaps 1 year after contract completion. This is especially valuable where the limit of liability under the contract is \$10-\$20 million and you are paying for the run-off cover over a period of perhaps 7 years under the average statute of limitations. And remember that if you are paying for insurance (especially for expensive higher limits) it should be **included in your pricing structure**.

It is important to always note however that you cannot contract out of Statutory Liability under parliamentary Acts and the applicable statute of limitations.

- It is important to understand the unique nature of Professional Indemnity Insurance. For a claim to be valid under the insurance policy there are certain boxes that must be ticked.
 - 1) Cover is in place at the time of the **work being undertaken**.
 - 2) Cover is in place at the time that (you become aware of a circumstance that could give rise to a claim and a notification is made to the insurer)

There may be a considerable gap of several years between these 2 dates. Therefore it is critically important that Professional Indemnity be in place as a continual part of your management consulting practice, as gaps in purchasing insurance will lead to gaps in cover.

For instance if you purchase Professional Indemnity insurance because your client is demanding it as a condition of the contract, then you cancel the cover once the contract is over, you have in reality simply purchased the right to undertake the work. If a claim is made a year or so later and there is no uninterrupted insurance cover then you have no insurance for that claim.

It is also vital that when changing insurance companies your new policy contains a **retroactive date** (date when cover under your previous policy commenced) that mirrors your previous policy. This will ensure your new policy responds to back work undertaken from the retroactive date onwards.

The important point in regard to the insurance perspective is that whether you are proven right or wrong, what insurance really does is provide the funding for the very expensive defence costs - it is these costs that can bankrupt you even if proven that you were not at fault.

November (Auckland)



A new Paradigm for Leadership - Award winning speaker, facilitator, executive coach and writer, **Gilly Chater**, discussed the leadership paradigm. Today's leaders continually face uncertainty. As an expert in your field you are also a leader and a sales person, and there are key elements, that as a consultant, you face each time you engage with your clients. How can you create relationships with your clients in such a way that working with them feels effortless rather than effortful? What is the secret to staying resilient, even in stressful situations? Imagine how you would feel and how it would impact your people and business.

Gilly provided some enlightening case studies, focusing on leadership direction with far reaching implications for individuals and organisations.

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December (Auckland)



The Evolution of an Idea: Donald Jessep, Facilitator.

Every manmade object, concept or strategy started as an idea in the imagination of one person. Literarily millions of ideas are formed in the same way every week. Some evolve into mighty organisations, others never see the light of day. Why do some ideas evolve and expand whilst others, sometimes of equal merit wither away? New Zealand business owners are famous for coming up with

good ideas but we are equally notable for how many fail to reach maturity. At each step in the evolution of an idea a different understanding is required and because we are all wired differently we are best suited to different stages.

In this conversation Donald showed a practical framework for organising people so good ideas realise greater potential. He has also written a book summarising the concepts. To purchase his book, Donald can be contacted at: www.profitableteams.com, phone 09 622 0268.

New Members

We are pleased to welcome:

Andrew Tubb	CMC
Daniel Vidal	Fellow
Matt Lowe	Affiliate
Sandy Abbott	Affiliate



Terry Hoskins (left) awards Andrew Tubb with his CMC Certificate

Social Media - You Tube Videos

As part of the strategic drive to use social media to promote CMC and IMC, we are pleased to advise that the ICMCI YouTube Video Channel is now up and running.

The link is: <https://www.youtube.com/channel/UCctXTEWbqPvh6ELTMh3I5sA>

This channel was created with the purpose of increasing the visibility of:

1. IMCs by covering our events, achievements, educational materials for consultants, and services.
2. Members of IMCs by covering their services, achievements, educational materials, and their means of support to their local IMC.
3. ICMCI by covering news, projects, educational materials for consultants and IMCs, and professions' standards.

ICMCI welcomes and encourages our participation (from both IMCNZ as an organization and CMCs individually), in order to highlight our achievements within our communities and clients.

One of the targets that ICMCI would like to achieve, is to reach the threshold of 1000 videos, which will render it one of the largest channels on YouTube. Imagine how that will affect:

1. Visibility of CMCs and the IMCNZ..
2. The CMC awareness or at least the curiosity about it.

If you have any relevant videos please forward to:

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Fellow Honorific

At the end of 2013 we liaised with our Fellows in response to inconsistency around the honorific used. We thank all those who responded for their thoughts.

According to the constitution Fellows have historically used 'FCMC'. However, in recent times we have undergone a change in the membership framework and FIMCNZ has been encouraged. It has only been through this discussion that we have realised that the Constitution was not brought up to date to reflect this change.

At the AGM 2014 we will accordingly be submitting a remit "that reference to FCMC in Clauses 15 and 17 of the Constitution be changed to FIMCNZ. This will ensure that the Constitution reflects the new framework.

The reason that FIMCNZ is deemed more appropriate is that the 'CMC' portion of FCMC indicates current CMC status. However, not all Fellows qualify or maintain the CMC status - for instance if retired or if the fellowship was awarded as a more 'honorary' status.

Therefore for Fellows who remain active CMC's can use the combined honorific 'CMC FIMCNZ'.

Insurance Update



KEY ISSUES TO CONSIDER EARLY IN 2014

How not to compromise health and safety practices whilst reaching for the stars!

New Zealand has a reputation for developing new and exciting products and services. We love pushing the boundaries and whilst it's important we utilise our 'kiwi energy' we need to be sure we are not compromising operating standards and putting ourselves at risk.

With changes afoot at ACC and the government mid-way through a review of the Health and Safety in Employment Act, there is no better time to dust off your own company procedures and policies and undertake a 'spring clean'. Having a robust system in place that has the right people in the right roles with the right level of knowledge and experience is a must.

Creating safety awareness in the workplace, managing fleets of vehicles and recruiting employees safely are the many ways JLT encourage their clients to develop strong operating procedures and systems without the need for compromise.

Did you know that as a Director, you can be held personally liable for not only your own mistakes but also the mistakes and errors of others?

Regardless of company size, all directors and officers are subject to the same rules and regulations and face more risk than ever. Greater media awareness coupled with several high profile cases of late, most notably Bridgecorp and Pike River, means having the right cover in place to protect against allegations of mismanagement is of great importance.

D&O liability cover protects the personal assets of directors and officers from the consequences or claims which may arise from decisions and actions made within the course of performing their duties and responsibilities.

So who should be covered under a D&O policy?

Claims can manifest from varying areas such as shareholders, debt holders, industry regulators, the IRD or simply your employees and D&O policies are insured on a 'claims made' basis. A 'claims made' basis simply means that the D&O policy will pay out under the policy in place at the time the claim was notified, rather than the policy in place at the time the error was made.

It is important to protect **past and present directors** to ensure that decisions and actions made by not only those in management positions now but also past Directors are protected for any liability during the time they were able to make decisions.

When considering D&O cover, JLT recommend companies first undertake a review of why they are buying this insurance and the circumstances in which they anticipate claims may arise, to ensure the insurance is relevant to their needs.

As the insurance industry has evolved post catastrophe, insurance loss modelling and aggregation of risk has become critical to insurers.

It is vital to be able to filter what is high risk and what is perceived high risk and being able to present this risk data to the insurance market.

Understanding the risks associated with your business and the shortfalls can be invaluable when it comes to your insurances and how the market perceives the risk. JLT has had success in a wide variety of areas in negotiating favourable terms for our clients, particularly post earthquakes.

For example, Wellington is generally considered high risk from a natural disaster perspective; however if a building is has been constructed to the latest building code, is on sound ground and has the latest in fire safety standards, then when presented correctly to insurers this can assist in obtaining cover at the right outcome.

We are all too familiar with the changing landscape of insurance as a result of the earthquakes in Canterbury.

The New Building Standard (NBS) will have implications to property owners if buildings do not meet 34% of the new criteria. If a building is deemed earthquake prone, you must advise your insurer immediately and insurance cover will almost certainly change. Failing to do so could lead to your insurer limiting their exposure, increasing excesses for natural disaster cover, increased premiums and/or you may find that you will be required to provide much more detailed geotechnical information which could be costly to obtain.

Another area to be aware of are the Section 124 notices. These are being placed on buildings that are identified as earthquake prone and are deemed a material fact for insurance purposes. These must be disclosed to the insurer by the owner immediately as failure to do so could result in a claim being declined or no insurance cover provided at all.

This article provides general information in summary form. The contents do not constitute advice and should not be relied on as such. Specialist advice should be sought directly from JLT on particular matters. Please contact the author in the first instance.

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