

By Catherine Fox
Photography Alina Gozin'a

Partners for purpose

A financially sustainable business model, pioneered by banker turned chair and company director Audette Exel AO, is bridging the worlds of finance and philanthropy.

When Adara Group founder Audette Exel went to see director David Gonski AC FAICD*Life* in 2014, she was keen for his thoughts on a novel idea. Exel had already run a successful global advisory business to fund her not-for-profit (NFP) development organisation. Now she had hatched a plan to get top investment bankers and dealmakers to donate their fees from a range of corporate financial transactions to support good causes.

His reaction was forthright. "I thought it was fantastic," he recalls. "Audette came to see me with the essence of an idea, which was basically that people may like to use their skills for a higher purpose instead of receiving fees – with the returns going to help people in need. I thought it was a terrific idea."

Gonski was impressed not only by the scope of the "business for purpose" model, now known as Adara Partners (see page 42), but also Exel's leadership and passion. "She looks at things from a world basis, as a world leader who isn't just sitting in one country. She straddles two worlds [finance and not-for-profit] but uses enormous energy in both," he says. >



Adara Group chair
Audette Exel (left) with
Adara Partners panel
chair Ilana Atlas MAICD

A commercial lawyer by training, former managing director of Bermuda Commercial Bank and ex-chair of the Bermuda Stock Exchange, Exel was also a member of the board of the Bermuda Monetary Authority (her signature was on Bermuda's \$5 note).

In 1998, she founded the international development non-profit organisation Adara Group (formerly Isis Group) after witnessing appalling conditions in the Humla District of the Himalayas and in Uganda's Nakaseke District. The organisation's expertise lies in two distinct areas: maternal, newborn and child health and community development. It works with communities in remote parts of Nepal and Uganda to help improve lives through health, education, infrastructure and other development projects.

The Adara Group consists of two Australian corporate advisory businesses, Adara Advisors and Adara Partners, whose sole purpose is to support its NFP international community development organisation, Adara Development, which encompasses trusts and charities around the world – including Australia, Uganda, Bermuda and Nepal.

Exel notes that in the world of hybrid business/NFP constructs, there are legal and regulatory risks around holding integrity and ensuring the purpose is embedded. But while it might look like a complex structure, she says, it really isn't.

"To do the international NFP work that we do, we need regulated NFP entities in every jurisdiction we operate in. We have two businesses because Adara Partners needed a specific legal structure to allow the panel model to comply with all the relevant regulatory and conflict-of-interest issues."

The model has worked so well that Adara has grown significantly and earned itself a global reputation. It funds a development-team payroll, directly and indirectly, of more than 160 people. Each year its work touches more than 50,000 people in poverty and the organisation is a world leader in areas such as the care of preterm and low-birthweight babies in low-resource settings. A research centre uses feedback from the various communities to build evidence-based projects and evaluate their impact over time.

Exel emphasises that governance must be taken seriously and managed to the highest standard. "Because Adara has both

advisory businesses and multiple non-profit entities in the group, we also have to ensure that the relationship between those entities is clearly explained and managed – with any conflict-of-interest issues front of mind."

This model helps Adara be more financially sustainable. "It's also a positive way to attract donors, as they like that 100 per cent of their donations go to projects," she says. "Adara has put \$36 million to work for women and children in extreme poverty. Our businesses have funded \$12m of that, with the rest coming from donors."

As for the risks associated with operating across multiple countries, Exel doesn't deny them. "For sure there are risks. But when you get it right, the impact is massive."

Her approach is based on a belief that people in all kinds of jobs can be motivated by contributing to the social good. "There's been a sea change in the way people think about using business skills," she says. "Setting up a corporate advisory firm to finance an NFP is one way. In the early days, people thought I was crazy because it was so far from the way traditional philanthropy is funded."

Gathering a group of Australia's leading – and quite often competing – investment bankers and corporate advisers in the same room is a tall order.

Motivating them to work together on top of their hectic day jobs, then to donate their fees, is another challenge altogether.

"They say you need three things to be happy at work: mastery, purpose and autonomy," she explains. "The financial community has the mastery and autonomy, but I think it often muddles up purpose with money. Adara Partners is about mastery for purpose and it creates a way senior advisers can use their skills directly to help others. For some, it's the first time they have ever felt how great it is to do what you do brilliantly with an amazing outcome."

Two years after the launch of Adara Partners, there are 16 members on its panel. These include founding members Ilana Atlas MAICD, Catherine Brenner MAICD, Guy Fowler, David Gonski, Matthew Grounds, Peter Hunt AM, Diccon Loxton, Peter Mason AM FAICD and Steven Skala AO. Panel members, on behalf of Adara Partners, have advised the likes of Wesfarmers, the >

■ Blueprint

A model for partnership

While the Adara Partners model requires a financial services licence to drive it, Audette Exel says it has broader relevance to the not-for-profit world. "I think it has wide applicability in the understanding that you can partner with business and do it in a deep strategic way," she says. "NFPs and the financial services community often see themselves as separate. Adara Partners shows they can work hand in hand. Don't think of business as the enemy – think of it as a potential strategic partner."



Audette Exel and investment banker Guy Fowler (below) on a recent site visit to Nepal. "He has seen the work and knows the impact," she says.

NFPs for the long term

AICD's 2017 NFP Governance and Performance Study: Building long-term strength, identified four key issues that are of concern to not-for-profit directors.

Culture More than 70% were very likely to recommend their organisation as a good place to work, yet 52% said culture hadn't been formally on the board agenda in the past year.

Financial sustainability 50% of directors surveyed reported that profit margins were below inflation.

Risk management 36% felt their organisation was taking on too little risk and only 41% said their board had a formal risk-appetite statement.

Reputation 86% rated it of high importance, but only 41% said it was formally considered in decisions.

Information: aicd.com.au/nfpstudy



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A lot is written about how avaricious and mean and extortionate those in the financial industries are, but... people want to do good things and contribute.

David Gonski AC FAICDLife

Football Federation Australia and Macquarie Atlas Roads – generating more than \$2.3m in fees for Adara’s work, with an additional \$2.2m in fees expected from current mandates. “One of the panel members is working on his fourth mandate for us. They’re all going out of their way to build Adara Partners with us and help people in need,” says Exel.

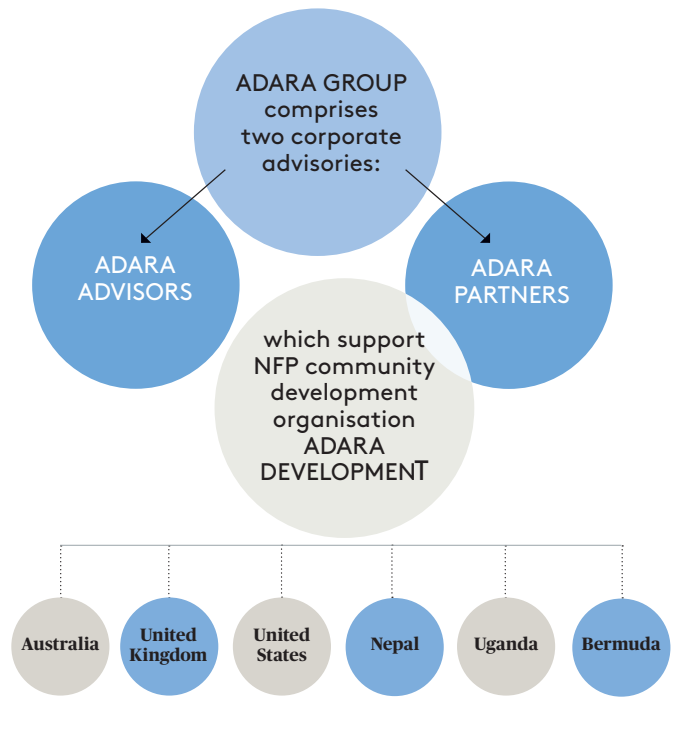
“The other cool thing is watching panel members work across their competitive boundaries. It’s tough in the sector, but it’s great watching Graham Goldsmith FAICD [former vice-chairman and managing director of Goldman Sachs Australia] and Guy Fowler [chairman of Corporate Client Solutions at UBS] working shoulder to shoulder,” she adds.

“All of our panel members are great philanthropists in their own right and many sit on the boards of NFPs. Now, with Adara, they are using their skills to generate revenue for others. They’re not doing it for the money. They love working in the markets, they love advice work and deals – and this is a new way to bring it all together.”

Panel chair Ilana Atlas says a visit to Nepal added to her enthusiasm for Exel’s strategy. The women met five years ago when Exel joined the Suncorp board and instantly connected. “Audette is unique in straddling two worlds brilliantly – an entrepreneurial businesswoman with expertise in insurance, funds management, markets and building businesses, together with being totally committed to helping people living in extreme poverty...”

David Gonski says he isn’t aware of any other model worldwide like Adara Partners. And its success shows a very different side to the finance sector. “Audette’s really saying we will run an effective service provider

ADARA CORPORATE STRUCTURE



bio.

From New Zealand Based Sydney

Roles Founder and chair Adara Group; non-executive director Suncorp Group.

Studied Victoria University of Wellington, New Zealand, University of Melbourne (Law).

Worked Board member Bermuda Monetary Authority; chair Bermuda Stock Exchange; managing director Bermuda Commercial Bank; solicitor Linklaters and Allen Allen & Hemsley.

and the profits will go to charity. A lot is written about how avaricious and mean and extortionate those in the financial industries are, but the fact she can get so many top-quality people clearly indicates there’s another side to the story. People in the sector want to do good things and are prepared to contribute.”

Other NFPs are interested in Adara’s approach and Exel sees potential for the model. “I want Australia to model this and take it to the world’s great financial markets,” she says. “Imagine if a panel existed in every major financial centre worldwide and it became prestigious for the best advisers to be involved? What a huge impact that would make. This could be – and should be – way bigger than Adara.”

If ever there was a time to focus on the kind of international work Adara does and how to support it, it’s now, she adds. “We need to stand up and speak for our neighbours. There are 850 million people living in extreme poverty. Our tagline is ‘bridging worlds’ and we want to do that to support people globally.”

Exel says Adara Partners was primarily devised to support the organisation’s longevity and financial sustainability. “I’m 20 years into this [with the Adara Group] and am conscious that what we build needs to be here in 20 years’ time – and 40 years’ time. It’s much, much bigger than me.” ■



Web: adaragroup.org
Twitter: twitter.com/adaraglobal

TWO-WAY TRACK

Adara Group chair and Suncorp board member Audette Exel on what she’s learned being on a listed board.

A chair who cares

Audette Exel believes her Suncorp experience has helped inform her approach to governance at Adara Group. “Being on the board of a heavily regulated company shows you governance at a whole new level,” she says. “The responsibilities and complexities are huge. Doing that well, at the same time as keeping your eye on the strategic and business issues that drive the company, is a balancing act.”

As chair of those boards, Exel says she values directors who are genuinely passionate about the cause. “When I meet people who are looking to come onto a board for experience, but don’t seem to care which board, that’s a warning sign for me.”

She says she looks for different voices to add to the richness of thought, and integrity is mandatory: “It stands at the centre of everything that matters.”

There are 19 directors across all the entities, including Exel, who’s the common director and chair. The development organisations have two formal board meetings a year, a formal board call on the budget and one informal board call on a key strategic area. Meetings are held consecutively by dial-in – “like one giant board meeting”.

Scary good

Exel’s experience of global finance, governance and strategic direction while running Adara has helped influence her thinking on the Suncorp board, which she joined in 2012.

“For me, being a non-executive director of a major public company was not an ambition. I was totally focused on Adara,” she says. “When I was headhunted for the role, at first I said no.” She changed her tune when told the position was with Suncorp. “Suddenly, I was interested. I had run a bank in one of the world’s largest reinsurance markets and had a huge interest in looking at pricing and risk across balance sheets.”

Another factor that helped change her mind was the adage that you need to regularly do something that scares the living daylights out of you. “It was big, scary and right up my alley.”

Piecing together the puzzle

Exel admits to being on a steep learning curve during her time at Suncorp. “You get to see this organisation with 15,000 staff and nine million customers and watch the pieces of the puzzle come all the way up to the board, as well as how senior teams approach things, the complexity of financial services, regulation and

the licence to operate. I’ve learned a lot from Ziggy [Switkowski AO FAICD, Suncorp chair].”

With her financial and entrepreneurial experience, Exel finds she is able to contribute a different perspective to board discussions. “I have added my voice across all commercial aspects of Suncorp. I’m one of a number of directors who are also very interested in the changing expectations of business and the multi-stakeholder model of business bringing benefits to shareholders.”

The board, which has four men and three women, is collegial but

diverse. “It’s to the huge credit of many boards in Australia that they are widening their recruitment pool and looking for people who have diverse approaches. That needs to happen.”

Powerful voices

“One of the things I’ve learned at the board table is that it’s not a debate, it’s a discussion – and there is a difference. Ziggy knows how to listen to all voices. It’s easy to be convinced of your own position; it’s so powerful to listen to others.”

“Hopefully, with my background in banking and reinsurance, I can add a different lens.”

Paying it forward

“From an NFP perspective, there’s also a lot of governance. And that’s so important, as our clients – our beneficiaries – are people in extreme poverty. We can cause real harm if we get it wrong.”

“I feel for many great small NFPs who work so hard and have to really stretch for resources to help them manage governance when donors don’t want to fund their admin or core support. It makes me grateful to have our businesses fund all our core support and admin. So for us, governance is critical and we pay for it ourselves.”

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