Three Cheers for Dickey

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Lindie Clark
Finding a Common Interest: The Story of Dick Dusseldorp and Lend Lease
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CORPORATE REPUTATIONS are hard won, and easily lost. In February 2000 Fortune magazine ennobled Enron for the fifth consecutive year as ‘the Most Innovative Company in America’. Sixteen months later, it had innovated its way to insolvency. For once-mighty captains of industry, these are dark days indeed. The pandemic of scandals has even inspired a new television series on the Pax network, Just Cause, featuring an avenging paralegal empowered to ‘clean up America…one crooked CEO at a time’.

So Lindie Clark’s study of Dick Dusseldorp’s Lend Lease Corporation comes either at the right time, or the wrong time. Right in the sense that it offers an alternative to tales of corporate cupidity — and wrong for exactly the same reason. But the issues that Finding a Common Interest traverses — of stakeholder versus shareholder capitalism — are old ones, and transcend the preoccupations of the moment. On the bedside table of many a CEO, it would be an enriching substitute for the next John Grisham.

Dusseldorp, for those who don’t know, was a genuine management original. He arrived in Sydney just over half a century ago as construction manager of Civil & Civic, the satellite of a Dutch building company, Bredero’s. He soon cut a dash with his liberal but pragmatic solutions to problems besetting the building industry in Sydney, hitherto a hotbed of employee unrest. To projects such as Australia Square, Caltex House, and even stage one of the Sydney Opera House, he brought an enlightened and inclusive attitude to labour relations that now seems years ahead of its time.

Lend Lease, a financial vehicle created in a 1958 restructure to acquire Civil & Civic, peeled away from its former parent over the next fifteen years, becoming a powerful Australian enterprise that has made a lot of people very rich; in the words of erstwhile colleague David Thorne, Dusseldorp was ‘a great capitalist when making the profits and a great socialist when distributing them’. In addition, he instigated General Property Trust, the first listed property vehicle of its kind, and presided over the revival of MLC, acquired twenty years ago and on-sold to National Australia Bank in 2000 for $4.6 billion.

Clark’s subject in this book is Dusseldorp’s model of ‘social capitalism’, rather than his life or his company’s history. It is a thoughtful approach, which prevents her sticking too deeply in the ruts left by company historian Mary Murphy in her Challenges of Change (1984), if not quite satisfactory. There is both too much about Dusseldorp, in the sense that he is seen as almost the exclusive author of his company’s fortunes, and too little, for the details of his extra-corporate life are paltry. Clark clearly subscribes to Emerson’s famous remark about an institution being the lengthened shadow of one man; consideration of the shadow, however, here seems to constrain consideration of who cast it.

As a result, Dusseldorp’s philosophy is seen as ready-made rather than evolving, as a string of successes rather than a process of discovery. Its origins and its influences are never quite clear: had Dusseldorp heard of the Scottish management utopian Robert Owen, for example, or read Peter Drucker’s The Concept of the Corporation (1946)? A rounded version of the Lend Lease story, too, would contain not just its points of differentiation from other companies, but how it approached the quotidian stuff of business: paying tax, publishing accounts, borrowing money, doling out dividends, remunerating executives, planning succession, dealing with regulators, talking to analysts. Any company these days can open a crèche and call itself enlightened, while still routing its profits through tax havens and signing off on counterfeit accounts.

Clark describes Dusseldorp the socialist well. Lend Lease was its own cutting edge in the building industry. In 1972 Dusseldorp, agreeing with the Australian Council of Trade Unions, allocated a set proportion of the company’s pre-tax profits to a bonus pool for pro rata distribution among workers. In 1973 he decreed that shares be issued to all employees, who within five years became the biggest shareholders. A bare-knuckled BLF representative, Banjo Patterson, once jumped on a table at a meeting of workers and demanded ‘three cheers for Dickey Dusseldorp!’

Clark is less at home with Dusseldorp the capitalist, and disappointing on Dusseldorp’s greatest coup, precipitated when Lend Lease’s largest individual investor, MLC, was menaced by the raider Ron Brierley two decades ago. With a partial bid in November 1982, followed by a share swap in May 1985, Lend Lease gained control of what, for all its faded grandeur and lacklustre performance, remained Australia’s fourth-largest insurer, with more than $2 billion in assets, and Dusseldorp was ruthless. Only one member of MLC’s board survived the first year of Lend Lease ownership; only half the workforce survived the first three years. Yet Clark’s account of the transformation is vague, especially about the funds management industry and equity market conditions.

Those concerned with corporate life, nonetheless, have a good deal to gain from Finding a Common Interest. Dusseldorp is a rich and provocative subject, Clark an attentive and assiduous student. ‘Corporate social responsibility’, a voguish subject, is thicker on rhetoric than relevance at present: Clark’s book shows it in action. It’s almost party-pooping to have to mention Lend Lease’s more recent fortunes: that its share price, from a peak of $22.30 two years ago, has this year retreated as far as $9.22, and that its CEO, David Higgins, has just left. But what was I just saying about reputations?