



Finding new CEO for Telecom top priority



THE TELECOM CUP

IF TELECOM'S new board hasn't already twigged that they need to replace chief executive Paul Reynolds sooner rather than later, yesterday's news that United States fund manager BlackRock has accumulated a 5 per cent stake in Telecom may give them the hurry up.

There is almost certainly nothing sinister in the fund manager's move. New Zealand should be a bit of a safe haven for global investors, given Europe's tumultuous events, and the telco would seem a sensible place to park cash. BlackRock is a huge passive investor with US\$3.3 trillion (NZ\$4.15t) of assets under management, not a rakish private equity firm that would be interested in taking over and asset-stripping Telecom.

But its buy-in has prompted more speculation that shareholders may be expecting a takeover premium for Telecom after its sharemarket split later this month. That speculation is another reason why starting the process to recruit a successor for Reynolds needs to be top of the agenda when its new board first meets.

Outgoing chairman Wayne

Who will replace Paul Reynolds?
Rick Ellis: 3-1: The Television New Zealand boss says he is happy at the state-owned broadcaster. That is despite having to take a pay cut last year. Proven class at this level, but may have to be blindfolded to enter the starting gates.

Rod Snodgrass: 10-1: The long-time Telecom staffer was appointed "chief product officer" in a management reshuffle this year in a move that insiders said meant he was being groomed for the top job. Trusted stayer who has coped well with change of trainer from Gattung to Reynolds. Genuine chance if track becomes heavy.

Chris Quin: 100-1: The upbeat boss of Telecom's Gen-i division is energy and enthusiasm personified. Talented galloper, but a question mark at this distance. Lightweight hope.

Theresa Gattung: 1000-1: Some

Boyd announced in August that Reynolds would stand down before July, and there is a reason why businesses don't usually pre-announce the departure of their chief executives almost a year in advance. It creates uncertainty and makes it difficult for managers to plan.

Reynolds himself appears in no great personal hurry to leave Telecom, or the country. The tall Scotsman has said only that he



Firm favourite:
Rick Ellis.



Rank outsider:
Theresa Gattung

industry executives admit Telecom's former boss might excel at leading the "beast unleashed" post-separation, but only in private. Was unlucky at her first outing on this course. But heavy weight (of history) handicap makes this Kiwi mare impossible to fancy. The field: odds-on. This race is not expected to attract foreign entrants. But it is certain to end in a photo finish.

will depart Telecom "next year". Nor has he indicated he will resign. Telecom's directors will be aware that terminating Reynolds' contract will create the wrong headlines for the new company, post separation, given Reynolds would be entitled to compensation at minimum, of an extra year's salary. But the dye was cast when Boyd chose to announce Reynolds would leave without having first ironed out the contractual details.