

THE PASSIONATE ANALYST

MAX POWDITCH, SECURITIES INSTITUTE LEGEND



by EDNA CAREW

When Max Powditch stepped down as Federal President, his colleagues hailed a man who has devoted enthusiasm, loyalty and energy to the Securities Institute for 23 years.

U pfront, extrovert, enthusiastic, affable, alert, uncompromising, committed, conscientious, unpretentious, demanding, loyal – these are the words most frequently used to describe Max Powditch. The quality that stands out, though, is the enthusiasm. Unbridled, unending, sometimes unfocused, the enthusiasm is Powditch's hallmark.

High on the list of beneficiaries of his energy and enthusiasm has been The Securities Institute of Australia. Powditch's recent retirement from the role of Federal President – a position he had held for three years and which capped a 23-year involvement with the institute, including four years as NSW president – deprives the SIA of its longest-serving officer-bearer. In April, the institute's Federal Council acknowledged his contribution by appointing him its fifth life member.

Powditch's support of the Securities Institute goes back to the early 1960s, to the days before the 1975 merger of the Securities Institute and the Australian Society of Security Analysts, which created the institute in its present form. An honours graduate of the University of New South Wales (Bachelor of Commerce, studied part-time over six years), Powditch was one of the first batch of eight graduates produced by the infant institute in 1965. In the following year he joined the council, becoming its youngest member and beginning an uninterrupted dedication that has seen the SIA increasingly expand and embrace new

areas and ideas.

Educated at Brighton-le-Sands primary school, Sydney Boys High and NSW University (his part-time job while a student was with Johnson & Johnson, where he worked in every department from baby powder to truck-driving), Powditch was attracted to the finance industry. On graduating from university he wrote to 50 stockbroking firms. "Twenty wrote back," he says. "Eighteen said no and two said 'come and have a chat'." One firm challenged the young Powditch to convince them why they needed him – he did not succeed in this, and joined the other, A.B.S. White, beginning his career in research.

Powditch attacked his new profession with the enthusiasm and determination that he brings to everything. Hugh Wallace, managing director of Dart Corporation and a former colleague of Powditch, sums him up as "the passionate analyst, the Harry Butler of the balance sheet, who loves lifting up rocks and looking underneath".

Peter Philips, chairman of the NSW Government's business licence reduction unit, who poached Powditch to his own firm, Philips Kitchen (subsequently Meares and Philips), says: "He was a gun analyst at a time when gun analysts were extraordinarily rare." Jim Goldman, managing director of Westpac Financial Services and formerly research partner in two firms where Powditch worked, describes him as an "investigative

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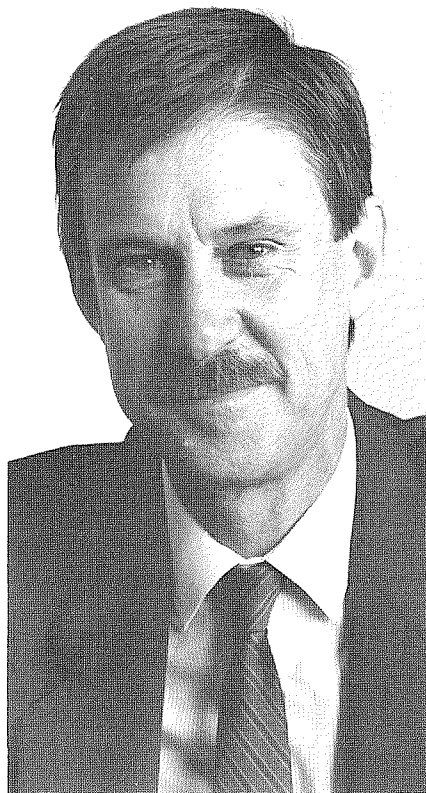
analyst, with an absorbing interest in the art or science of securities analysis." He adds: "Max is not sales-driven or ego-driven, and that's unusual in this industry."

Powditch is unanimously voted as being among the first of what Norm Miskelly calls the "genuine analysts". Miskelly, a former colleague of Powditch's and now a director of Capel Court Powell, says that Powditch's approach cracked new ground. "He examined earnings per share and adjusted reporting earnings and didn't just take company reports at face value."

There is a less serious side to Powditch. David Lesnie, managing partner of A.B.S. White, points out a particular specialty – Powditch's analysis of football results. "That was very useful," he says. "Max kept a good pools system going." Lesnie and others who knew Powditch in his early years talk of his affinity to his Facit, an adding machine operated by cranking a handle which, Lesnie agrees, falls somewhere between an abacus and an electronic calculator. Powditch took his Facit to Philips Kitchen; it was bundled up and presented to him when he left years later to join BT Australia.

It was Powditch's reputation as an outstanding analyst that brought him to the attention of Peter Philips and led to his joining Meares and Philips where, as Philips says, he "dominated research, did the lot, was a magnificent analyst." Philips well remembers Powditch's less conservative and more mischievous streak: the two were travelling overseas, on a trip to Europe via Beirut and Frankfurt: and bound for a meeting in London. Powditch became fidgety after Beirut; he wanted to stop in Rome before going on to London. But the plane was not scheduled to make a stop in Rome. So Powditch went AWOL, spent a couple of days exploring Rome and then, pale and wan, rejoined Philips in London. On a later occasion, early in 1973, the two were again travelling in Europe and, towards the end of their extensive trip, became bored with their joint presentation. So they reversed roles. Powditch became the principal, Philips the analyst. "It made a pleasant change," says Philips, who emphasises he is no leading analyst but says each knew the other's lines so well the switch was possible. And added a touch of fun.

Powditch left Meares and Philips in 1979 to join what was then the merchant bank BT Australia (now a bank, Bankers Trust Australia). Rowan Ross, director of



Max Powditch

corporate finance, who worked for several years with Powditch in corporate finance, says BT was looking for people on the advisory side and wanted good research staff. Ross relates that Powditch was "pursued by Rob Ferguson" (now Bankers Trust's chief executive but at that time working in corporate finance). In the way that paths cross in a fairly tight-knit industry, Ferguson had earlier applied for a job at Meares and Philips but Powditch had turned him down. Powditch was later to work for Ferguson. In another twist of fortune, Powditch's career with Bankers Trust has taken him back to stockbroking: in 1987 he became director of BT Stockbroking, and was instrumental in getting that venture on its feet.

His secretary, Frances Dumbrell, moved with him from corporate finance to stockbroking. She has been with him for nine years. Where others might have a photograph of husband, child or pet cat on the desk, Frances Dumbrell has a framed newspaper caricature of Powditch, captioned "My Boss". Dumbrell enjoys working for Powditch, a man who, she says, "wears so many caps, inside and outside Bankers Trust". His interest in young people, reflected in many of his pursuits, is evident within the bank, where he is chairman of the staffing committee and closely

involved in recruitments.

Rowan Ross talks of Powditch's ability to pick a promising stock – for example, he was quick to identify Northern Star and established relations with the company, a move that sparked his own interest in the media and led to his specialising in that area and becoming an authority on regional television.

Powditch is acknowledged as someone who has given generously of his own time in an industry commonly reputed to be peopled by those out to make a fast buck. He has encouraged other analysts, something that does not occur often in a competitive environment. He also stands out for his informality and absence of pretentiousness. Powditch is the antithesis of a yuppie. In his almost 30 years in a highly competitive industry he has won widespread admiration and praise for his efforts. He is seen as a nice person, rather than one who drives a hard bargain; a thoughtful individual rather than a salesman. Some have criticised what they see as his overly academic approach, a style that reflects his genuine love of analysis. He enjoys analysis for its own sake, as distinct from simply using it as a mechanism to make money. He has no reputation for producing conclusions to order; rather he is seen as someone who has brought analysis to the masses, to the benefit of the investing public.

The harshest criticism is that his boundless enthusiasm can occasionally be one-eyed, that he can offend without meaning to, and that he can get bees in his bonnet. But that is what drives him. Colleagues and peers are hard-pressed to find weakness and faults. David Lesnie supplies one. "He's a St George supporter. That's got to be a weakness," says Lesnie, a dedicated South Sydney Rugby League fan.

Roslyn Allan, managing director of the Securities Institute, has worked with Powditch for the past nine years and has had many opportunities to observe what she calls his "incessant energy, physical and mental". In addition, she says, he is "the complete team person, with no sense of ownership of an idea". Powditch is credited with having taken a huge number of initiatives on behalf of the SIA and contributed an enormous flow of ideas and suggestions. The move that he has been identified with most is the separation of the certificate and diploma courses in 1982. Alastair Urquhart, appointed the SIA's first life member in 1977 and widely regarded as the man who sowed the seeds from which the

institute grew, had earlier opposed this move. Urquhart did not favour what he perceived as an elitist action, creating a distinction between courses for graduates and non-graduates. The change, though, gave the diploma course greater value and status, and was in line with Powditch's objectives of lifting SIA standards.

Norm Miskelly of Capel Court Powell, a former colleague of Powditch's and an SIA graduate, tells of an episode in 1971 that illustrates Powditch's determination to make progress. It was still early in the SIA's life and a lecturer was needed in the area of mining accounting and tax. Powditch invited his colleague Miskelly to suggest a lecturer who could relate the subject to investment. Miskelly, with a strong background in mining investment analysis, was himself the best candidate but was then an SIA student – so it was decided that Miskelly would write the lecture notes and Powditch deliver the lecture. Miskelly sat in the front row, an amateur prompter, reminding lecturer Powditch of relevant points.

One of Powditch's enviable attributes is his ability to ignore, or simply not see, petty side issues. Thus he made a huge contribution by pushing the image of the SIA as a national organisation. His reputation is that of someone impervious to rivalry in its unendearing form, of someone with a low tolerance for small-mindedness. Side issues go over his head. "Powditch wanders on despite the shark-infested world," says Lesnie. It is not in Powditch's nature to dwell on negatives – he digests the negatives, chews on them until he finds the positives. Talkative, but unoffended if interrupted, willing to listen and to fight for principles he believes are right. If outnumbered, he will shoot off at a tangent and pedal furiously, then meekly swing around and fall in. But he does not force his views down other's throats. Says Clive Powell, managing director of Capel Court Powell and Powditch's successor as Federal President: "I have never met any other person with that hyper level of enthusiasm who is not at the same time dogmatic."

Powditch crams a great deal into his day. One of his priorities in life, he says, is to fill it to overflowing. He works hard, but has work in perspective and his life is full of other interests – family, sports, committees, boards, clubs, causes. Powditch is a champion of causes.

The hard worker is also a regular runner and a good party-goer, someone



Red-light runner: Powditch, bringing up the rear, with BT colleagues (from left) Peter Joseph, Rod Hawthorne, Mike Crivelli, Ross Finley and David Lugton.

who is not shy of grabbing a microphone either to talk or to sing. Sports in all forms have long been part of his life – as a kid he played every kind of sport and in later years became identified with running. Even when attending conferences, Powditch finds the time to run (and to enjoy a strawberry daiquiri or two). In the mid-1970s he shocked the more conservative souls at Meares and Philips by forming a research department running team, resplendent in Meares and Philips designer shirts. Peter Philips says he had a twinge of uncertainty about whether it would be seen as a form of advertising and therefore unethical.

Powditch took the running enthusiasm with him to BT, where he was until recently captain of the bank's running team, now under the leadership of Mike Cook. Bankers Trust's team is one of 30 that compete in the nine-year-old corporate cup running competition. Powditch was on the organising committee responsible for the fortnightly lunchtime runs in the Domain, a practice that was axed by council officials in 1987 but revived – thanks to the efforts of Powditch and others – in the middle of last year. The BT team has twice won the cup and has come in second on four occasions. "Max was the enthusiastic catalyst," says Mike Crivelli, investment management director of Bankers Trust. Several of Bankers Trust staff were members of the same city gym and later, when one of the gym's officials was in

hospital, Powditch organised a lunchtime run to visit her, each runner carrying a flower for the patient. Advice from Crivelli to those who run with Powditch: beware following him closely, because he ignores red lights as he ducks and weaves through the traffic.

Powditch clearly enjoys what he does. The perennial youthfulness, the *joie de vivre* is all the more remarkable in someone whose work focuses on the dry material of profit-and-loss accounts and balance sheets.

He enjoys the contact with people, particularly young people, that he has achieved through the Institute and the bank. So why leave the SIA now? Powditch cites the example of Apex, to which he earlier belonged. Apex, he says, taught him a great deal, about the community, self-development, responsibilities and public speaking. He adds: "And you get kicked out at 40. New people can contribute if the old are out of the way. You need continuity and experience in an organisation but you mustn't forget youth because they've got the energy."

As for what has driven him to devote so much time and effort to the SIA, he says: "I know it's a cliché but I feel I want to put something back. And it's not just me – people do give willingly to the SIA." Powditch says the SIA inspires a huge loyalty; other say it's his infectious enthusiasm that has made things happen. Either way, he has left his mark. □