

THE AUSTRALIAN

High-flyer Hrdlicka takes off with a2 Milk: 'it sells'

Jayne Hrdlicka leaves Jetstar for a2 Milk.

DAMON KITNEY THE AUSTRALIAN 12:00AM December 18, 2017

Jayne Hrdlicka reckons it was the toughest conversation of her corporate career: the moment last week when she told Qantas chief executive Alan Joyce she had formally signed a contract to become the new boss of sharemarket glamour stock a2 Milk.

"It was very hard," she tells *The Australian*.

"(But) when somebody comes and presents a really compelling proposition to you that just feels right because it lines up with your values and the things that matter to you, that makes it an extraordinary opportunity. I will leave behind a piece of myself at Qantas. Part of my heart will be left behind. It is an extraordinary company."

Under a Qantas management restructure announced in August, Hrdlicka took over the running of the Qantas loyalty business last month after heading budget carrier Jetstar for the past five years.

She was replaced at Jetstar by Gareth Evans, who was previously Qantas chief financial officer and has most recently run its international and freight operations as stand-alone divisions within the group. He is now viewed as the internal frontrunner to succeed Joyce.

There were suggestions from some that Hrdlicka had been shuffled sideways. But her supporters claim she was happy with the change and remained in the running to succeed Joyce.

The problem was he isn't going anywhere soon, at least until the airline's 100th birthday in 2020.

While Hrdlicka won't go into the detail of her conversations with Joyce or comment about his tenure and its impact on her decision to bow out of the race to succeed him, she is clear they remain close.

"I will consider him a strong mentor and adviser going forward," she says.

"I have had the most privileged time in my career for the past seven years (at Qantas) because I have seen one of the country's best chairmen, best boards and one of the country's best CEOs in action."

Hrdlicka was approached by a2 headhunter Russell Reynolds Associates several months ago about her interest in taking over from chief executive Geoff Babidge. The headhunter knew she had been asked to put her hand up for the Woolworths CEO role when she was on the board of the retailer, before it appointed Brad Banducci.

It also knew she had been sounded out as a potential CEO of SingTel's Optus.

"Jayne is customer-focused, she knows how to operate in a disruptive environment, has strong strategic capability and financial acumen," Babidge said this week as a justification for the company looking for someone who did not quite fit the mould of a traditional Fast Moving Consumer Goods Company (FMCG) CEO.

Before joining Qantas, Hrdlicka was a senior partner in management consultancy Bain's customer strategy and marketing practice.

"The common theme in my background is orienting around great consumer opportunities and building businesses from consumer needs. I really love being in disruptive industries," she says.

"Jetstar for the past five years is really instructive to how you think about that ... So the a2 move is logical when you step back and look at it."

A2, one of the best performers on the Australian sharemarket over the past year, sells milk and infant formula that only contains the a2 protein and claims that a2-only milk can be consumed by those who struggle to drink normal milk.

It has consistently upgraded its revenue and earnings forecasts underpinned by booming demand for its milk and infant formula products. It is now a \$5 billion market cap company and this week joined the ASX100.

There continue to be questions about the science behind its product, but Hrdlicka simply says “it sells”. A2 Milk has been a staple in her household since it first hit the supermarket shelves.

“Consumers have spoken loudly about the benefits the product is delivering to them. Put the science to the side, if the consumer market is saying the a2 product — whether it be fresh milk or infant formula — is making a fundamental difference, then that is best evidence,” she says.

“This business has an impact on people’s lives every day and it’s really exciting to be able to take that to the world.”

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RACHEL BAXENDALE

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RACHEL BAXENDALE

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