How Corporate Boards Can Make a Difference

Highlights from the panel discussion at TMS Academy’s Directors-in-Discussion Forum on Board Leadership
22nd August 2014, Singapore

Moderator:
Michael Useem
Professor of Management
Director, Center for Leadership and Change Management
The Wharton School, University of Pennsylvania

Panellists:
Maria Mercedes Corrales
Independent and Non-Executive Director
Huhtamaki Oyj

Lee Hsien Yang
Chairman
Civil Aviation Authority of Singapore
TMS Academy is the integrated leadership development arm of Temasek Management Services (TMS), a fully-owned subsidiary of Temasek Holdings. We are dedicated to the mission of developing Asian business leaders and supporting the building of organisational capabilities to develop senior-level talent. We offer a wide range of high-impact, practice-oriented open programmes and customised solutions in partnership with some of the finest institutions and critical insights for executives.

Directors-in-Discussion, brought to you by TMS Academy, is a series of highly interactive forums that facilitate robust, in-depth discussion and debate on topical subjects of high relevance to board directors of both private and public organisations in Asia. Designed to address the evolving needs of board directors in Asia, this series provides the most current thinking on board effectiveness from global thought leaders and subject matter experts, blended with valuable insights and practical “usable” knowledge from some of Asia’s most renowned boardroom leaders and practitioners. The discussion themes for each forum vary and are continually refreshed to reflect subjects that are top-of-mind for board directors in Asia today.
The principles of corporate governance are just as applicable in the ASEAN region as they are in the U.S. Yet there are subtle differences in implementation. In a panel discussion on board leadership at TMS Academy’s Directors-in-Discussion forum in Singapore, Michael Useem, Professor of Management at Wharton and director of the Center for Leadership and Change Management, had a dialogue with two international boardroom veterans – María Mercedes Corrales and Lee Hsien Yang.

**Maria Mercedes (Mercy) Corrales** is independent, non-executive Director for Huhtamaki Oyj, Finland, a member of the Board of Trustees of the Mapua institute of Technology, and a Regional Advisor for Abraaj Capital, Southeast Asia. She is former president of Starbucks Coffee Asia Pacific and representative director and CEO of Starbucks Japan. She has held a number of senior leadership positions in Asia and South America with Levi Strauss. Corrales was previously non-executive director of Fraser & Neave (F&N) and D.E. Master Blenders of the Netherlands.

**Lee Hsien Yang** is chairman of the Civil Aviation Authority of Singapore and the Islamic Bank of Asia Private Limited. He is also Special Advisor for General Atlantic. He was previously CEO of SingTel and non-executive director and chairman of F&N. Hsien Yang is also director of the Singapore Exchange, the Australian & New Zealand Banking Group Ltd. (ANZ) and Rolls Royce PLC. “Shareholders cannot look after the company,” they tell. It is up to the board to do that.

An edited version of the transcript follows.
The chair and the CEO should be separate, says an ASEAN panel on corporate governance.

Michael Useem: Mercy, let me begin with you. I’m thinking about your several boards. A simple and obvious question to get us going, for effective leadership of your boardroom – either as independent director or, if you have been an executive in your boardroom, or lead director or chair – what do you think it takes to lead a boardroom?

Mercy Corrales: I think it is very important to have a strong board leader – the chairman. You need a chairman who is respected by both the executive team and the rest of the board. You need an alignment between the executive team and the board around the mission, the vision and the strategies of the company. You need very clear delineation of responsibilities between the executive team and the board. But it is also important to know when to get involved to take leadership and to take a stronger position in terms of providing direction for the company.

Michael: Mercy, let me come back to you on this issue. In learning to lead, we learn from great leaders. But sometimes we learn more from people who are not great leaders. Having worked with such a boss, we swear that whatever the person did we are going to do the opposite. That is a way of saying life is always a classroom. Have you learned something about leading a boardroom from a negative example?

Mercy: I was CEO of a company with two dominant shareholders of equal weight. Both were public-listed corporations. They were represented on the board by their most senior executives. Those first few meetings were probably the most difficult situations I ever had to navigate. There were culture clashes, language issues, an obvious lack of trust and absence of empathy. It was hard to get agreement on anything. As the neutral board member and CEO, I chaired those meetings. There were days when I shuttled between two buildings trying to clarify issues and get alignment and literally beg one camp to come back to the table. The executive team members were unsure of how to present a plan that would not set off another round of disagreements.

Michael: You lost some sleep on that.

Mercy: Lost lots of sleep. We had a business that needed to grow profitably and a brand that needed reenergizing. Much energy was being wasted trying to bring the two camps to agree. But I learned valuable lessons. It takes time and lots of humility to build trust. It was only when one camp toned down its superior and aggressive stance and showed some respect and empathy that the impasse was broken.

Michael: Does it have a happy ending?

Mercy: A very happy ending. With everyone pulling in the same direction, revenue doubled in three years and the brand became undisputed market leader.

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“...It takes time and lots of humility to build trust.
— Mercy Corrales
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