

# How Corporate Boards Can Make a Difference

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*Highlights from the panel discussion at  
TMS Academy's Directors-in-Dialogue Forum on Board Leadership*

*22<sup>nd</sup> 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



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-Dialogue** 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 – Maria 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 :** Hsien Yang.

**Lee Hsien Yang:** Having served on both not-for-profit and public-listed boards, let me cite three examples. Early on in my career, I joined a board which had a very distinguished chair, but he was getting on in age. He came to board meetings with a script that the secretary prepared. He read the script. We all respectfully made one or two interjections. Then, he read the conclusion and he left the meeting. I must say my esteem for the chair dropped considerably.

I remember a public-listed board where the chair was very dynamic, hyperactive, and made all the decisions before we had even discussed the issue. Again, he was a distinguished business personality. I don't think he got any value out of the board, but he displayed lots of leadership.

I still serve on the board of the [Singapore] stock exchange with Kevin [Kwok]. I had the privilege of serving with [former exchange chairman J.Y.] Pillay. He was a very distinguished personality in both business and civil service who led the board very ably through sometimes difficult discussions. I learned a lot from watching the way he listened to us. He often had a view, but he would take on board the directors' comments. Sometimes, notwithstanding his own reservations, we took a decision which he was not entirely comfortable with. I think that the interaction on the board was better because of that.

**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.



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

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