TMS Academy
TEMASEK MANAGEMENT SERVICES

DIRECTORS IN DIALOGUE

Highlights of the panel discussion at TMS Academy's Directors-in-Dialogue Forum on

27 March 2015

Is Talent *Really* on Your Board's Agenda?

Insights for Leaders

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IS TALENT *REALLY* ON YOUR BOARD'S AGENDA?

A good CEO is critical to the success of any company. However, boards may not always give necessary priority to talent management in the C-suite, much less around their own table. TMS Academy's Directors-in-Dialogue Forum "Is Talent *Really* on Your Board's Agenda?" included a panel discussion to explore the ways in which boards can more effectively manage talent at senior levels. The discussion was facilitated by The Wharton School's Professor Peter Cappelli, Director of Wharton's Human Resources Centre. The panel comprising Ng Kee Choe, Chairman of CapitaLand, Achal Agarwal, President, Asia Pacific of Kimberly-Clark and Malini Vaidya, Managing Director, Singapore / Southeast Asia of Spencer Stuart shared their perspectives on the role of the board in talent management.

Recognise Problems and Take Action

Talent management issues may crop up even at senior levels. Themes range from the lack of suitable candidates to incumbents being no longer suitable for the job. When this happens, the board must be quick to recognise the issues and then take the initiative to resolve them before the situation snowballs. This may involve dedicating more attention and resources to talent, or changing key people. In all cases, the board needs to remain constantly engaged.

If necessary, board must be prepared to weigh the difficulty of changing the status quo against the possibility of damage to the company. In an example shared by the facilitator, a board was aware that the CEO was engaged in unprofessional conduct and it became widely known across the organisation. However, because the CEO was also Chairman of the board and appointed most of the board members, the board took no action until the CEO's behaviour resulted in a police case. The board ended up being sued by the CEO for false dismissal and the company's reputation, credibility, and some of its business dealings were seriously affected.

The Chairman and board must work together if they want to bring about a change in culture or in the execution capability of the top team. The right CEO, someone who can galvanise the management team and bring about changes, must be brought in.

MALINI VAIDYA

Prioritise Company Interests

Sometimes, boards may face a conflict of interest when resolving talent issues. When this happens, the company's interests should take priority. In one case shared by a panellist, the board of one company in a rapidly changing industry hired a new CEO to move the company forward. The CEO's performance exceeded the board's expectations, but the board was unable to keep up with the CEO or provide him with the relevant strategic direction. Recognising that their skills and knowledge were no longer sufficient in the current state of the industry, the entire board voluntarily stepped down to make room for new directors.

It may sometimes be difficult to determine where the company's best interests lie. In such cases, boards should come down on the side of corporate governance rather than short-term profits. For example, a panellist shared a case where one company's subsidiary displayed a major lack of transparency, but the board let it pass because the subsidiary was performing very well. Eventually, however, compliance issues arose and the company ran into trouble with the regulators.

The board needs to be in sync with future strategy, not just where the company is now.

ACHAL AGARWAL