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A GOOD CHAIRMAN

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– Mr Hsieh Fu Hua (left), chairman of the Stewardship and Corporate Governance Centre

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‘Not all good CEOs can be chairmen’

Roles are different and transition needs rethinking, says Hsieh Fu Hua

By ALVIN FOO

BEING a successful chief executive officer (CEO) does not mean you can just slot into the chairman’s role and automatically make a success of the job, according to Stewardship and Corporate Governance Centre (SCGCentre) chairman Hsieh Fu Hua.

The former Singapore Exchange boss told The Straits Times recently that the chairman’s role requires social intelligence to harness the company’s collective wisdom, and the ability to strike a right relationship with the CEO.

“The fact that you were a CEO doesn’t mean you automatically can become a successful chairman, because the role is different,” said Mr Hsieh.

“It takes a bit of rethinking and clarification to be able to move from one role to the next.”

Certainly, being a good chairman is not just about having the experience and sharp business acumen – skills usually associated with a CEO.

“The best chairmen are those who are able to draw on the collective intelligence of any organisation... it’s not to take over the role of the CEO,” noted Mr Hsieh.

Another key aspect of a chairman’s role is his relationship with the CEO. Mr Hsieh, who will succeed Mr Wee Cho Yaw as United Overseas Bank chairman next April, said: “A successful relationship with the CEO is absolutely crucial, so that he can motivate, inspire the CEO, and give him greater confidence to act. That needs a great deal of human understanding and wisdom.”

A good chairman can serve in almost any industry, he added. The only exceptions are sensitive sectors such as banking, which is regulated.

“His role is not to bring industrial expertise per se, but to bring a business mind and, above it all, a certain social intelligence to make the components work.”

The chairman’s role has been evolving, with increasing demands in recent years as the public calls for greater transparency and accountability from the board.

These additional challenges can mean spending two or three full days in the office now and so justify a relook of a chairman’s compensation, said Mr Hsieh.

“He’s got to be valued more than he is today. He is paid maybe twice that of a normal board member, but he spends 10 times the amount of time.”

In normal times, a CEO should “take centre stage”, said Mr Hsieh, but the chairman has to be more visible in times of a company crisis or scandal, as the confidence in the management is in question.

“The board has to become much more visible then to respond to challenges and listen.”

The SCGCentre, a Temasek Holdings initiative that began in September last year, will highlight these and other themes at a high-level meeting next Monday involving the chairmen of some of Singapore’s top companies.

The full-day session will be the first such programme run by the SCGCentre and has been fully subscribed. It is believed to be the first of its kind here.

Participants will discuss a wide range of topics, including the CEO-chairman partnership, and leading the board and company through challenging times.

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